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**Enhancement of the Business Environment in the  
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**“Promoting the upgrading of enterprise skills in  
Jordan”**

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## Introduction

The subject of this paper and presentation is about the “Availability of Training” indicators as one of the indicators related to principle 8.1 "Enterprise skills" as part of the “Small Business Act” for Europe (SBA), a comprehensive SME policy framework adopted by the EU to promote SMEs.

The objective of this indicator is that each participating country promotes training services across the country with particular reference to key economic sectors which are identified in a national development strategy.

According to The SME Policy Index which is a benchmarking tool for emerging economies to monitor and evaluate policies that support micro, small and medium-sized enterprises (SMEs), the policy development path for each indicator is *typically* structured on 5 levels. For the “Availability of Training” indicator, the levels are describes as highlighted below:

<b>Level 1</b>	No structured business training provision available but confined to ad hoc initiatives only.
<b>Level 2</b>	Business training provision is developed but is limited to specific towns and regions.
<b>Level 3</b>	Funds are available to support training providers to develop enterprise training, including online training services.
	Database of training providers and training programmes available on a recognised website.
<b>Level 4</b>	Good training provider network developed across the country actively communicating information through the website’s online database.
	Evidence of online training services being acquired by enterprises.
<b>Level 5</b>	Quality-assured training provider network developed across the country.
	Data on online training acquired by enterprises is regularly updated and evaluated as part of national enterprise development policy.

Among the key findings of the analysis in Jordan that there are several training programmes for enterprises, which are operational in the whole country, including funding arrangements. Furthermore, the training projects for small business internationalisation offer a holistic approach. However, four main elements are need to ensure the improvement of Jordan’s rank to reach Levels 4 and 5. These include: availability of online training provider network developed across the country actively communicating information through the website’s online database, provision of online training for enterprises, availability of quality assurance mechanism, data on online training acquired by enterprises is regularly updated and evaluated as part of national enterprise development policy.

The sections below elaborate on these elements and highlight examples of good practices that can support country’s efforts to reach Level 4 or 5 in this indicator.

## **Findings:**

The main assets for any firm, especially small and medium sized enterprises (SMEs) are their human capital. This is even more important in the knowledge-based economy, where intangible factors and services are of growing importance. The rapid obsolescence of knowledge is a key feature of the knowledge economy.

However, we also know that for a small business it is very difficult to engage staff in education and training in order to update and upgrade their skills within the continuous or life-long learning approach. Even in the 21st century there is still a huge difference between large firms and small firms when we talk about workforce development. Small businesses cannot do it alone – they need to engage in partnership with local providers of training and local authorities. It is from within the local labour market's neighbouring areas that the supply and demand of labour should be matched with the skills and training required, but in many countries all too often the provision of training for small businesses is overly centralised and supply driven.

There are two types of training:

- A. **Formal Training:** refers to learning that occurs in an organised and structured environment (e.g. in an education or training institution or on the job) and is explicitly designated as learning (in terms of objectives, time or resources). Formal learning is intentional from the learner's point of view. It typically leads to validation and certification.
- B. **Informal Alternative Training:** refers to learning resulting from daily activities related to work, family or leisure. It is not organised or structured in terms of objectives, time or learning support. Informal learning is in most cases unintentional from the learner's perspective.

Findings from the Leveraging Training and Skills Development in SMEs (TSME) project highlighted seven important characteristics of training and skills development activities in firms across the regions and countries involved in the study. These characteristics refer to common training implementation variables among SMEs and areas of significant variation in SME training patterns. They show that market forces dominate current and future take-up of opportunities for skills development.

1. Training Survey and case study analysis indicates that firms and employees use both formal training and informal knowledge intensive service activities (KISA) as ways of learning in order to acquire the knowledge and skills they need, particularly for their innovation and entrepreneurial processes.
2. Firms report better skills development outcomes from informal training and skills development activities (particularly through participation in knowledge intensive activities) than from formal vocational training.
3. Significant variations exist across regions and employee skill levels
4. "Growth potential" SMEs focused on productivity enhancing skills
5. Market forces are the primary motivation for SME training activity
6. "Growth potential" SMEs are most likely to take up opportunities in the green economy

## **Policy implications:**

The central policy implication emerging from the TSME study is that there needs to be recognition of skills developed informally, such as qualifications, in much the same way as there is for formal skills development.

Furthermore, SMEs have a limited amount of resources they can dedicate to training activities, therefore, policy interventions need to focus on areas that offer SMEs a way to systematise their training practices. Recognising that skills development is a resource intensive activity also means that attention must be paid to demonstrating the benefits that firms will accrue by participating in such activities.

