



INNOVATION AND LEARNING IN ENTERPRISES

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Background paper

Introduction

The present economic situation confronts the European Member States with unparalleled challenges. They have to alleviate the social costs of the economic downturn and prepare their economies and labour markets to meet new demands and future changes. Budgetary constraints may affect policies and programmes that promote innovation in enterprises and skill development of employees. Within this context is key supporting enterprises to develop the skills of their employees, to become innovative, to introduce changes and to secure an innovative capacity. Member States' efforts to support the growth and global ambitions of enterprises coupled with the skill development of employees may pay dividends and contribute to the economic recovery. In the last years, a number of Europe-wide analyses have emphasized the importance of investing in skills to support future economic growth, innovation and business performance in response to the fast-rising challenges of business environments. There is a fierce global competition for innovation and economic development, and the EU seems to face a significant innovation gap. According to the Innovation Union Scoreboard (IUS), the USA and Japan are continuously performing over 40% better than the EU 27 in average. The Scoreboard also reveals that there are great differences between the EU Member States and classifies them into four performance groups, ranging from "innovation leaders" (e.g. Denmark, Germany, UK) with a performance well above the EU 27 average to "modest innovators" (e.g. Bulgaria, Romania) with a performance well below this average.¹ One of the eight dimensions used to measure the innovative capacity and to annually monitor the progress in the EU 27 is human resources, thus indicating the importance of a skilled workforce.

On European level, a broad approach to innovation policies that includes various measures has been taken to stimulate innovation and to address the innovation gap. The initiative PRO INNO Europe has been set up as the focal point for innovation policy analysis and policy cooperation in Europe, with a view to contribute to the development of new and better innovation policies.² Within the Europe 2020 strategy, the EU flagship initiative "Innovation Union" has been implemented, outlining a strategic approach to innovation.³ It emphasises the crucial role of education and training, and the need to raise skill levels to foster innovation. The need to stimulate learning and to increase skill levels is also mirrored in the Education and Training 2020

¹ European Commission (2011): Innovation Union Scoreboard (IUS). The Innovation union's performance scoreboard for Research and Innovation.

² <http://www.proinno-europe.eu/>

³ European Commission (2010): Europe 2020 Flagship Initiative Innovation Union. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions [SEC(2010) 1161.08.2011].

(“ET 2020”) target of reaching a 15% average participation rate of adults in lifelong learning by 2020. The Bruges Communiqué on Enhanced Cooperation in Vocational Education and Training (VET) calls for action to enhance the contribution of VET, especially by increasing access to and participation in continuous VET.⁴ Further, it calls for innovation in VET and encourages partnerships for innovation. At EU-level, a VET / Business forum that focuses on the role of VET in the knowledge triangle (education, research and innovation) will be set up. There is growing awareness that innovation, learning and skill development are closely linked and reinforce each other.

Learning and skill development can be stimulated in various ways, for example through formal training, but also informally by learning while working. The importance of workplace learning and its potentials are increasingly recognised. For example, the Fourth European working conditions survey considered the extent to which workers can broaden their competences at work, on-the-job (e.g. by having to solve unforeseen problems, carrying out complex tasks).⁵ Learning while working implies that the work environment is organised in a way that encourages workers to take some degree of responsibility to solve problems by themselves. Within the context of innovation, learning and skill development in enterprises, some crucial questions are: How to transform the working culture into one which stimulates learning processes and derives benefits on a company level, in terms of innovation? How to develop workplaces that are conducive to learning and innovation? What are the links between work organisation, workplace learning and innovation? Do policy initiatives and programmes coupling innovation and skill development in enterprises exist in Europe, how do they operate, and how successful are they? How do the different member states approach learning and innovation in enterprises? Which role does learning play in the national systems of innovation?

Cedefop’s research

Acknowledging the importance of the above-mentioned issues, Cedefop has conducted work in the broad field of innovation and learning in enterprises, with a particular focus on work-based learning for adults. Cedefop’s report “Learning while working: success stories of workplace learning in Europe” (Cedefop 2011) takes stock of Cedefop’s previous work on key topics for adult learning and calls for strong synergies between policies and programmes for innovation, research, enterprise development and training. It shows that the introduction of innovation and skill development reinforce each other. The introduction of new products and services, the adoption of technological developments and major changes in work processes and organisation stimulate enterprises’ awareness for training needs and demand for training. Increasing employees’ skills makes it easier for companies to adapt to change and to compete in new markets. Employees might be more likely to stimulate and implement innovation. Since the introduction of innovation in enterprises and skill development reinforce one another, innovation and training policies should be brought together. There is a need for increased synergies between policy measures that promote skill development in enterprises – even in its most informal forms – and strategies that support innovation and business development.

