

Training fund in Poland – its effectiveness and future prospects

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Training Fund and its history

- ▶ Introduced in the act on employment promotion and labour market institutions, passed on 20th April 2004
- ▶ Effect of the joint effort of the government and social partners (employers' associations and trade unions) within the framework of the Phare 2000 project „National System of Vocational Training
- ▶ Major changes in regulations introduced in February 2009

Training fund – characteristics

- ▶ Training fund is a voluntary instrument encouraging employers to upgrade their and employees' skills.
- ▶ It may be created by one or more employers.
- ▶ All regulations regarding training fund at the company level are comprised in the training fund statute or in the company's collective labour agreement.

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Training fund – characteristics

- ▶ Employers who created training fund are obliged to allocate for it at least 0.25% of the company's wages fund
- ▶ Training fund resources can be spent only on the basis of agreement between the employer and an employee sent to the training course
- ▶ Employers who set-up training fund may apply for financial support from the Labour Fund

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Financial support from the Labour Fund

Old regulations	New regulations (since Feb 2009)
Reimbursement of up to 50% costs of special training for employees threatened to be laid off due to redundancy. Reimbursement cannot exceed the average salary. Employee must be employed after training in line with acquired skills for at least 12 months.	• Reimbursement of up to 50% of training costs, not exceeding average monthly salary, for employees and employers aged up to 45 • Reimbursement of up to 80% of training costs, not exceeding 300% of the average monthly salary, for employees and employers 45 +

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Financial support from the Labour Fund

Old regulations	New regulations (since Feb 2009)
• Reimbursement of training costs for employees on a paid training leave for more than 22 working days up to 80% of the average monthly salary • Reimbursement of the salary of an unemployed person involved in a job rotation programme, who replaces an employee on a training leave (up to 40% of the average monthly salary)	

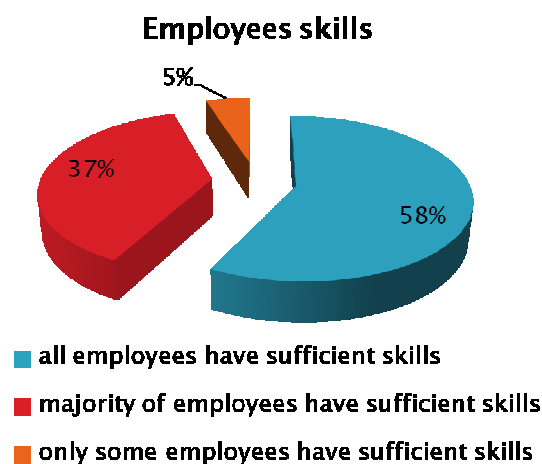
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Effectiveness of the training fund – research study

- ▶ Research carried out in 2006 within the framework of the project co-funded from ESF
- ▶ 380 face to face interviews (PAPI) with employers from different type of companies
- ▶ 10 in-depth interviews (IDI) with employers who created training fund
- ▶ 1 Focus group interview (FGI) with the representatives of trade unions and employers' organisations

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Effectiveness of the training fund – research results



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Effectiveness of the training fund – research results

- ▶ 22,1% employers were familiar with legal regulations regarding training fund, while 55.8% declared total lack of knowledge on this matter
- ▶ 57.4% were of the opinion, that training fund should exist/is needed
- ▶ In the analysed sample 49 companies had training budget but only 16 had created training fund (4.2% of the sample)

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Training fund in companies

- ▶ Main reason for setting up training fund: **employees' training needs**
- ▶ Companies allocated to training fund **more** than 0.25% of company's wage fund (up to 3%)
- ▶ **None** of the companies applied for reimbursement from the Labour Fund
- ▶ Most companies **appreciated** effects of lifelong learning schemes financed from the training fund

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Effectiveness of the training fund – concluding remarks

- ▶ Training fund is **too rarely used** to be an effective tool for improving employees' skills in companies
- ▶ The way employers **perceive** employees' skills level makes them unaware of existing skills deficits in companies
- ▶ **Duality** of the economy and labour market – large corporations vs. SMEs
- ▶ Recommendation – make **training fund obligatory** for large companies and introduce special regulations for SMEs

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Financial support from the Labour Fund – new anticrisis regulation as a catalyst for change

- ▶ Available to companies in temporary financial problems (to the end of 2011)
- ▶ Reimbursement of up to **80%** of training costs, not exceeding 300% of the average monthly salary, for all employees in case of:
 - Training lasting up to 6 months
 - Post-graduate university studies lasting up to 12 months

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Thank you for your attention

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