For example, governments can coordinate public policy across local, regional and national levels in order to avoid the confusion experienced by SMEs in identifying their training needs and assessing the best options for their businesses.

Many of the barriers that confront SMEs when participating in formal training can be alleviated through informal mechanisms of skills development. Barriers such as identifying the right training providers, the right venue, and aligning training and business needs are not as prevalent in informal training activities.

Incentives need to be provided to encourage formal training organisations and providers to develop pathways for recognising informal skills development with qualifications.

Local skill ecosystems – partnerships between training providers, local authorities, industry representations, trade unions and other labour market providers – have the ability to combine a diverse range of policy instruments that come from regional, national and supra-national sources and make them fit-for-purpose in their local community. This role is not widely recognised or resourced within the wider policy community and progress should be made to improve this.

The need for regional customization should be supported by a common platform of knowledge of how SMEs use training to develop skills within their workforces and what works, does not work and is best practice activity across different regions. Understanding both variation and best practice is an important task for policy makers, as it will allow them to select a mix of activities to encourage skills development in their particular circumstances and understand how and why these activities may encourage skills development in SMEs.

Below are some good practices that have been categorized by main elements needed to ensure the improvement of country's rank in the "Availability of Training" indicator.

A. Availability of specialized organizations that supports access to training across the country

1. Sector Skills Councils (SSCs) are employer-led organizations that cover specific industries. Typically, they have four key goals:
  - to support employers in developing and managing apprenticeship standards
  - to reduce skills gaps and shortages and improve productivity
  - to boost the skills of their sector workforces
  - to improve learning supply

SSCs achieve these aims by developing an understanding of the future skills needs in their industry, and contributing to the development of National Occupational Standards, the design and approval of apprenticeship frameworks and the New Apprenticeship Standards and creating Sector Qualification Strategies.

In UK, the Sector Skills Development Agency (SSDA) was formerly responsible for funding, supporting and monitoring SSCs and for overseeing industries that fell outside an SSC footprint. From 1st April 2008, the SSDA was replaced by the UKCES and the Federation for Industry Sector Skills and Standards comprising all 19 Sector Skills Councils (SSCs). The Federation seeks to:

- promote professional practices among those organisations that are sector based and who set and maintain skills standards
- manage the standards of those Employer-Led Partnerships which maintain these standards to ensure high quality
- provide insight, intelligence and ideas flow between the Governments of the four nations and the SSCs

The Councils in the UK are employer-led organisations, while in Finland, they make formal representations to the Ministry of Education and other education authorities linked to the work sector.

In France, two almost parallel systems of sector and transversal Councils have been developed, one for initial and one for continuing training. While training authorities cooperate closely with the social partners in the initial training system, the area of continuing training is more of an exclusive domain for social partners.

Germany, famous for its VET system and economic development, has bipartite sector agreements between employers and trade unions and it also uses the mechanism of temporary working groups led by the Federal Institute for VET (BiBB).

Two other pertinent examples from Europe come from Latvia and Lithuania. These two Baltic States have not established formal Sector Skills Councils, preferring a form of legal process to involve stakeholders in consultation.

## 2. Israel Small and Medium Business Agency

Israel has a recognised national platform that coordinates training options for small enterprises. Israel Small and Medium Business Agency (SMBA) is engaged in establishing and supporting the operation of Small business development centres (MATI centres in Hebrew) in several Israeli cities.

MATI Centres act as one stop shop for the business owners or entrepreneurs, by offering a package of offline and online services

Main services provided by MATI Centres

- **Professional advice** - help is available from professional advisors in a wide range of areas: preliminary consultation in making the decision to start a business; business advice and the preparation of a business plan; management of marketing; financial advice; guidance on organization; personnel, etc. The nature and duration of the advice are tailored to suit each applicants
- **Training** - MATI Centers offer courses and workshops, specifically adapted to small and medium enterprises and entrepreneurs. Among the subjects covered: establishment and management of the business, marketing, a course for small and start-up exporters, computerization and the Internet, electronic trading, courses for new immigrants, etc.
- **Referral to sources of finance** – MATI Centers can be of assistance in the process of referral for obtaining finance from one of the funds earmarked for small and medium enterprises, or in an application to other financial institutions and frameworks. In addition, the centers can assist in the preparation of the business plan required for receiving finance.

### B. Financial support for SMEs to access training

The lack of financial means is often one of the most serious difficulties when it comes to training in SMEs. However, SMEs can be helped in several ways. For example, special tax collection institutions for the purpose of training in SMEs or other public organizations. But these or other forms of financial support are generally not sufficient: Therefore it is important to support SME managers, employees or entrepreneurs by other means, for instance when looking for public subsidies or European funding, as access to information is often complex. Public aid can have an impact on related organizational matters. For instance, the company can be reimbursed for the absence of an employee. To facilitate access to training at a very low cost, even at a null cost, vouchers have been introduced and tested in many European countries.

