

# 2018-2021 FURTHER EDUCATION AND TRAINING POLICY FRAMEWORK FOR SKILLS DEVELOPMENT OF PEOPLE IN EMPLOYMENT

## Background Paper

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## **Background Paper**

*This paper sets out the research and consultation undertaken by SOLAS to inform the development of the 2018-2021 further education and training policy framework for skills development of people in employment.*

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## Glossary of Abbreviations

<b>BTEI</b>	Back to Education Initiative
<b>CEDEFOP</b>	European Centre for the Development of Vocational Training
<b>CSO</b>	Central Statistics Office
<b>CVT/CVET</b>	Continuing Vocational (Education and) Training
<b>DEASP</b>	Department of Employment Affairs and Social Protection
<b>DES</b>	Department of Education and Skills
<b>DJEI</b>	Department of Jobs, Enterprise and Innovation
<b>EGFSN</b>	Expert Group on Future Skills Needs
<b>EI</b>	Enterprise Ireland
<b>ESOL</b>	English for Speakers of Other Languages
<b>ESRI</b>	Economic and Social Research Institute
<b>ETB</b>	Education and Training Board
<b>ETBI</b>	Education and Training Boards Ireland
<b>FET</b>	Further Education and Training
<b>IBEC</b>	Irish Business and Employers' Confederation
<b>ICTU</b>	Irish Congress of Trade Unions
<b>IDA</b>	Industrial Development Authority
<b>IITD</b>	Irish Institute of Training and Development
<b>ILO</b>	International Labour Organisation
<b>ISME</b>	Irish Small and Medium Enterprises
<b>LA</b>	Local Authority
<b>LEO</b>	Local Enterprise Office
<b>NALA</b>	National Adult Literacy Agency
<b>NCVER</b>	National Centre for Vocational Education Research
<b>NESC</b>	National Economic and Social Council
<b>NFQ</b>	National Framework of Qualifications
<b>NSS</b>	National Skills Strategy
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>QQI</b>	Quality and Qualifications Ireland
<b>SOLAS</b>	An tSeirbhís Oideachais Leanúnaigh agus Scileanna

## 1 Introduction

This document presents the main findings from research and consultation undertaken by SOLAS to inform the development of the 2018-2021 Further Education and Training Policy Framework for Skills Development of People in Employment. The findings are based on a review of national and international policy and research, and current policy, provision and supports for employee development in Ireland.

## 2 Employee Skills Development

The importance of enabling those in employment to improve their skills has been recognised internationally for quite some time.<sup>1</sup> This Further Education and Training (FET) policy framework focuses on the skills needs of those in employment,<sup>2</sup> and on enhancing the flexibility and effectiveness of FET provision by the 16 Education and Training Boards (ETBs) in meeting their needs.

Skills have become the global currency of 21<sup>st</sup> century economies. Skills in the broadest sense refer to what a person knows, understands and is capable of doing. Skills are acquired at all stages of formal education and training and also through non-formal and informal learning. They are developed before people enter the labour market and throughout their working lives. Skills can be lost as well as gained however, for example, through lack of use, and they may also become redundant. This means that maintenance of existing skills and development of new skills is a constant requirement, and the absence or loss of skills can be a barrier to further skills development. In essence, skills are needed to develop skills.

Core skills are those that form the foundation for further learning, working and living. These include literacy, numeracy and digital skills. Transversal skills are those that may have been learned in one context but can apply to other contexts in the work environment or in daily life. These are often referred to as generic skills, basic skills, soft skills or social skills, and can

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<sup>1</sup> For example, ILO (2010); OECD (2012), p.95.; European Commission (2012), ET 2020 Strategic Framework; OECD (2015); European Commission (2016), A New Skills Agenda for Europe; etc.

<sup>2</sup> Thus, it covers the main part but not the whole of 'workforce development'. The latter embraces the skills needs of the unemployed and other job seekers as well.

form the building blocks for further development, including being important to the ease with which 'hard' or technical skills are acquired and updated to meet the requirements of specific jobs.

Cross-sectoral skills are of growing importance. They can often be used in a number of similar occupations and sectors, but might require additional domain-specific training to allow them to be applied in a new job and/or work environment. The increasing convergence between sectors such as ICT, business, and engineering, which were once considered to be distinct in their own right, is an example of where cross-sectoral skills development is emerging.

Skills development for employment is driven by a number of commonly identified 'levers'. These include: the challenges related to the globalisation of markets, technological innovation, anticipated demographic supply-side changes such as the ageing of the workforce, political commitments to inclusive growth, and even climate change and its implications for existing 'production' processes and potential for new economic activity.

Countries like Ireland are embracing these fundamental changes, and seek to shape and seize the opportunities that they present for their enterprises and populations. A good business climate, quality ICT infrastructure and dedicated policies to foster dynamic companies have become essentials in national and regional strategies for economic development. Individuals need to see that, while their current jobs may go, they will be supported to move into expanding and higher productivity activities and sectors. Upskilling programmes and income protection are increasingly central to ensuring workers are not left behind to swell a secondary labour market where jobs are insecure and poorly paid or to seek early retirement.

This recognition of the need to anticipate and address the vulnerability of a large number of enterprises and workers, and for education and training providers to develop a stronger culture, capability and capacity to support people in jobs to renew their skills has come into greater focus in Ireland too. Ireland has long been one of the youngest countries in the EU,

but there is greater recognition now that we, too, must prepare to meet the challenges of an ageing society. Ireland has been a major beneficiary to date of rapid technological advances and the development of global supply chains, because of the strength and depth of its attractions as a location for multinational companies. There is also a recognition that a significant number of those now working are vulnerable to changes that have yet to occur and need improved skills policies to prepare them for different work tasks and new types of employment.

The ETBs were established when the labour market was reeling from the impacts of the 2008-2012 recession. In their initial years, they focused on the skills needs of the large number of unemployed and on the provision of more and improved pre-employment training and education opportunities. However by 2018, the economic recovery was sufficiently robust and the numbers unemployed trending downwards sufficiently for the Department of Education and Skills (DES) and SOLAS to develop a FET Policy Framework to deal specifically with the skills needs of those in employment.

This FET policy framework is an integral means of delivering on the *National Skills Strategy 2025*. In continuity with the overall ambition and vision of the strategy, it envisages a world of work in Ireland where:

- upskilling during one's working life is considered normal practice and leads to increased job security, earnings and autonomy at work for employees
- indigenous and multinational firms invest in the development of their staff and benefit through improved productivity and competitiveness of their employees and business
- FET provision is flexible, high quality, accessible and relevant to the changing needs of employees, the economy and industry.

## 2.1 Drivers of change

### 2.1.1 Drivers common to all advanced countries

The impact of technological advances, demographic and social changes, globalisation and climate change has been having a dramatic impact on the design and content of jobs, the occupational structure and employees' skills and qualifications within and across sectors in Europe<sup>3</sup>. Certain jobs, occupations and sectors face a particularly high risk of displacement, while others stand to benefit from emerging opportunities<sup>4</sup>. Many of the jobs that will be generated over the next two decades do not even exist today and it is estimated that '65% of children entering primary school today will ultimately hold jobs that don't yet exist'. Most of the workforce for these jobs is already in education and training<sup>5</sup>. This means that it is no longer sufficient to train workers just to meet current skills deficits but that their need and capability to keep learning and continue adjusting to changing workplaces must become more valued dimensions in all education and training.<sup>6</sup>

There is a risk of exacerbating existing inequalities and further polarising both workers and companies if ever-richer opportunities emerge for well skilled workers and frontier firms, while low skilled workers and less productive firms risk falling behind<sup>7</sup>. Lower skilled roles are the most likely to be affected by the on-going changes, but are less likely to receive training than the rest of the workforce.<sup>8</sup> The speed and reach of technological advances and the reshaping of global supply chains are disrupting the jobs of many workers who are still far from retirement. The effectiveness with which they are re-skilled for alternative employments is important to a country's economic growth, regional balance and social cohesion. As populations age in advanced countries, inflows into their labour markets from their education and training systems are declining relative to the numbers living in

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<sup>3</sup> CEDEFOP (2016)

<sup>4</sup> World Economic Forum (2016a)

<sup>5</sup> ILO (2010)

<sup>6</sup> ILO (2010)

<sup>7</sup> World Bank (2018)

<sup>8</sup> OECD (2014)



retirement. Improving the skills of those in work to boost productivity is a key part of how ageing societies will support those in retirement.

### **2.1.2 Convergence and acceleration in new ICT technologies**

New technologies, compounded by the increased formation of global supply chains, are changing the job tasks required of workers in advanced countries. As analysed, for example, in a World Bank report on Europe, routine job tasks – both manual and cognitive – will increasingly be carried out more effectively and at lower cost by ‘intelligent’ computers and self-directing, automated systems, or by workers sourced overseas. Most fundamentally, the new technologies are changing the economic value of specific forms of work task and, in this way, the skill sets of individuals for which demand is either growing or contracting. Occupations and economic sectors are being differentially impacted depending on the extent to which they are characterised by tasks amenable to automation and ‘intelligent’ self-learning processes using algorithms, or whether their typical tasks are complementary to these technologies. Workers capable only of routine tasks will struggle to find jobs while people with cognitive skills that they can apply creatively and strong socio-emotional skills face bright employment prospects.<sup>9</sup> The report regards technological change as ‘the most important, and least predictable, driver of economic development in the EU’.<sup>10</sup>

The convergence of Artificial Intelligence (AI), robotics, the Internet of Things (IoT), virtual and augmented reality, big data analytics, cloud computing, mobile platforms and social media, sometimes referred to as the ‘fourth industrial revolution’, is enabling firms in multiple economic sectors to be more intelligent, agile and swift in re-scaling their operations, optimising their supply chains and adopting new business models.

For example, the digitisation of manufacturing is enabling companies to design, develop and test new products in virtual space before then shaping and steering their physical production through globally integrated supply chains. Factories are said to have 4.0 status

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<sup>9</sup> World Bank (2018)

<sup>10</sup> World Bank (2018)

when there is connectivity and instant communication between not just the different human players but the machines and tools they are using. An industrial digitalisation review carried out on behalf of the UK Government estimates that the ‘digitisation’ of manufacturing — the full adoption of digital technologies such as artificial intelligence and machine learning, robots, the internet of things, virtual reality and big data analytics in the manufacturing process – could deliver a 25 per cent improvement in industrial productivity by 2025.<sup>11</sup>

Without exception, all economic sectors in advanced economies are being impacted by the opportunities that the convergence of ICT technologies presents to companies that are innovative and in a position to invest in them. This is evident in the wholesale and retail sector, a major employer in every country, where the boom in e-commerce is boosting the productivity of some firms and their workers but causing disruption for larger numbers of others.<sup>12</sup> It is evident in transport and logistics where driverless vehicles are set to appear, in education where on-line learning is massively widening access to courses at every level, and in medicine where access to diagnosis and preventative treatments can begin in an individual’s home; and almost everywhere else. These opportunities are presented to every size and type of company, from global giants operating high-tech platforms to artisan producers and self-employed individuals.