Introducing structural or HRM innovation in enterprises often leads to the need for change management and restructuring. The social costs associated with restructuring can be high, resulting in large-scale redundancies and even the decline of particular sectors or regions, affected by job losses. When discussing innovation, it is important to consider this, and to search for approaches on how enterprises can respond imaginatively to restructuring needs to minimize not only social costs, but also losses for the enterprise. Cedefop has carried out a study on

⁴ European Commission (2010): The Bruges Communiqué on enhanced European Cooperation in Vocational Education and Training for the period 2011-2020.

⁵ Eurofound (2007): Fourth European Working Conditions Survey.

“Socially responsible restructuring” (Cedefop 2010) and investigated how enterprises in different national contexts and economic sectors have introduced change and responded to restructuring needs. It provides insights into innovation and effective practices in enterprises in the context of restructuring, and highlights the need for career guidance and work-based learning relevant for the current and future labour market.

Cedefop’s forthcoming publication “The impact of VET on firms’ performance indicators” demonstrates that enterprises provide significant amounts of both general and firm-specific training, and actively engage and finance investment in training. There is in general a positive relationship between the investment in training and enterprises’ performance on productivity. The results from our analyses are however blurred by the many different ways in which the investment in training is measured and by the many possible choices for enterprises’ performance indicators. How the benefits from training materialize and finally accrue to the firm is a complicate matter, in particular when the training addresses non-cognitive, behavioral and tacit-type knowledge (social skills, problem-solving abilities, creativity, context knowledge, etc.). Managers often have difficulties in assessing the returns on the investment in training, and most of the time the effectiveness is measured only in terms of job satisfaction.

As shown in the study “Impact of education and training” (Cedefop 2004) the benefits of training tend to accrue when it is integrated in Human Resource practices. The potential for workplace learning is significantly determined by the organisational design of work (task variation, job rotation, comprehensiveness of the work process, availability of exchange possibilities with external contacts, teamwork and communication strategies, involvement in problem solving, etc.). A well-developed feedback culture is also important to learn from past experience. The integration of training and learning in enterprises’ Human Resource strategies implies that skill and knowledge acquisition ought to be rewarded (by granting status, promotion or pay incentives) and that training needs are to be assessed regularly and training plans implemented (“Modernising vocational education and training” Cedefop 2009). However, few enterprises regularly assess training needs or develop training plans.

Building upon these outcomes, Cedefop is currently conducting a study on “Adult learning in the workplace: skill development to promote innovation in enterprises”. This study examines the links between workplace learning and innovation. It identifies and reviews policy frameworks and programmes that foster innovation in enterprises by linking business development and skill development. The study covers EU 27 and Norway. Special attention is paid to the introduction of work organisation and work processes in enterprises that can best stimulate business performance and innovation, while enabling employees to develop their skills on-the-job and contribute to innovation. The general review of policy initiatives and programmes coupling innovation in enterprises and skill development of employees is completed by an in-depth analysis of 10 examples of good policies and programmes in different countries (case studies).

Workshop

The aim of this workshop is to discuss and to open new perspectives on innovation, change management and learning in enterprises, and to validate and complement the results of Cedefop’s above-mentioned, ongoing study “Adult learning in the workplace: Skill development to promote innovation in enterprises” within this broader context. In particular, the event aims to:

- gain a better understanding of the relationship between innovation in enterprises and participation in lifelong learning/continuing training and of how human resources policies, skill development and innovation in enterprises are linked; how can change management and the creation of learning organisations contribute to (or inhibit) skills development and innovation? What works, how, and why? What are the potentials of workplace learning in this respect?;

- gain a better understanding in how far policy initiatives and programmes coupling innovation in enterprises and skill development are used in Europe and how they operate. How do the approaches in the member states differ? Which role does learning play in this context in the national systems of innovation?
- provide input for future policy recommendations and identify issues for further research.

The workshop aims at bringing together representatives of governments, enterprises, social partners and research to encompass all points of view and perspectives in the debates.

Further information

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