One of their most obvious advantages is their simplicity and their positive impact on the awareness of training needs. Finally, it is important to note that training does not have to be necessarily expensive to work well. Informal forms of training or on-the-job forms of training can also perfectly address the needs of skills and competence development. However they have to be well organized with needs and objectives clearly identified.

The role of joint collection bodies, which are entitled to collect special taxes for training measures and to define training for each sector, can also be expanded to offer incentives and free schemes to companies addressed.

A particularly interesting way of financing training and skills development is demonstrated in the case of the **HRDA (Human Resource Development Authority)** in Cyprus. By law, the so-called “HRDA levy” applies to all Cypriote enterprises, which contribute 0.5% of their payroll to the HRDA fund. The main responsibility of this semi-state organization is to subsidize training courses and support the institution of a training infrastructure.

Every semester, all training institutions in Cyprus submit their application for subsidies to the HRDA. In the case of Cyprus, all companies automatically and regularly allocate a budget for training and skills development. This system has succeeded in developing vocational qualifications on the island. The successful cooperation of social partners in this project is noteworthy.



In France, **Agefos-PME** is a collection body dedicated to SMEs. It has developed several innovative tools for them, with the aim to facilitate their access to training. Among the initiatives proposed by the Regional agencies of Agefos-PME is the “**Training Pack**” (*Pass’ Formation*). This is a series of training modules sometimes completely financed by Agefos-PME for its members (with the participation of the ESF, the State and local authorities) – or offered at a very low cost (50€ a day for instance). More importantly, Agefos-PME **covers 100% of wages during training and 100% of additional costs (travel and accommodation)**. In order to overcome organizational barriers, the training modules are short. They last five days maximum. The contents of these training modules have been specifically designed for SMEs: management, HR, commercial, languages, law, etc.

### C. Networking and Collaboration

The involvement in networks, cooperation or cluster activities also enables SMEs to engage more effectively in ongoing training and competence development. Such networks can help them find access to information, increase the awareness of the importance of anticipating change, and develop training. Networks can be organized on a local basis, generally with a strong sectoral dimension; in some cases, communities of practice can be set up through online forums, thereby attaining a transnational character. As good practice illustrates, clearly defining aims (for instance, improved working conditions in the construction sector or the development of quality in rural tourism) or finding solutions for typical problems (lack of resources or organizational constraints in developing apprenticeships) are important elements in making programmes and initiatives effective and suitable. Finally, resource and knowledge pooling often lead to results and activities for SMEs which would not have been possible to achieve with the isolated approaches of enterprises left to their own devices.

Ireland, the **Skillnets initiative** has created many “**learning networks**” among companies, which closely cooperate in order to engage in training. The project is co-financed by the National Training Funds.

The funds are derived from 0.7% of each employer’s wage bill in Ireland. Again, a national law defines the financial means and consequently facilitates extensive upskilling and training of employees. A Skillnets Learning Network is **a group of companies working together to provide training for their collective staff**. Learning Networks are made up of companies that have come together due to geographical location or being in the same sector. The Learning Networks are funded by Skillnets to deliver grant-aided training and the companies also contribute matching funding.

Skillnets is a state funded, enterprise-led support body dedicated to the promotion and facilitation of in employment training and upskilling as key elements in sustaining Ireland’s national competitiveness.

Skillnets supports and funds networks of enterprises to engage in training under the Training Networks Programme. **These enterprise networks, now referred to as ‘Skillnets’**, are led and managed by the enterprises themselves to design, manage and deliver specific training programmes across a broad range of industry and service sectors nationwide.

The Skillnet network programmes receive grants drawn from the National Training Fund thereby enabling network member companies to avail of significant discounts on market training rates. The member companies also contribute to the grant aided programme with match funding to a ratio agreed by the network.

Since 1999, Skillnets has facilitated over 18,000 Irish enterprises, in over 200 networks to improve the range, scope and quality of training and allowed over 150,000 employees to upskill and meet their work related training needs.

Over 82% of the participating companies in the Training Networks programme are either small (fewer than 50) or micro (fewer than 10) enterprises. **For many of these firms their involvement in Skillnets is their first significant involvement in training and often it is their first time to be involved in making real and informed decisions about what training to provide.**

Training Networks can assist small firms to access training more easily, more quickly and more cost effectively. This experience is helping to **de-mystify training** for small companies by developing practical tools to analyze and meet training needs, quickly, locally and effectively. An interesting feature is the collaboration in most networks between large and small firms and the active partnership between owner-managers and employees within the companies.