### **2.1.3 Demographic and social changes**

There are occupations currently classed as ‘lower skilled’ for which demand is projected to grow strongly in many countries. In the US, for example, four of the five occupations for which the largest absolute increases in employment are projected to 2022 are occupations for which the current typical entry-level education is less than high school (namely, personal care aides, retail salespersons, home help aides, and food preparation and serving workers)<sup>13</sup>. In the UK, a huge increase is projected to occur by 2022 in the number of people

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<sup>11</sup> Department of Business, Energy and Industrial Strategy (UK) (2018)

<sup>12</sup> Citigroup (2017); British Retail Consortium (2016)

<sup>13</sup> US Bureau of Labor Statistics (2013) Table 5

needed to work in caring personal service occupations, with the number of positions also growing in customer service occupations and in leisure, travel and related personal services.<sup>14</sup> The scale of employment growth in occupations currently classed as lower skilled in these countries reflects demographic changes that are in advance of those occurring in Ireland, principally the growing numbers in retirement, in particular those over 80 years old who require care. However, these occupational projections are timely reminders that some key personal care and personal service occupations must grow in numbers in Ireland also, as the retired population increases and as the numbers and incomes of high skilled workers grow.

The so-called 'lower skilled jobs' that are growing in numbers in advanced countries have significant upskilling needs that are far from trivial, as anyone who values good elder care and child care, or who receives good customer service knows. The time has probably passed when such occupations should even be described as 'low skilled'. A European study drew attention to the 'surprisingly demanding nature of "low skilled" jobs' after a forensic analysis of what employers in one EU country were looking for.<sup>15</sup> Responsibility, flexibility, skills with customers, the ability to communicate (language abilities were valued even for room staff in hotel); the roll call of soft skills is familiar. But, as a McKinsey report<sup>16</sup> aptly put it, the soft skills in question require 'hard work' and can have a significant occupation-specific element that is best acquired through vocationally specific VET programmes.

The observation in Ireland's *National Skills Strategy 2025* that 'higher skills are needed at all levels' is a strong acknowledgement that what used be considered 'low skilled' is rapidly ceasing to be the case. What is happening is cogently described by a close observer of the UK labour market as follows:

At the lower-paid end of the wage distribution, there has indeed been a major increase in certain jobs which are relatively low-skilled, in the sense that they do not require large amounts of formal education. Nursing assistants are one very large category. These are not

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<sup>14</sup> Wilson, R. et al (2014)

<sup>15</sup> Beblavy et al. (2014)

<sup>16</sup> McKinsey Center for Government (2013), p.67.

jobs that anyone can do well – on the contrary – but they mostly involve so-called ‘soft skills’ rather than academic or technical ones. More generally, the job growth at this end of the market is concentrated in sectors which involve direct contact with people – care (for the young, old and infirm), restaurants and hotels, retail. For example, the number of care assistants in the UK has increased by 150,000 since the turn of the century. The number of conservation officers, a classic ‘knowledge economy’ job, and the fastest growing occupation in the UK, increased by just 15,000.<sup>17</sup>

There is a high level of turnover in many lower-skilled jobs in Ireland and a significant minority in the workforce appear to be trapped in a ‘low pay, no pay’ cycle.<sup>18</sup> The FET sector has a major role to play, in conjunction with Government departments, in helping to avoid a situation where, a relatively low skilled, low paid customer-facing sector becomes disconnected from a relatively professionalised high skilled internationally trading economy’.<sup>19</sup>

#### **2.1.4 The persistence and growing importance of soft skills**

It is becoming increasingly clear that a set of soft or social skills are complementary to the adoption and use of the most advanced technologies. A World Bank study of Europe observes that ‘as machines increasingly take over routine tasks previously performed by humans, tomorrow’s jobs will become ever more about non-routine, cognitive, analytical, and interpersonal tasks. Success in this fast-changing labour market requires advanced cognitive skills (such as critical thinking and problem-solving), social-emotional skills (such as conscientiousness, goal orientation, and ability to work in teams) and up to date job-specific technical skills.’<sup>20</sup> It goes further to argue that:

Strong cognitive and social-emotional skills make workers more resilient to the possible adverse effects of routine biased technological change, including workplace automation, by equipping them with a greater ability to learn, adjust and deliver non-routine cognitive and interpersonal tasks.

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<sup>17</sup> Alison Wolf (2016)

<sup>18</sup> SOLAS (2014), Labour Market Transitions’, Section 5, National Skills Bulletin 2014.

<sup>19</sup> Cridland, John, then Director General of the UK’s CBI, The Financial Times, 25/11/14

<sup>20</sup> World Bank (2018), Fig. 3.1.

In a similar vein, a LinkedIn survey carried out in 2018 finds that ‘the number one priority for talent development in 2018 is soft skills’.<sup>21</sup>

Even as the forecasting of the specific technical skills for which there will be increased demand becomes more difficult, research is suggesting that it may be better to focus on providing adaptable core, transversal skills and building the capacity to learn.<sup>22</sup> In the words of the World Bank report once again:

Equalizing opportunities for people is about building their capabilities (skills), providing a level playing field with flexible and secure (“flexicure”) labor markets, and supporting those who fall behind. Equalizing opportunities for people is good for inclusion but also for economic growth, given the centrality of human capital to Europe’s growth potential. This involves skilling up Europe’s current and future workforce and adopting opportunity-enabling labor and social policies.<sup>23</sup>

## **2.1.5 Important drivers in Ireland**

### **Productivity of indigenous enterprise**

As is common with most economies, there has long been a duality in Ireland’s economic structure between a large, high productivity, exporting set of companies, mainly multinationals, on the one hand, and SME-sized, low productivity indigenous companies serving the domestic market mainly and, exporting, if at all, to the UK market only, on the other. While the latter group has deeper roots in the Irish economy, over the decades relatively few links have formed between the two groups and there has been little evidence of the high standards of innovation, management and in other key functions diffusing from the exporting group to the indigenous one.

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<sup>21</sup> LinkedIn (2018)

<sup>22</sup> ILO(2010); World Economic Forum (2016b)

<sup>23</sup> World Bank (2018)

The Irish economy has made significant headway in terms of recovery from the last recession. The recovery is described as ‘well underway’, ‘robust and broad-based’, [pushing] unemployment to ‘levels not seen in almost a decade’, but still facing the challenge ‘to translate the recovery into a new foundation for sustainable and inclusive growth’.<sup>24</sup> The OECD goes further and points to the already large productivity gap between foreign-owned and local firms as having widened further (related to rising productivity gains in multinational companies), describes this as ‘a medium-term challenge to wellbeing’, and the resolution of which is crucial ‘to further raise living standards in Ireland’.<sup>25</sup> In its view:

The capacity of local firms to absorb and implement new technologies is impeded by relatively weak managerial skills. This partly reflects the low proportion of workers participating in lifelong learning activities. With burgeoning skill demand, there should be an increase in the share of training funding to those in employment.<sup>26</sup>

This underlines the need to target indigenous SMEs to support them in increasing their productivity through an investment in training. Irish owned companies in most sectors have reduced employee training in the period 2000 to 2015 (DBEI, 2018).<sup>27</sup> Furthermore, as noted by the OECD, training programmes that focus on enhancing managerial skills are likely to be particularly beneficial for promoting the effective adoption of new technology and process and hence productivity spillovers from multinationals to indigenous firms. Estimates for European countries show that a one per cent increase in training days leads to a three per cent increase in productivity, and that the share of overall productivity growth attributable to training is around 16 per cent.<sup>28</sup> An objective of this policy framework is to drive productivity at both company and economic level through effective upskilling, particularly in SMEs.

The impact of Brexit is a major additional stimulus on top of the relentless pressure from more demanding consumers and on business costs in a more affluent Ireland. There is a

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<sup>24</sup> IMF (2018)

<sup>25</sup> OECD (2018)

<sup>26</sup> OECD (2018)

<sup>27</sup> DBEI (2018)

<sup>28</sup> ILO (2010), p. 4

sense, in fact, that this is a time or 'era' for indigenous SMEs to make decisions and choices about their business models and their futures. They are having to adopt – and in notable instances are adopting – deep changes in order to be more innovative and in a position to absorb the research and advanced technologies that boost their productivity or make production of their existing product lines/provision of existing services more efficient or 'green'. These changes are being adapted in manufacturing through greater 'digitisation' and in wholesale and retail by seizing the opportunities and challenges of e-commerce, etc. In addition, many need to innovate and develop wholly new products/services and to diversify into export markets and brand their products and services more effectively.

Yet, usually prompted by and in close consultation with Enterprise Ireland (EI), indigenous companies of varying sizes and in a wide range of sectors are making progress in this regard. Some are keeping and expanding high-value activities in Ireland (R&D, design, marketing, etc.) and carrying out manufacturing itself overseas (lower cost and nearer large markets). Some raw materials-based enterprises are using science/R&D, participation on EI trade-missions and other supports, to increase exports and diversify markets. Some are concentrating on niche markets and competing on quality. A significant number are going on-line to overcome the disadvantages of their remoteness from large urban centres.

There are challenges and opportunities here for SOLAS, the ETBs and the Regional Skills Fora to become more familiar with the skills requirements of these different business strategies and in a position to address them for employees in indigenous industry.

### **Legacies of an earlier Ireland**

The majority of people in Ireland have been well served by the educational system. The quality of the outflow from it has been, and remains, a major factor in attracting inward investment, increasing R&D activity and enabling firms to become more innovative and skill intensive. The quality and performance of Irish schools and achievements of 15 year olds bear international comparison very well.<sup>29</sup>

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<sup>29</sup> For example, OECD (2016); World Bank, (2018)

At the same time, there is ample awareness of areas that need to be addressed within each level of the system.<sup>30</sup> In particular, the impressive scale of expansion in higher education has brought problems of its own.<sup>31</sup> As in other countries, there are young people who are ‘poorly integrated new entrants’ and others who are ‘left behind’.<sup>32</sup> The former include the relatively large number of graduates in Ireland in non-graduate jobs and the number on low pay, the latter mainly the school leavers not going directly to third level (30-40%) and from disadvantaged backgrounds.

Often challenges present in regard to upskilling older workers whose experience of education in Ireland was altogether different from the current system. Many mature aged people now in employment began their working lives without completing secondary education. In their youth, they were not considered ‘early school leavers’ but as responding pragmatically and realistically to labour market opportunities for those who would undertake relatively routine manual tasks. The contrasting experience of the generations where initial education is concerned can be evoked by two contrasting performances - Ireland has the highest proportion of 30-34 year olds who are tertiary educated *and* one of the highest proportions of older workers who did not complete the senior cycle of secondary. Ireland’s labour market rewards numeracy skills<sup>33</sup> *and* the incidence of low numeracy skills in Ireland is high, with PIAAC 2012 survey results showing that 1 in 4 Irish adults score at or below level 1 on a 5 level numeracy scale.<sup>34</sup> The situation of the cohort of older workers is examined in more depth in section 6 of this paper.

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<sup>30</sup> Department of Education and Skills (2017)

<sup>31</sup> Expert Group on Future Funding for Higher Education (2016)

<sup>32</sup> Scarpetta et al. (2010)

<sup>33</sup> In Ireland, the independent effect of having a numeracy score higher by 54 points (one standard deviation around the Irish mean) raises the earnings of a 35-54 year old in full-time employment by about 20 per cent. In only one other country (USA) was the impact as high. Hanushek, E.A., et al (2013)

<sup>34</sup> CSO (2013)



## Effective regional economic development

Enterprise strategy in Ireland, in the wake of the recession, became more strongly aware that ‘balanced’ and ‘sustainable’ economic growth requires proportionate contributions to be forthcoming from the exporting and domestic sectors, from multinational and indigenous enterprise, and from large and SME employers. *Enterprise 2025* (Table 5), for example, anticipates one-half (49%) of private sector job creation between 2014 and 2020 occurring in the large domestic sectors of the economy and a further 10% in locally traded services.<sup>35</sup> The higher profile knowledge-intensive, exporting sectors, though growing the fastest, are expected to account for 28% of private sector job creation, less than half the combined contribution of the employment-intensive domestic sectors and locally traded services. This is what balanced growth entails.

Enterprise strategy is also clear that Ireland’s regions can and should make proportionate contributions. ‘Delivering Regional Potential’ was identified as a ‘disruptive reform’ in the national *Action Plan for Jobs 2015*, after which regional action plans for each of Ireland’s regions have become part of the Action Plan for Jobs process. *Enterprise 2025* outlines what dynamic and resilient regional economies look like and entail. They are the antithesis of what are sometimes termed ‘low-skilled equilibria’ at a regional level.<sup>36</sup> In low-skills equilibria, low skilled workers fill jobs with low skill requirements. Employers stay in business by keeping labour costs low and workers’ low productivity justifies their low pay. Consequently, neither party has an incentive to invest in higher skills, since the employers’ business models do not call for them and the individuals who acquire them are likely to have to leave the region to find higher skilled, better paid jobs. A region may even experience simultaneously the outflow of its more educated young and an inflow of migrants to fill low-skilled jobs.

Effective regional development, by contrast, sees a concerted effort being made from within the regions to identify and develop their core economic assets and to systematically enhance their attractions as places to live for high skilled individuals with good salaries

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<sup>35</sup> Department of Business, Enterprise and Innovation (2018)

<sup>36</sup> The concept is part of the core hermeneutic developed by the OECD’s Local Employment and Economic Development (LEED) Division. It was applied in its 2014 study of Ireland: OECD (2014) *Employment and Skills Strategies in Ireland*.

(what *Enterprise 2025* terms the ‘interdependence between place-making and enterprise development’<sup>37</sup>). This indicates that a focus on the quality of local jobs, for example, in child care, retail, restaurants, bars and hotels, sports and leisure amenities, hairdressing and home care, etc.<sup>38</sup>, is integral to local and regional economic development plans. In addition, there are emerging opportunities for new types of jobs, skills and occupations in regional labour markets, on which innovative firms can capitalise.

### 3 Policy context

This section reviews the current take-up of lifelong learning in Ireland and sets out the policy context and emerging national skills architecture within which the FET policy framework for employee skills development is positioned.

#### 3.1 Current take-up of lifelong learning in Ireland

Compared to the EU average, Ireland reports relatively lower levels of participation in adult learning. Adult learning means the participation of adults aged 25-64 in lifelong learning<sup>39</sup> which encompasses all purposeful learning activity, whether formal, non-formal or informal, undertaken on an on-going basis with the aim of improving knowledge, skills and competence. The level of adult participation in lifelong learning in Ireland in 2017<sup>40</sup> (8.9%) was lower than the EU average (10.9%)<sup>41</sup> and significantly lower than rates reported by Eurostat such as Denmark (27%), Sweden (30%) and Finland (27%). It is also below the 15% average target set by the strategic framework ‘Education and Training 2020’.<sup>42</sup> The participation rate in lifelong learning for **those in employment in Ireland** in 2017<sup>43</sup> indicates

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<sup>37</sup> Department of Jobs, Enterprise and Innovation (2015)

<sup>38</sup> OECD (2012) gives the example of childcare. It notes that early childhood education and care services can be understood as keeping children safe while parents work, or as pre-school kindergartens committed to children’s educational development (. p.96).

<sup>39</sup> EGFSN/SOLAS (2017)

<sup>40</sup> A new Labour Force Survey (LFS) replaced the Quarterly National Household Survey (QNHS) during 2017 and, as a result, care should be taken when comparing data from before and after this period.

<sup>41</sup> Eurostat (accessed April 2018); data refers to the share of adults aged 25-64 who participated in formal and/or non-formal learning activities.

<sup>42</sup> CEDEFOP (2013)

<sup>43</sup> A new Labour Force Survey (LFS) replaced the Quarterly National Household Survey (QNHS) during 2017 and, as a result, care should be taken when comparing data from before and after this period.

a similar shortfall with 8.3% of those in employment in Ireland engaging, against a 12% EU average.<sup>44</sup>

### **3.2 Employee development a national policy priority**

In the decades prior to the recent economic downturn there was specific public policy support for employee development in Ireland with the remit of the National Training Fund (2000) specifically referring to ‘raising the skills of those in employment’. The Expert Group on Future Skills Needs (EGFSN) indicated in 2005 that its research over the years had demonstrated clearly that those already in the workforce would play an increasingly crucial role in meeting the future skill needs of the economy.<sup>45</sup> However, the downturn and associated increase in unemployment meant that virtually the sole focus of public policy, in respect of FET, was on provision for the unemployed.

Now that economic activity has increased and full employment is in sight, public policy recognises the role of employee upskilling as part of a national skills development mix. This has been highlighted in a number of national development strategies focused on ensuring that Ireland has the skills needed for both the economy and society to prosper. These strategies include: the *National Skills Strategy 2025*, the *Further Education and Training (FET) Strategy 2014-2019*, the *Action Plan for Jobs 2016*, the *Action Plan for Education 2016–2019*, and *Enterprise 2025*. The Interdepartmental Report on Fuller Working Lives has also identified a need for appropriate FET solutions tailored to the needs of older workers to support them in staying attached to the workforce.<sup>46</sup>

The National Skills, FET and Enterprise strategies all identify a need to ensure opportunities for employees to upskill and re-skill. These strategies also emphasise the importance of enabling opportunities for lifelong learning through flexible provision and a range of modes

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<sup>44</sup> Eurostat (accessed April 2018) data refers to the share of adults aged 25-64 who participated in formal and/or non-formal learning activities.

<sup>45</sup> EGFSN (2005)

<sup>46</sup> Department of Public Expenditure and Reform, (2016), p.11 and p.17

of learning. The National Skills and FET strategies particularly focus on upskilling for low-skilled and older employees, and managers and employees in SMEs.

The *National Skills Strategy 2025* identifies that new ways of working mean that companies need to invest in their employees at all levels to maintain productivity and improve staff retention. It sets out, as a strategic objective, that

‘employers will participate actively in the development of skills and make effective use of skills in their organisations to improve productivity and competitiveness’.

‘Individuals will also need to continually up-skill and re-skill. There is a rising demand for more high-level cognitive and interpersonal skills. The skillsets of people in elementary occupations and those in higher skilled occupations will need to be developed in this constantly changing environment’.<sup>47</sup>

The key priorities for FET engagement in employee development indicated in each of the strategies are summarised in Appendix 1.

The regionally-focused 2014 OECD review - *Employment and Skill Strategies in Ireland (2014)* - also specifically concluded that strategic support was needed for the professional development of people with vulnerable skills to facilitate career ladders enabling their movement into higher skilled positions. The review found that current provision and supports were ad hoc and limited in scale. The FET sector, ETBs and SOLAS were identified as potential key players in this regard, particularly in promoting employee development in domestic sectors that are more likely to employ low skilled workers.

Most recently the European Commission’s 2016 *New Skills Agenda for Europe*<sup>48</sup> re-emphasises the importance of skills development for sustaining jobs, growth and competitiveness. The need for upskilling for low qualified people is stressed, as they are more vulnerable to precarious jobs, and twice as likely as those who are better qualified to experience long-term unemployment.

A number of key actions arising from the *New Skills Agenda for Europe* have been launched. In one of the identified actions, member states are recommended to put in

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<sup>47</sup> Department of Education and Skills (2016), p.32.

<sup>48</sup> European Commission (2016)

place pathways for the upskilling of low skilled adults to help improve their basic skills and to develop a wider set of skills leading to a qualification.

As stated in the New Skills Agenda for Europe, nearly all jobs will require some level of digital skills in the near future, and therefore another action highlighted the need for the provision of the right training, skills and support in the area of digital skills.

Member states are now working on developing national digital skills strategies. In Ireland a Digital Strategy Interdepartmental Group has been established to develop a high level National Digital Strategy in order to provide a coherent vision across sectoral policies, and position Ireland to maximise economic and societal benefits from digitalisation.

## **4 FET and employee development: some international lessons**

In this section, lessons learned specific to the FET provision of employee skills development and relevant to the development of a policy framework for employee development in Ireland are drawn from international sources.

### **4.1 International approaches to employee development**

In seeking to increase and improve their provision of skill training for people in employment, FET providers must integrate and balance working with both employees and employers:

Education providers who work with businesses... need to address the use of people's capabilities and skills from the perspective of an enterprise's business strategy and [its] performance capabilities, while simultaneously considering the learning needs and outcomes for individual workers.<sup>49</sup>

Skills utilisation strategies are pre-eminently the business of employers (and the experts and consultants that they may choose to consult) and of employees (and unions or other bodies

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<sup>49</sup> Skills Australia (2010)

that they may choose to represent them) because it is the design, allocation and organisation of tasks and roles in the workplace that is at stake.

The main site of workforce development is the workplace, which is the predominant responsibility of employers, their employees and unions. Government has a more limited role [here]...and has traditionally found it easier to make supply-side changes to the training system.<sup>50</sup>

Research emphatically demonstrates tangible benefits of skills development for employers including improvements in innovation, productivity, employee motivation and satisfaction, staff retention and, for all these reasons, in profitability. There can also be additional industry specific returns such as quality of care and improved service levels.<sup>51</sup> Investment in effective employee development can help firms, especially SMEs, address the issues arising from global competition, easing the move towards automation and helping companies transition towards knowledge-based and higher value- added business models.<sup>52</sup>

An Australian study established a clear link between skills, productivity and innovation, describing it as a 'virtuous circle' in which each element positively reinforces the others.<sup>53</sup>

The benefits to employees can be similarly wide ranging - an improved chance of being continually employed, earning more, having more autonomy over one's work, a greater ability to move between jobs, and reduced job stress and better mental health.<sup>54</sup>

These benefits to enterprises and individuals alike are particularly far reaching. It is important that both employers and their employees appreciate there is mutual advantage to collaboration in training and how each enables the other to benefit while securing its own objectives.

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<sup>50</sup> The Australian Workforce and Productivity Agency (AWPA) (2013)

<sup>51</sup> Campbell (2012); AWPA (2013); ILO (2010)

<sup>52</sup> ACIL Allen Consulting (2014)

<sup>53</sup> Australian Government Department of Industry (2012)

<sup>54</sup> Campbell (2012); ILO (2010)

International evidence suggests that, for employees, their employers can play a key role in their decision to participate in training and that a ‘culture of learning’ within a workplace or specific economic sector appears to play an important part in influencing both employer and employee decisions about investing in skills development.

Policies that promote flexible ways of participating, through for example, the provision of education leave, evening/weekend courses, e-learning, or modular training, plus instruments that give financial support, such as fee-subsidies are highly relevant<sup>55</sup>.

The OECD has argued for some time that national skills strategies must incorporate measures that encourage employers to redesign jobs so that improved skills are needed and rewarded. There can only be a fair return on the time, effort and cost of involvement in in-work skills development programmes if the employee’s improved skills are actually used in the workplace. Again, this is particularly well articulated in Australia’s second strategy for employee development:

Skills that are acquired in training are of little use if they are wasted in the workplace. Improved work organisation and job design make better use of employee skills and capabilities, with productivity benefits for the enterprise as well as the economy. (...)The investment in skills is only realised when employee skills and capabilities are harnessed in the workplace.<sup>56</sup>

The leadership of managers, and their own skills in motivating, organising, etc., can have a powerful influence on the decision of employees to participate in training. This above all can do the most to ‘close the loop’ and ensure that skills acquired through training are actually used and have a beneficial impact in the workplace. There is a good reason why improving skills utilisation is among the management practices most likely to be found in high-performing workplaces. A large survey conducted by LinkedIn in 2018<sup>57</sup> concludes:

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<sup>55</sup> CEDEFOP(2014)

<sup>56</sup> AWWPA (2013)

<sup>57</sup> LinkedIn (2018)

Manager involvement is a critical ingredient to increase employee engagement with learning. 56% of employees say that they would spend more time learning if their manager directed them to complete a specific course in order to gain or improve their skills. Talent developers name “increased manager involvement” as the #2 challenge they face. Getting managers more involved in employee learning is not the only way to see increased learner engagement, but data shows it will likely make an impact.