The networks recover the variety of SMEs: for instance, the craft butchers skillnet or the Irish hardware skillnet; some are transversal like the Women at work skillnet; others are regional.

#### *D. Distance and E-learning*

**distance learning** can be particularly adapted to the needs of SMEs for geographical reasons (located in remote areas), supply-based reasons (absence of relevant training centres), or organisational ones (difficulty in sending a worker out). In the case of the French sawmills seen above, the organisation of the training (with specific rooms in the company and sessions after the working day) permitted the success of this training approach. This shows that distance learning will not work by itself, as if by magic: it has to be prepared, materially and “organisationally” speaking. This statement would also apply to **e-learning**, which can be considered a form of distance learning. E-learning is developing rapidly in SMEs. Very often, e-learning can be used at the diagnosis phase (assessment phase) and/or to launch communities of practice.

The benefits of e-learning seems to be a method particularly well adapted to SMEs; it suits well organizations with fewer employees. As a very flexible tool, it can be adapted to a daily work schedule.

Moreover, the course length can vary from several days to several weeks. Finally yet importantly, another advantage for organizations is the cost, often lower than other types of formal in-house training.

Concerning employees, of course a precondition is that they be motivated. Another point is that e-learning will well suits employees that prefer to learn alone at their own pace. Associated with more traditional forms of learning (like face-to-face interactions), all employees can however benefit from e-learning. Indeed, it can be fully automated or live. In case of a live e-learning course a tutor can interact with employees to support them in the learning process. In certain cases, it can lead to a recognized qualification.

To choose e-learning course providers, managers/entrepreneurs should check with organizations that know the business (like trade associations, business branches professional bodies, trade unions, colleges, learning centres etc.). Private consultants with relevant experience in the business can be of some help. There generally exists government-funded initiatives that might lower the cost.

In rural tourism, the training demands are very specific due to the nature of the establishments – mostly small, family run businesses where service providers usually have no education in tourism and have very limited time for training activities.

Therefore, the training methods have to be time and cost efficient and very practical. Under the project **New approach to training for quality in European Rural tourism**, the goal was to develop tools to establish quality criteria so as to meet the relevant standards.

Innovative tools, adapted to SMEs in the rural tourism sector, have been developed, such as web-based instruments, in addition to classical modules and quality inspection. A virtual training module was used to check whether the establishment satisfied all the quality criteria.

It provided guidelines for improving work and quality, referring to a very complete series of items specifically designed for assessing the quality of a rural tourism establishment. It could be used to complement more conventional courses or visits

In Egypt, the Foreign Trade Training Center offer a bouquet of online training courses regarding international trade for SMEs.

The Maintenance Management profession requires a truly multidisciplinary set of skills. Higher education courses do not offer the necessary body of knowledge in a single course. An important hurdle is related to the fact that maintenance management training target groups are in most cases professionals who have already entered their working life. Due to their professional engagements, such user groups are under significant time and location constraints, often preventing them from attending a professional training course developed an e-learning system and e-assessment system for Maintenance Management, namely iLearn2Main ([www.ilearn2main.eu](http://www.ilearn2main.eu)). The system development was based on the open source LMS platform Moodle. iLearn2Main enables the delivery of e-training in all fundamental areas of Maintenance Management and include a tool for the automated e-assessment of competences. This is in line with the requirement to streamline and standardise maintenance competence assessment. The system has been pilot tested with different user groups and an evaluation survey was conducted.

In Azerbaijan, a significant step in improving access to training opportunities was made in 2012 with the introduction by Baku Business Training Center (BBTC).

Two Distance learning courses on Potential Exports Markets and Production of Organic Agricultural Products have been offered trough BBTC, which has benefited more than 80 entrepreneurs from four regions in Azerbaijan.

### **Conclusions:**

In general, most countries have well-developed training provider networks for both management and trade skills and quality assurance systems in place but need to pay more attention to the knowledge and skills required by their priority sectors.

Most countries provide some dedicated support for training for businesses with growth potential although the type of enterprises benefiting from this support varies widely across the region. Furthermore, most countries lack comprehensive statistics on skills and training needs within SMEs although efforts are being made to gather information

It is recommended to share good practice and co-operate amongst countries in areas of common interest, and advance the efforts related to accredited online training services.

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## Useful links

[http://www.cedefop.europa.eu/etv/Projects\\_Networks/Skillsnet/Work/pubwork.asp](http://www.cedefop.europa.eu/etv/Projects_Networks/Skillsnet/Work/pubwork.asp)

<http://marketplace.smednc.am/en>

<http://skillstowork.ie/>

<http://learning.intracen.org/?lang=en>