Publicity and advocacy in promoting and encouraging companies to undertake training are also emphasised in the research. For example,

While employers do invest significantly in training, more enterprises need to see skills development and utilisation as an investment rather than a cost. There is a role for government and industry peak bodies in raising awareness of the need for productivity improvement, especially in small and medium enterprises.<sup>58</sup>

Some go much further to contend that employee development is not about training the individual and the accumulation of qualifications, the aim of which tends to focus on short-term employment outcomes but, instead, ‘encompasses the comprehensive management of human resources at an enterprise/industry and/or regional level in response to economic and social conditions (...). Employee development seeks to increase productivity and competitiveness in the long-term (...) and therefore requires strong engagement and commitment from enterprises, not just the commitment of the individual learner.’<sup>59</sup>

The OECD states that national skills strategies must include an awareness of the causes and consequences of a weak demand for skills. Its *2012 Skills Strategy*, for example, supported the argument of the UK Commission for Employment and Skills (UKCES) that an employment and skills system adequate to the emerging challenges must ‘invest as much effort on raising employer ambition, on stimulating demand, as it does on enhancing skills

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<sup>58</sup> AWPA (2013)

<sup>59</sup> ACIL Allen Consulting (2014)



supply'<sup>60</sup>. The OECD highlighted Queensland, Australia, as an instance of best practice in this regard. In Queensland, skills shortages are seen to be as much about work organisation and turnover as about shortcomings in the responsiveness of regional education and training institutions. Rather than responding automatically to labour shortages by creating new training courses, therefore, Queensland seeks first to assess whether the shortages arise from a lack of training in the region or because local jobs are unattractive and cannot retain staff.

In a similar fashion and more recently, the European Centre for the Development of Vocational Training (CEDEFOP) has explored the extent to which skill shortages reported by employers in Europe are due to shortcomings in skills supply or arise for other reasons. It analysed two Eurobarometer surveys covering important segments of the European business world, namely, SMEs and companies recruiting higher education graduates. It concludes that the majority that claim to have difficulties related to the lack of skilled labour face the problem for reasons other than a lack of skills, including unattractive job offers, their unwillingness or inability to offer a competitive market wage, poor job quality, precarious employment contracts, and lack of employer commitment to talent management.<sup>61</sup> By contrast, genuine skill shortages, CEDEFOP finds, occur where firms are unable to find job applicants with the right skills, despite their willingness to pay the price for the skills sought. These shortages are an indicator of positive business outcomes (rising sales, increased profitability) and typically arise in organisations with business strategies reliant on a skilled workforce and a focus on quality improvements and product differentiation.

FET opportunities for upskilling internationally tend to be targeted at frontline workers in elementary and operative occupations, domestic sectors with a high proportion of lowskilled workers, and occupations experiencing current labour shortages. FET employee development interventions typically address basic foundation skill needs, medium level technical skills, along with integration of transversal soft skills.

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<sup>60</sup> OECD (2012)

<sup>61</sup> CEDEFOP (2015b)

Workforce ageing, i.e., the growing representation of older cohorts (aged 45-64) in total employment and the correspondingly greater reliance of employers and sectors on mature-age employees has been a significant stimulus for taking employee skills development more seriously in several countries, for example, Australia. In Ireland, a significant reduction in the younger cohort is underway with the percentage of adults aged 16-24 in the population down from 27% in 1996 to 18.5% in 2016.

## **4.2 Selected case studies**

Internationally, spending on employee development and skills training both by employers and governments declined considerably during the recent recession. Within squeezed budgets for overall government skills strategies, priority was given to initial or pre-employment training for unemployed persons. This helps explain why there is limited evidence of current good practice in FET interventions targeted at those in work.

In the USA, as part of the Up-Skill America initiative under the Workforce Investment Act a portion of States' budgets is targeted at the development of incumbent frontline workers. Practices to support frontline worker advancement include: expanding on-the-job training, increasing employer-provided education benefits that help employees advance towards a higher qualification while working, partnerships between education providers and technology innovators to facilitate increased technology-enabled learning; and expanding union-management partnerships.<sup>62</sup>

The Up-Skill America initiative explicitly recognises the importance of progression and of clear paths that allow front-line workers realise their full potential and advance into higher paying jobs. The American initiative gives workers access to community college credits that will give them the opportunity, at work and in class, to acquire the technical skills and academic knowledge they need to progress toward a certificate or degree programme and

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<sup>62</sup> White House Report: President Obama's Upskill Initiative (2015)

potentially a higher-skilled, higher-wage job with their current employer. The courses are jointly developed by community colleges and employers, and are adapted to meet employers' specific needs for skilled workers in manufacturing and service sectors which may be experiencing skills shortages (for example healthcare). Fast-track, bridging and transition programmes are also offered by community colleges as part of pathways programmes for incumbent workers.

In-work programmes aimed at improving the level of basic skills of workers are one of the most common public interventions at European level to address skill gaps in companies. The Basic Competence in Working Life Programme in Norway is one such example. It is provided for employees with low levels of education and there are no costs to employers. The goal is for more employees to participate in skills improvement, education and training so that the company can continue to be profitable and competitive. The literacy, numeracy and language training is integrated within the context of the companies' operations, and the need to ensure progression routes from basic foundation level training to further upskilling and higher qualification is recognised.

#### **4.3 Barriers to employee and company engagement in upskilling**

International research confirms the persistence of significant inequalities in participation in job-related learning amongst those in employment. Considerable disadvantages are found for workers who have low level qualifications, who are employed in small enterprises or who perform manual and skilled manual jobs. Other inequalities relate to age, migrant background, economic sector of activity and part-time work. Costs and time are two key barriers reported internationally to participation in employee development. Other barriers to individual demand for further skills development include lack of advice, information or guidance, negative influences from family or peers and a legacy of negative experiences of education, and perceived poor quality or lack of access to relevant provision.

Research shows that there is a range of barriers that constrain employee access to upskilling opportunities, and employers from upskilling their employees. European research confirms the persistence of significant inequalities in participation in job-related learning. The main inequalities in participation relate to employment status, educational attainment, occupational group and enterprise size. With regard to those in employment, considerable 'disincentives' are noted for workers who have low-level qualifications, who are employed in small enterprises or who perform manual roles, including skilled manual ones. Other inequalities in participation are found among employed adults, by age, migrant background, economic sector of activity and the part-time status of their work.

UK research has identified that barriers to individual demand for further skills development include financial factors, lack of advice, information or guidance; negative influences from family or peers and a legacy of negative experiences of education. Other barriers identified include limited awareness of the potential benefits of skills development and perceived poor quality or lack of access to relevant provision. However evidence suggests that for people who are in work, employers can play a key role in stimulating participation in skills development and that the 'culture of learning' within a workplace or a specific economic sector appears to play an important part in influencing both employer and employee decisions about investment in skills development.<sup>63</sup>

European and international research notes that SMEs face particular internal barriers and obstacles to training their employees and require support in coping with the structural challenges of competence development.<sup>64</sup> The main barriers to participation by SMEs in particular include: a perceived lack of relevance of programmes to the needs of micro and small firms, confusion about the range and quality of the courses on offer, a lack of certainty over the content of the various courses and the competencies which participants would acquire, limited regional access, financial cost and time constraints.

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<sup>63</sup> Johnson, S et al (2009)

<sup>64</sup> European Commission (2009), pp. 14-15. See also, OECD LEED Report, Upgrading workforce skills in small businesses: reviewing international policy and experience, Section 1.3 Barriers to training, (2012); and OECD LEED studies on Leveraging Training Skills Development in SMEs, UK west midlands report (2011)

Policy responses advocate awareness-raising and promotion of the benefits of investing in continuous training along with the provision of supports to SMEs in identifying their training needs and suitable ways of addressing the upskilling needs of their employees.<sup>65</sup>

Specific research on engagement of low-skilled employees in training has found that extrinsic barriers (such as cash fees or time costs) are more prominent than intrinsic factors such as confidence and self-efficacy. Extrinsic factors such as the culture of training in a sector, the nature of the work, the length of time staff are expected to remain in the sector and the profile of the sector influence employees' attitudes to upskilling. Positive attitudes to upskilling have been linked to jobs that required learning or allowed the use of knowledge and skills with, for example, more positive attitudes and expectations found in the care sector compared to the hotel sector.<sup>66</sup>

Time and cost have been reported as the greatest obstacles to participation, including lack of time due to family responsibilities, conflicts of training with the work schedule and training being unaffordable.

#### **4.4 Funding supports for employee development**

The rationale for state subsidisation of employee development includes: averting the social costs of unemployment, the under-provision of general skills training by employers, the undervaluing of investments in human capital, and 'equity' concerns to counteract the evidence that low-wage and entry-level employees have the lowest incidence of corporate training.<sup>67</sup>

Government interventions to promote further education and training typically seek to mitigate the risks, uncertainties and inequalities surrounding investments in skills

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<sup>65</sup> European Commission (2009), pp. 14-15; CEDEFOP (2014)

<sup>66</sup> McQuaid et al. (2012)

<sup>67</sup> For further discussion see Hollenback (2008)

development and/or to subsidise training costs for individuals and companies, particularly smaller ones, where the level of training would otherwise be insufficient.<sup>68</sup>

International examples of funding and incentives for employee development show differing national arrangements and eligibility criteria. As country conditions and goals vary, setting priorities is seen as important in order to explicitly identify vulnerable individuals and key target groups for the focusing and alignment of action. The setting of these priorities should relate, for example, to: socio-economic groups (for example, those with obsolete skills, those in occupations and lines of economic activity that are of low productivity and in decline, those in SMEs regions and neighbourhoods where jobs are low skilled, etc.) particularly in respect of equity issues, approaches (for example, whether directed at individuals or first to their employers), and the modalities of training (in the workplace, evenings or weekend, on-line, etc. ) and their mix. However, a balanced approach is also required across key groups so as to ensure comprehensive action to meet need. Consideration must be given to the potential pitfalls that can be associated with the funding of training, amongst which is the danger of funding in a manner that might be unfair or anti-competitive, or which gives preference to particular lobby-significant sectors or areas.<sup>69</sup>

As funding will be an element of FET employee skills development, consideration has to be given, *inter alia*, as to where it will come from, whether it will involve the integration of current disparate funding arrangements, how and on what basis it will be administered, whether it will involve a co-funding arrangement and whether, for example, it will be targeted, or universally available. The National Skills Strategy 2025 recognises the potential funding requirement that is likely to emerge. It specifies that ‘funding models for education and training must incentivise providers to deliver on the wide spectrum of lifelong learning needs’. An intention to ‘review the share of National Training Fund (NTF) resources allocated to training people in employment on an on-going basis over the

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<sup>68</sup> See for example: ESRI (1995) and EGFSN (2004)

<sup>69</sup> Campbell (2012), p.57

lifetime of the Strategy, to explore the possibility of increasing the allocation as unemployment levels fall' is also included in the Strategy.<sup>70</sup>

**Examples of incentives for individual employees:** Most European member states provide some financial instruments to support those adult employees who wish to up-skill or engage in FET.<sup>71</sup> The main financial incentives for individuals are: individual learning accounts, vouchers and training allowances; loan schemes; tax-based schemes and paid training leave. Vouchers are the most widely used instruments in Europe. Examples include the *Bildungsprämie* training voucher programme in Germany. Its aim is to increase employees' training participation, to motivate them to finance lifelong learning activities, partly from their own resources and to improve their longer term employment prospects. The voucher is available only for low-income individuals who are employed, and it covers 50% of direct training costs.

Another example can be found in the Flemish Community of Belgium, where training vouchers (*Opleidingscheque*) subsidised by the Flemish Government, are made available to all employees. However, depending on the educational attainment of the person, different conditions apply. Vouchers are free for all those who possess at most lower secondary education, whereas other employees are expected to co-finance them. In France the individual Personal Training Account (*Compte personnel de formation*) is provided for all employees without any distinction between their level of qualification or skills.

European research however shows that disadvantaged groups may have difficulties in making use of subsidies and in taking considered decisions based on available information. Supports such as guidance are typically part of funding supports for skills development.

**Examples of incentives for employers:** There is a range of incentives to encourage companies, particularly SMEs, to upgrade the skills of their workforces. Employer incentives to stimulate continuing vocational education and training (CVET) provision and

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<sup>70</sup> Department of Education and Skills (2016), Action 4.2: Workforce Development

<sup>71</sup> CEDEFOP (2015a)

participation include compulsory arrangements and non-compulsory arrangements such as subsidies, tax incentives and payback clauses.<sup>72</sup> Payback clauses are used in most European countries and address companies' fear of failed investment if the employee decides to end their employment. This is often regulated at national, social partner or company level and involves the repayment of training costs.

Financial commitment by employers to employee upskilling is often assured through compulsory levy schemes. These levies can be at sectoral level in the form of sectoral training funds, or at national or regional level. Some countries, including France, have 'train-or-pay' schemes in which companies can reduce or exempt their levy obligation if they finance employee training. Non-compulsory arrangements such as subsidies can be used to share the employer's direct and indirect costs of training; these are often specifically targeted to SMEs or disadvantaged learners. Employer investment in CVET can also be encouraged through various incentives such as tax allowances, exemptions or credits.

Despite their many potential advantages, financial schemes/incentives have a number of possible drawbacks that should be taken into account when designing and implementing measures. Among these are heavy administrative burdens and deadweight losses. Such losses were indicated in reviews of the former subsidised Training Support Scheme (One Step Up) in Ireland and also in the UK Train to Gain programme.<sup>73</sup>

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<sup>72</sup> See for example European Commission (2013), and CEDEFOP (2015a)

<sup>73</sup> ESRI (1995); Wolf et al. (2010)



## **5 Current supply of FET for employee development in Ireland**

In this section current levels of FET and employer engagement in employee training are presented. The range of employee development options available through the FET sector is then outlined, including current relevant ETB provision and employee development initiatives supported or organised by other public organisations, agencies and representative bodies.

### **5.1 Overview**

FET provision for the skills development of those in employment is currently limited in scope. As unemployment soared in the wake of the 2008-2012 economic collapse, available FET resources for full-time provision was concentrated on the unemployed rather than employed members of the workforce. The only dedicated structured provision for employees remained the Skills for Work Programme (part-time) and Apprenticeship (full-time) – the latter is not included in the policy. Two other ETB programmes remain accessible to both unemployed and those in employment; these are the Back to Education Initiative (BTEI), and self-financing (usually evening) adult education and training courses. Other courses offered by Adult Literacy, Community Education, English for Speakers of Other Languages (ESOL) and SOLAS eCollege are also accessible to those in employment. A process has commenced to gather data to identify the cohort of employed people who currently access these interventions. The capture of this data is a necessary requirement to enable analysis of employee participation in FET, skills needs analysis, strategic decision-making in respect of targeting, and the measurement of the impact of associated provision. The development and roll-out of the SOLAS Programme and Learner Support System from 2017 is capturing this data and will be an important contribution to this requirement.

Consultation with ETBs in the development of this framework indicates awareness of a need for increased focus on addressing the development needs of those in employment, particularly the needs of employees in economic sectors and enterprises vulnerable to

restructuring and with inadequate skill sets to cope. There is also a willingness and commitment to embrace the challenges associated with the required refocusing. These include the need to:

- develop a system or structure for systematically identifying or responding to the skills needs of the employed in the ETB areas
- resource the development of a range of flexible content to meet these needs
- develop a range of delivery modes to ensure that employees can access upskilling at the times and locations that best suit their circumstances, and
- reconfigure ETB structures to address structural rigidity and capacity building challenges.

While these challenges are substantial, ETBs are particularly well placed to meet the FET needs of those in employment since they have an extensive geographical footprint and 'brand' recognition across the country. ETBs' localised activity has the potential to address some of the barriers to participation that individual employees and companies face when wishing to access FET. This is particularly the case for individuals or companies where travel, cost or time issues are a significant obstacle to participation.

The ETBs also have good communication links regionally and with other agencies such as the IDA, Enterprise Ireland, Chambers of Commerce, Local Authorities, Local Enterprise Offices, Regional Skills Fora and employers. The formalisation of these contacts offers great potential for employee development.

## **5.2 ETB programmes targeted on those in employment**

**Skills for Work programme** - Skills for Work is a national ETB programme, the aim of which is to provide employees with skills training that meets the basic demands of the workplace. It specifically targets employees with low literacy skills, low qualifications, and/or low participation in formal education. 12,278 employed persons participated in the

programme between 2010 and 2015<sup>74</sup>, with approximately 3,249 engaged per annum between 2015 and 2017.<sup>75</sup> The overall budget allocation for 2018 for Skills for Work is €3.0 million.<sup>76</sup> The duration of each programme is generally 35 hours. This programme is coordinated nationally by Dublin and Dun Laoghaire ETB (DDLETB), promoted and brokered by Regional Coordinators, and delivered by adult literacy tutors. The programme was positively reviewed in 2016; however coordinators reported challenges in motivating employers to promote the programme to potential beneficiaries.<sup>77</sup>

The Skills for Work programme has developed workplace materials designed to be used as part of an integrated approach to improving literacy and numeracy skills of those in employment. The materials are theme specific across a variety of employment sectors, including manufacturing and the food and beverage industry. Their work packs were designed in conjunction with the Food Safety Authority Ireland (FSAI), and the Health and Safety Authority (HSA) and cover the areas of Culinary Skills, Health & Safety in the Workplace, Healthy Eating Options, and Understanding IT. Materials are linked to Level 3 of the NFQ.

**Sponsored Training (Employer paid)** There are instances of ETB engagement in the provision of bespoke training for employees in response to a request from a local employer, but these are demand driven and infrequent as they are not advertised as being generally available. ETBs have reported that they currently endeavour to provide the necessary training requested by a company but have had to decline requests for sponsored training for a number of reasons which include, for example, lack of skills and infrastructural resources within the ETB and lack of staff resources to administer the service. Pricing for this training is typically set to cover ETB incurred costs, including an overhead apportionment. ETB training personnel report that currently the main constraint on sponsored training is a lack of staff resources and dedicated budget.

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<sup>74</sup> Bracken, M., (2016) Review of the Skills for Work Programme. Dublin: The Skills for Work National Advisory Group 2016

<sup>75</sup> SOLAS (2015, 2016, 2017)

<sup>76</sup> SOLAS (2018)

<sup>77</sup> Bracken, M., (2016). Op. cit.

## 5.3 ETB provision for both unemployed and employed learners

### Part-time Provision

**Evening Training** courses at ETB training centres were availed of by over 14,900 persons in ETBs in 2017, with a total of €5.7 million allocated<sup>78</sup>. However most part-time provision is attended by unemployed persons and participation by those who are employed is generally not separately recorded.

Evening courses in ETB adult education colleges that are work relevant are available to those in employment, but again the proportion of those attending who are in employment is not specifically recorded.

The **Back to Education Initiative** (BTEI) programme is available to the unemployed and also to those in employment, subject to qualifying criteria. Courses are run across the ETBs in Adult Education Centres, community centres and other locations procured to meet course needs. A strength of BTEI is that courses are delivered locally and as close to the need as possible. Courses also operate on a continuous intake basis and normally consist of 17 hours input per week over a calendar timeframe of 1 year (400 hours in total). However, shorter inputs can be and are delivered. All BTEI courses result in awards at Levels 3 to 5 on the NFQ but occasionally go as far as Level 6. Awards are predominantly via Quality and Qualifications Ireland (QQI) or from City and Guilds.

**Adult Literacy** services are available to the unemployed and also to those in employment with literacy/numeracy difficulties. The services provide small group tuition, and some 1-1 tuition, in reading, writing and maths, aligned to NFQ Levels 1-3. There were over 39,000 beneficiaries in 2017<sup>79</sup>.

**ESOL** - English language provision for adult speakers of other languages is generally seen as meeting the English language tuition needs of migrants who have come to live in Ireland,

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<sup>78</sup> SOLAS Overview 2017 FET Provision Outturn Report

<sup>79</sup> SOLAS Overview 2017 FET Provision Outturn Report

with reference to the specific contexts relevant to their personal, community and vocational needs, as well as to their academic needs. In 2015, over half were migrant workers. In 2016, the number of employed participants was over 3,000. ESOL provision has developed on a part-time basis in response to demands at local level<sup>80</sup>.

**Community Education** programmes are available free-of-charge to those who have less than upper second level education and/or who are educationally or socially disadvantaged. Community education is located in communities which can be area-based or issue-based. There were 53,000 Community Education beneficiaries in 2017<sup>81</sup>.

**eCollege** is the national online learning service that delivers online and distance training courses in business, project management, SQL, Cisco, graphic design, web design, digital marketing, software development and basic computer literacy. In 2017, eCollege delivered training to 11,529 individual beneficiaries. This training was provided free of charge to over 11,400 unemployed learners and, on a fee paying basis, to approximately 115 employed learners in 2017<sup>82</sup>.

## 5.4 Enterprises and employee training in Ireland

The value of and need for employee upskilling has traditionally been most recognised by employers in Ireland in large and medium-sized enterprises. Employee development in companies has included training courses, on-the-job training and attendance at conferences, with a strong focus on employee training related to health and safety. Opportunities for individual low-income employees in Ireland at present to access upskilling or further development through FET are however limited.

A recent Eurostat study reports that in 2015, over half of all private sector workers were employed in either extremely small enterprises or very large ones: 28% were in enterprises with workforces of less than 10 employees and 31% in very large enterprises with a

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<sup>80</sup> SOLAS/ETBI (2018)

<sup>81</sup> SOLAS Overview 2017FET Outturn Report

<sup>82</sup> SOLAS eCollege report

workforce of 250 employees or more.<sup>83</sup> The other half of private sector workers was more or less evenly split between those working in enterprises with a workforce of between 10 and 49 employees (22%), and those with a workforce of between 50 and 249 employees (20%).<sup>84</sup>

Very small enterprises are typically in the retail, food and accommodation and construction sectors, though information and communications and professional, scientific and technical activities also figure significantly. Very large enterprises are particularly prominent in industry, retail and finance.<sup>85</sup>

National data on continuing vocational training (CVT) collected by the CSO found that over three quarters (77%) of all private sector enterprises provided some CVT in 2015, a proportion higher than the EU average (73%).<sup>86</sup>

In Ireland, the value of and need for employee upskilling has traditionally been most recognised by large and medium-sized employers. In 2015, 90% of large and 76% of medium-sized enterprises provided training courses for employees, but just over half of small enterprises (53%) provided training courses. The largest proportion of enterprises undertaking CVT was in the financial and insurance sector (90%) while the lowest proportions were in wholesale and retail (33%) and construction (38%).<sup>87</sup>

There is a clear gradient linking the likelihood of employees participating in training to the size of the company in which they are engaged – the larger the company, the more likely an employee is to receive training. In 2015, for example, 33% of staff in companies with between 10 and 49 employees participated in training, 44% in companies with between 50 and 249 employees, and 63% in companies with 250 employees or more<sup>88</sup>. The retail sector,

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<sup>83</sup> CSO (2017a)

<sup>84</sup> CSO (2017b)

<sup>85</sup> CSO (2017a)

<sup>86</sup> CSO (2017a). This survey is carried out among enterprises in the private sector with 10 or more employees only. CVT in companies includes internal or external training courses, planned on-the-job training, job rotations, secondments, attendance at conferences, workshops, etc.

<sup>87</sup> CSO (2017a)

<sup>88</sup> CSO (2017a)

the biggest single sector (in employment terms) in the economy, provides a particularly good example of the need for FET to reckon with company size when approaching sectoral skills needs – the sector has roughly as many people working in micro enterprises (where there are under 10 employees) as in very large enterprises (where there are 250 plus employees).<sup>89</sup>

The large number of companies that offer some training provided it for an average 2.5 days per participant, spending an average €1,914 on each person. The main reasons these companies do not increase the amount of training they are undertaking (presumably in intensity and/or staff numbers) was that they prefer to recruit the extra skills they require externally (42%), or to consider the skills and competencies of existing staff match their current needs (21%). A large percentage of these firms that undertake training cite high workloads and limited available time as making undertaking further training difficult (47%).<sup>90</sup>

By contrast, the primary reasons cited by the 28% of companies that do not undertake training are that 60% consider that the skills and competencies of existing staff match their current needs, and 39% prefer to recruit the extra skills they require externally. 21% cite high workloads and limited available time as a reason that they do not undertake training.

Across both groups, what may be termed soft skills, in particular customer handling skills (53%) and team working skills (45%) are considered the first and second most important types of skills for the development of the enterprise in the coming years. Technical, practical and job-specific skills share second place (45%), while general and professional IT skills are further down the list (with 22% and 11% respectively citing these skills as important to the development of their enterprises).<sup>91</sup>

The fact that 34% considered management skills important to the development of their enterprises is a significant finding in light of what is known about the leadership role of

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<sup>89</sup> CSO (2017a)

<sup>90</sup> CSO (2017a)

<sup>91</sup> CSO (2017a), Table 8.

management in recognising the opportunities that additional skills would offer and supporting staff to acquire them. Research undertaken by McKinsey as part of a Review of Management Development in Ireland in 2010 found that Ireland underperformed in respect of management development compared with fourteen other countries, and that scores for people management were below average. The report concluded that, 'while firms work hard to attract good people, they are far less effective at equipping their employees to deliver improved performance and at motivating them to do their best'.<sup>92</sup> Increased management development, particularly for SMEs, was seen as essential to the upskilling and human capital agenda, with the knowledge that 'managers who undergo training and development are more likely to send their staff on training programmes'.<sup>93</sup> The need to improve managerial skills in Irish SMEs was also cited in the March 2018 OECD Economic Survey of Ireland, which linked an investment in managerial training to likely productivity gains<sup>94</sup>. Online learning can play a key part by affording greater flexibility to SMEs and their management team who are often too time poor to commit to more rigid training schedules.

The PwC Pulse Survey 2017 finds that the availability of key skills remains one of the top three business concerns of CEOs in Ireland, with 81% considering it a threat to their growth prospects, five percent more than their global peers (76%). It makes clear that new technologies (AI, robotics, etc.), shifts in globalisation and new business models are increasing, not decreasing, the business significance of 'uniquely human capabilities and skills that can be termed 'soft', such as adaptability, creativity, innovation and emotional intelligence'.<sup>95</sup> In an era when 'no one can be sure how the world of work will evolve [and] organisations must prepare for every scenario'<sup>96</sup>, business performance in Ireland, as globally, will rely on 'getting the people strategy right [so that] humans and machines can work alongside each other'<sup>97</sup>. 'While computers far outstrip humans in their speed and capacity to analyse vast quantities of raw data,

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<sup>92</sup> Management Development Council (2010)

<sup>93</sup> Management Development Council (2010). p.10.

<sup>94</sup> OECD (2018)

<sup>95</sup> PWC (2017), p.28.

<sup>96</sup> PWC (2017), p.11.

<sup>97</sup> PWC (2017), p. 28.



'[...]robots and software simply can't replicate the intuition, judgement and creativity required to make sense of that data .... the next few decades won't be about machines taking over from people but about finding [...] people with the right skills [to work] alongside technology, [...] developing effective ways to 'build' people with the right capabilities internally [and] appointing executive teams that reflect the diversity of the employee pool and create a purpose and culture that inspires people'.<sup>98</sup>

## 5.5 National skills architecture

An important element in addressing the aims for skills development of those in employment, as set out in the National Skills Strategy 2025 and the wider international context, is the establishment of a new national skills architecture which aims to ensure a more co-ordinated and integrated structure to meet skills needs. The remit of the entities and structures involved includes a focus on the upskilling of those in employment. The following are the main elements of the new skills architecture:

**A National Skills Council (NSC)** has been established to oversee research, forecasting and prioritisation of skills needs in the economy and report on the delivery of responses by education and training providers to identified skills needs and priorities. The Council is chaired by the Minister for Education and Skills. The Chief Executives of the Higher Education Authority, SOLAS, Quality and Qualifications Ireland, Irish Development Authority, Enterprise Ireland, Education and Training Boards Ireland and Science Foundation Ireland are ex-officio members. Other members include representatives of the DES, the DJEI, the DEASP and the DEPR. The Chairs of the Council of Presidents of the Universities and Institutes of Technology are also members of the Council, along with industry representatives and a learner representative.

**A network of Regional Skills Fora** - these fora provide an opportunity for employers and the education and training system to work together to meet the emerging skills needs of their

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<sup>98</sup> PWC (2017), pp. 28,29

regions. More structured engagement on the skills agenda and the work of the fora will contribute to better outcomes for learners and support enterprise development.

The nine Regional Skills Fora provide:

- A single contact point in each region to help employers connect with the range of services and supports available across the education and training system
- More robust labour market information and analysis of employer needs to inform programme development
- Greater collaboration and utilisation of resources across the education and training system and enhancement of progression routes for learners
- A structure for employers to become more involved in promoting employment roles and opportunities for career progression in their sectors.

The DES has established a ***Skills Planning and Enterprise Engagement Unit*** which provides support to the NSC. The new unit gives a dedicated focus to enterprise engagement and enhances a co-ordinated response to skills needs across the different sectors of education and training. It also oversees the development of the Regional Skills Fora and the development of links between the Council and the fora.

The mandate of the ***Expert Group on Future Skills Needs (EGFSN)*** has been refreshed to align its role in researching and identifying skills needs to the context of the new architecture under the NSC. The DES and the DJEI have devised collaborative working arrangements to ensure optimal supports for the work of the NSC and the regional structures.

## **5.6 Bodies other than ETBs engaged in FET employee training**

For the purpose of the FET policy framework, consideration is given primarily to the employee development provision of the 16 Education and Training Boards (ETBs). However, training inputs and supports are provided to enterprise through a range of other national agencies and organisations. These include Skillnet Ireland, Enterprise Ireland/LEOs, the IDA, Local Authorities/Local Community Development Committees and various representative bodies. With the exception of Skillnet Ireland, these agencies/bodies do not consider provision of education and training as their primary function. Their involvement in training provision is, in general terms, associated with business development, either as part of an inward investment start-up 'package', at early start-up or business concept stage, or subsequently as part of developing business systems awareness or when an enterprise is evolving/innovating towards, for example, new processes and markets. These inputs tend to be short, sharp or advisory/supportive in nature. Funding of these inputs is dispersed across different government departments or through the distribution of contributions or membership fees.

The work of these agencies is relevant when a training and education solution is sought from the FET sector on behalf of an agency's or representative body's client. This interaction is likely to have demand and supply influence on ETB employee development provision. It might also, importantly, help to define the scope of ETB interventions and avoid duplication of provision with consequent issues of inefficiencies in effort and public spending.

Some of the other bodies that provide training for people in employment, usually with a quite specific interest and purpose that serves, niche groups among those in work are briefly described in Appendix 2. It should be emphasised that primarily large public sector bodies are featured and that many other private and not-for-profit NGOs also operate. These are particularly nimble and frequently serve as 'talent developers' or brokers between employers, on the one hand, and SOLAS and the ETBs on the other.

## **6 Potential Employee Skills Demand in Ireland**

This section explores the extent of unmet or potential demand for FET employee development in Ireland through an analysis of the available data on the skills, qualifications and educational attainment of those in employment. FET has an important role in providing lifelong learning opportunities for employed people to develop new skills to meet the challenges of their changing workplaces. The following sections illustrate that people already in jobs are potentially FET's significant 'constituency'.

The educational attainment of the 2 million plus persons employed spans all levels of the NFQ and *all* are potential users of FET. They include employees with extremely vulnerable skill sets and qualifications, if any, at NFQ Level 5 or lower who wish and need to stay in employment, improve their wages and acquire higher or different competences, and employees with higher level qualifications who wish to assure their currency, orient them to the needs of their employment or enhance them by entering new or associated areas of learning. *The National Skills Strategy 2025* is clear: 'higher skills are needed at all levels'.

The strategy, however, also identifies on the need for a specific focus on employees whose skills are vulnerable as companies and sectors adapt to change, on those with low levels of formal educational attainment, on older workers, and on employees in SMEs (categories that can be overlapping) – to all of whom FET that is appropriately designed and accessible can make a vital difference.

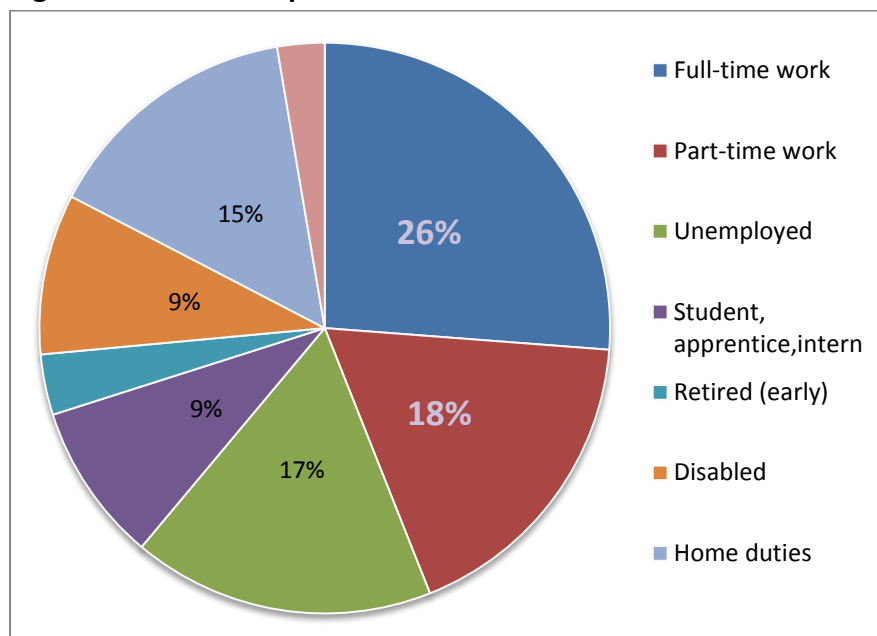
### **6.1 Skills profile of the employed**

Probably, the least explored and least quantified skills demand in Ireland to date is the need to raise the skill levels of people at work so that they are able to remain in employment and improve their earnings power.

Individuals should ideally be in employment for at least 40 years of their lives. Even those with a PhD (approximately 1% of the employed) can no longer be expected to have an inventory of skills adequate for all eventualities. Upskilling stretches from raising low levels of basic or foundation skills (for example, numeracy, literacy, digital problem solving) to enabling Science, Technology, Engineering and Mathematics (STEM) graduates keep abreast of applications and developments in what are fast changing disciplines.

The strength of the link between levels of skills proficiency and formal educational attainment weakens the longer people are in the workforce. This is because even the relatively well educated can lose skills that are not exercised, while people who first entered the world of work with very limited formal educational attainment acquire skills through experience in the workplace and develop them even to high levels. Diverse strategies and multiple types of education and training, therefore, are needed to ensure upskilling is an option for everyone in work who needs and wants it. The relative responsibility that rests with individuals themselves, their employers and the state varies depending on the situation.

**Figure 6.1: The Principal Economic Status of the Least Numerate**

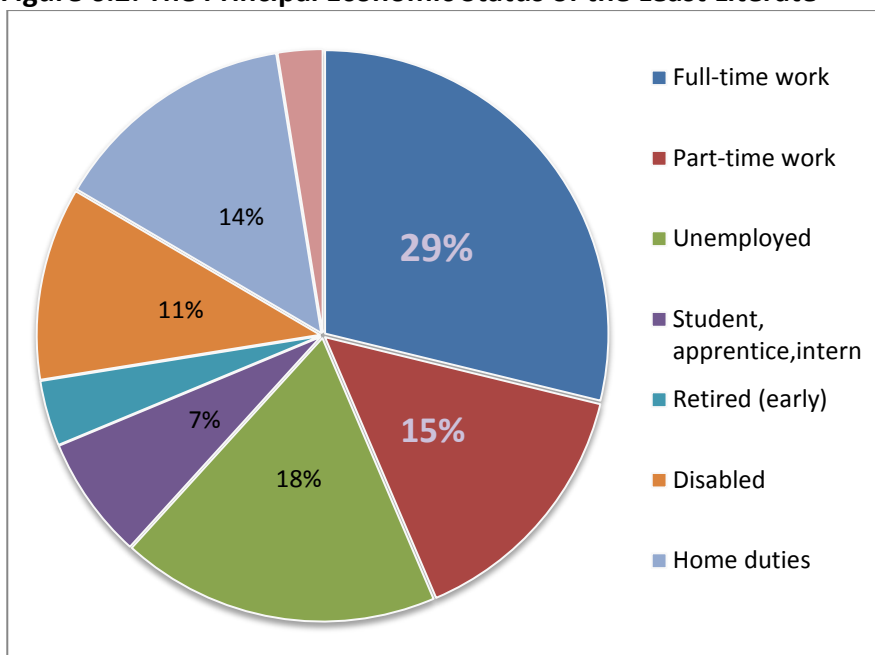


Data extracted from: PIAAC Results 2012, Survey Results for Ireland (Table 3.2)<sup>99</sup>

<sup>99</sup> CSO (2013)

The PIAAC survey of adult skills, which focuses on three specific skill areas or domains: literacy, numeracy and problem solving in technology-rich environments, indicated in 2012 that there was a significant proportion of employees in Ireland with low levels of literacy and numeracy. For example, of the adults aged 16-65 years at or below NFQ Level 1 numeracy, 44% were in jobs (Figure 6.1 shown on previous page) while, of the adults aged 16-65 years at or below NFQ Level 1 literacy, 44% were in jobs (Figure 6.2 shown below). (Note Figure 6.2; this is not necessarily the same cohort as shown in Figure 6.1).

**Figure 6.2: The Principal Economic Status of the Least Literate**



Data extracted from: PIAAC Results 2012, Survey Results for Ireland (Table 3.1)<sup>100</sup>

The PIAAC survey<sup>101</sup> found that approximately 57.5% of full time employed adults are at or below Level 1 on the problem solving in technology-rich environments scale. Also approximately three quarters of adults in elementary occupations, plant and machine operators and assemblers, and skilled agricultural and fishery workers are at or below Level 1 on the same scale.

<sup>100</sup> CSO (2013)

<sup>101</sup> Note the results for problem solving in the PIAAC survey only describe the performance of those who opted for a computer-based assessment and for whom a problem solving scale score was calculated. It does not include any information about those with no computer experience, those who failed the basic computer skills test or those who opted-out of the computer-based assessment in spite of having some level of computer experience.

In Ireland, 32% of individuals aged 25-64 years, who were employed, self-employed or family workers were shown in a 2017 Eurostat survey<sup>102</sup> to have low overall digital skills, as compared with the 2017 EU average of 25%.

It is this evidence of weak core skills, linked to but not the same as low levels of formal education, which better identifies who the most vulnerable and disadvantaged employees are and that should be used wherever possible to identify them for prioritisation. Among them will be many individuals, frequently adverted to in EGFSN reports covering Ireland's traditional industries such as manufacturing and transport and logistics but present also in large domestic service sectors such as retail and personal care, whose level of earnings and security in employment are adversely affected by their low levels of proficiency in core skills. For this reason, these employees are considered a key priority groups for ETBs, within the context of this policy. However, arrangements need also to be in place that incentivise and encourage the large number of graduates in elementary occupations and other roles whose potential is not being used in their workplaces to acquire further vocational skills through FET (for example, in IT) where they would assist employability.

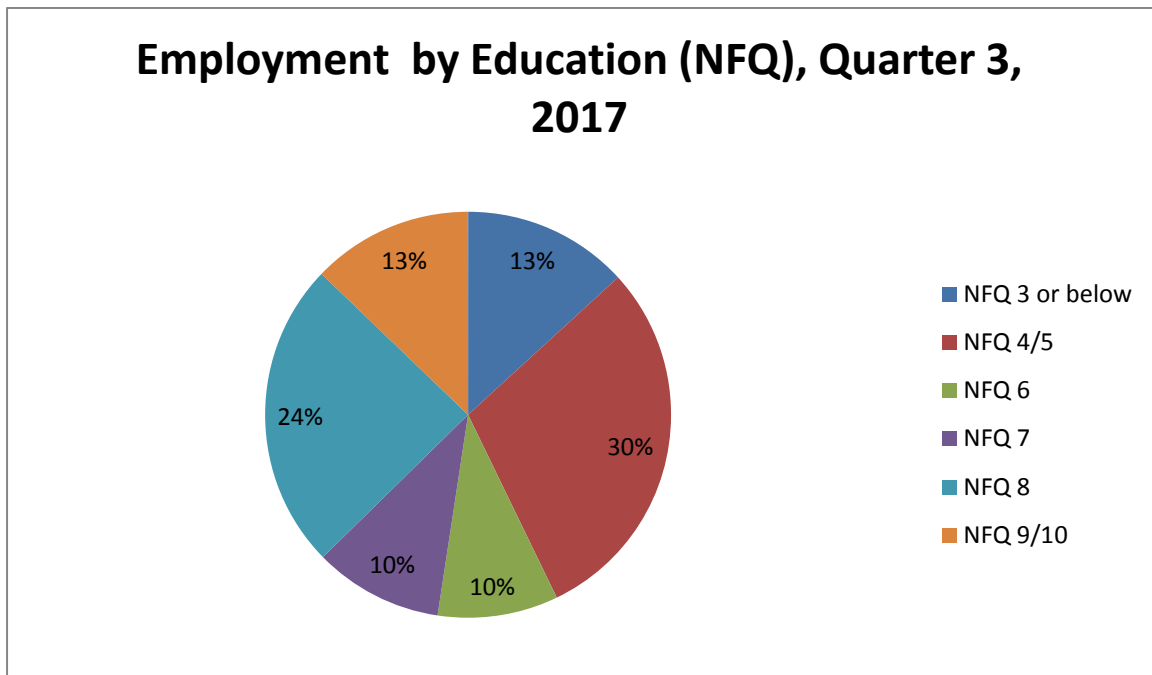
## 6.2 NFQ profile of the employed

In Ireland, the total number of employed persons (aged 15 and over) in Quarter 3, 2017 was 2,206,800. As shown in **Figure 6.3** below, a significant number of employees have a low level of education. 43% of all employees have upper secondary level education (Level 4/5 NFQ) or less as their highest level of qualification, while 13% of all employees have Level 3 NFQ or less as their highest level of qualification, as shown in **Figure 6.3** below.

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<sup>102</sup> Eurostat (accessed June 2018); data refers to individuals' level of digital skills

Figure 6.3: Employment by NFQ Level



Source: SLMRU (SOLAS) analysis of Labour Force Survey Data

Note: Due to changes in methodology, it is not possible to compare employment by education level with earlier quarters.



**Table 6.1 shown below** indicates that of the 898,700 employees with NFQ Level 4/5 or below as their highest level of educational attainment, approximately 277,000 had NFQ Level 3 or less as their highest level of qualification and 64,700 had NFQ Level 2 qualifications or less. The first two figures now far exceed the total number who are unemployed or long-term unemployed. While employees with NFQ Level 5 or less work in a wide range of occupations, they are mostly employed in elementary occupations (174,500), skilled trades (157,000) or as operatives (115,100). Just over one-quarter (26%) of those in elementary occupations have NFQ Level 3 or less as the highest level of education.

**Table 6.1: Employment by Occupation and NFQ level, Quarter 3 2017**

	NFQ 1/2 or below	NFQ 3	NFQ 4/5 LC	NFQ 4/5 FET	Total up to NFQ 5	All employment
<b>Managers</b>	*	12,600	36,200	[5900]	57,900	195,200
<b>Professionals</b>	*	*	14,300	*	22,000	439,200
<b>Associate Professionals</b>	*	11,100	42,600	8,700	63,600	271,800
<b>Secretarial &amp; Admin</b>	*	10,800	61,600	22,300	95,700	212,000
<b>Skilled Trades</b>	21,700	50,700	68,100	16,500	157,000	314,300
<b>Caring Services</b>	[6,100]	19,500	38,000	36,000	99,700	177,600
<b>Sales</b>	*	20,300	73,100	13,200	110,300	175,300
<b>Operatives</b>	10,500	39,000	59,700	[5900]	115,100	164,800
<b>Elementary</b>	16,600	45,100	95,600	17,100	174,500	246,000
<b>Not Stated</b>	*	*	*	*	*	10,500
<b>Total Result</b>	64,700	212,400	491,400	130,200	898,700	2,206,800

Source: SLMRU (SOLAS) analysis of Labour Force Survey Data

Note: cells where numbers are too small to be considered reliable are presented with an asterisk (\*); cells where numbers should be treated with caution are presented with parentheses [ ].

### 6.2.1 Older employees and employees in vulnerable occupations

Just over 34% of those employees with a maximum NFQ Level 4/5 NFQ are aged over 50 years, and just under half (48%) of those have NFQ Level 3 as their highest level of education (**Table 6.2 shown below**).

**Table 6.2 Employment by age and NFQ Level (Quarter 3 2017)**

	NFQ 1/2 or below	NFQ 3	NFQ 4/5 LC	NFQ 4/5 FET	Total up to NFQ 5	All employment
<b>15-29 years</b>	*	29,900	156,500	24,600	212,700	457,100
<b>30-39 years</b>	*	32,100	105,400	37,100	179,900	598,200
<b>40-49 years</b>	11,800	49,100	106,400	32,900	200,100	549,900
<b>50-59 years</b>	18,700	68,400	89,400	25,500	202,100	407,800
<b>60+ years</b>	27,200	32,900	33,700	10,100	103,900	193,800
<b>Total</b>	<b>64,700</b>	<b>212,400</b>	<b>491,400</b>	<b>130,200</b>	<b>898,700</b>	<b>2,206,800</b>

Source: SLMRU (SOLAS) analysis of Labour Force Survey Data

Note: cells where numbers are too small to be considered reliable are presented with an asterisk (\*);

Employees classified as working in elementary occupations or as operatives can be considered as being particularly vulnerable to displacement unless they re-skill. Both categories combined account for approximately 18% of the Irish workforce (410,800 employees).<sup>103</sup> A high proportion of those in elementary occupations or employed as operatives are at low levels of the NFQ ladder and are older workers.

The CSO reports that 246,000 persons are employed in elementary occupations with half (50%) of these aged over 35 years, and almost one-third (30%) are aged over 45 years (**Figure 6.4**). The 2016 National Skills Bulletin highlighted the transitory nature of employment in elementary occupations (for example, cleaners, security guards, routine testers, elementary construction workers, agricultural labourers, etc.) and the higher than average share of non-Irish nationals employed in these occupations.<sup>104</sup>

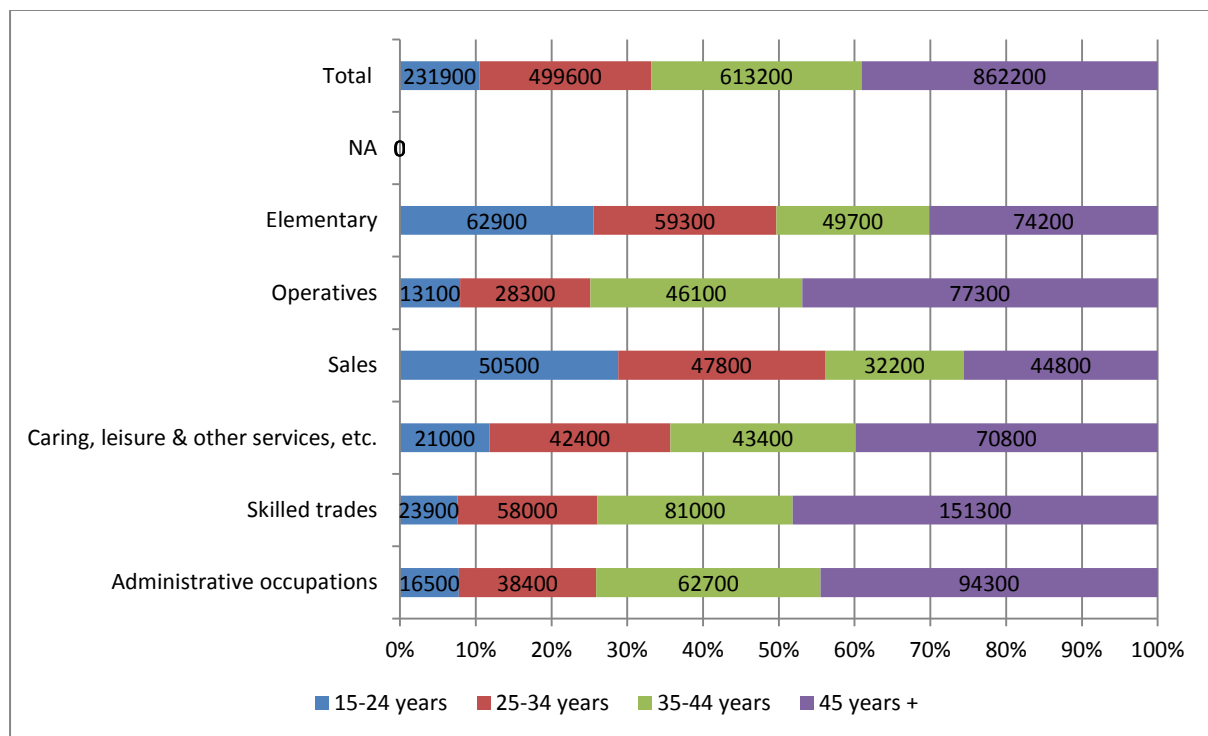
Analysis shows that 164,800 are employed as operatives, and less than half (47%) of these are over 45 years of age (**Figure 6.4**). The education profile of employed operatives is skewed towards lower educational attainment levels. Less than one-third of operatives

<sup>103</sup> CSO, Labour Force Survey, Q3, (2017), based on total employed figure of 2.206 million

<sup>104</sup> SOLAS (2016)

(30%) have NFQ Level 3 or less as the highest level of education (Table 6.1). There are also a high proportion of older workers in other particularly vulnerable occupational groups, as shown in **Figure 6.4 below**.

**Figure 6.4: Employment by age and by lower skilled occupational categories**



Source: SLMRU (SOLAS) analysis of Labour Force Survey Data  
 Note: NA refers to Not stated and numbers too small to report

### 6.2.2 Sectoral employment

Employees with NFQ Level 4/5 or less as their highest level of education are employed across all sectors. The highest numbers are found in seven sectors; the wholesale and retail trade, industry, accommodation and food service, health and welfare, construction, agriculture, transportation and storage (**Table 6.3**).

**Table 6.3 Employment by Sector and NFQ Level (Quarter 3 2017)**

	NFQ 1/2 or below	NFQ 3	NFQ 4/5 LC	NFQ 4/5 FET	Total up to NFQ 5	All employment
Agriculture, forestry and fishing	15,500	22,800	20,100	*	63,500	111,200
Industry	7,500	30,800	72,700	[12,300]	123,400	289,100
Construction	[5,000]	25,100	35,400	*	70,800	128,300
Wholesale & retail	6,900	32,800	113,000	[20,000]	172,700	304,300
Transport & storage	[4,100]	19,800	30,600	*	58000	94,000
Accommodation & food services	[4,700]	20,000	63,500	[11,300]	99,500	164,900
ICT	*	*	*	*	*	117,100
Finance, insurance & real estate	*	*	*	*	[21100]	108,600
Professional & technical activities	*	*	*	*	19,900	133,000
Admin and support services	8,000	13,400	24,000	*	50700	92,700
Education	*	[4,300]	[9,600]	*	22100	160,900
Public admin & defence	*	[4,100]	[9,600]	*	32,900	95,800
Health & Welfare	*	15,500	33,100	*	90,100	281,500
Arts, entertainment, recreation	*	[6,300]	[12,300]	*	22400	48,300
Other Nace	*	9,400	15,300	*	34100	69,500
Not stated					*	[7800]
<b>Total</b>	64700	212,400	491,400	130,200	898,700 <sup>†</sup>	2,207,000 <sup>†</sup>

Source: SLMRU (SOLAS) analysis of Labour Force Survey Data

Note: cells where numbers are too small to be considered reliable are presented with an asterisk (\*);

† Due to rounding, there may be some discrepancies in the totals.

## **Summary**

Research data indicate that a significant proportion of those in employment have low level qualifications and a large number of these are older workers. Certain occupations and sectors have low participation rates in lifelong learning. Also it was found that lower skilled roles are the most likely to be affected by the on-going technological and social changes, but less likely to receive training than the rest of the workforce.

Diverse strategies and multiple types of education and training, are needed to ensure upskilling is an option for everyone in work who needs and wants it. The potential demand for employee development in Ireland identified calls for diverse strategies and multiple types of education and training to ensure that Further Education and Training opportunities are available to workers, companies, occupations and sectors most vulnerable to the challenges of technological and social change.

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## Appendix 1: Key Strategic Priorities for FET engagement in Employee Development – Summary

Strategy	Key Priorities
National Skills Strategy	<ul style="list-style-type: none"> <li>• Incentivise <b>flexible learning opportunities</b> across further education and training, including through part-time, on-line and modular learning, to further facilitate individuals to participate in <b>Lifelong Learning</b></li> <li>• Develop the workforce development strategy provided for in the FET Strategy with a specific focus on <b>older workers</b> (Action 5.3)</li> <li>• Education and training providers will <b>work with SMEs</b> to identify and address training needs (Action 2.2)</li> <li>• <b>Support Skillnet Ireland</b> to encourage companies to engage in their networks to assist them in meeting their skill needs</li> <li>• Review the share of <b>National Training Fund (NTF)</b> resources allocated to training people in employment on an on-going basis over the life-time of the Skills Strategy, to explore the possibility of increasing the allocation as unemployment levels fall (Action 4.2)</li> <li>• As the recovery takes hold, continue to use flexible mechanisms such as <b>Momentum</b> and Springboard to provide upskilling and re-skilling opportunities for those in employment (Action 1.3)</li> </ul>
FET Strategy	<ul style="list-style-type: none"> <li>• Identify the <b>opportunities, barriers and solutions</b> to employer engagement with FET providers for the purposes of acquiring training for their existing workforce</li> <li>• <b>Provide or fund timely further education and training</b> as appropriate, to address identified skill needs</li> <li>• Provide cost effective and accessible mechanisms that <b>help individual employees</b> gain new skills and qualifications</li> <li>• Support targeted interventions to <b>up-skill SME management and the employed</b>, particularly those <b>with low-level skills and older workers</b>, so that they will have portable skills that are nationally and appropriately certified</li> <li>• Focus on how the FET sector can <b>assist existing companies</b> or companies considering locating in Ireland to better identify and meet their FET skill needs</li> </ul>
Enterprise Strategy 2025	<ul style="list-style-type: none"> <li>• <b>Individuals</b> need to be equipped with the wherewithal to re-engage regularly with education and training.</li> <li>• Judicious and timely engagement with education and <b>upskilling</b> will be critical for <b>career advancement</b></li> <li>• Need for increased <b>investment by employers in training</b> following the significant cutbacks during the recession</li> <li>• Education provision will need to be positioned to deliver across a <b>variety of modes of learning and at flexible times</b> throughout the calendar</li> </ul>
2017 Action Plan for Jobs	<ul style="list-style-type: none"> <li>• Develop a Workforce Development Strategy for <b>employees</b> in alignment with the new National Skills Strategy, and in consultation with enterprise and education and training providers regionally and nationally to <b>improve lifelong learning</b></li> </ul>
Action Plan for Education 2016 - 2019	<ul style="list-style-type: none"> <li>• Develop a policy framework for workforce development to guide further education and training activity, aligning with the National Skills Strategy, and in consultation with partners</li> </ul>

Strategy	Key Priorities
<b>Inter-Departmental Report on Fuller Working Lives, 2016</b>	<ul style="list-style-type: none"> <li>• Appropriate training and other supports for older workers are needed to enable them to remain active participants in the labour market and in communities. It is recognised that all actors have responsibilities in this area - the State, employers and workers themselves.</li> </ul>

## **Appendix 2: Bodies other than ETBs engaged in FET employee training**

### **Skillnet Ireland**

Skillnet Ireland (formerly Skillnets)<sup>105</sup> was established in 1999 and is funded from the National Training Fund through the Department of Education and Skills. Skillnet Ireland's role is to act as an enterprise-led support body dedicated to the promotion and facilitation of enterprise training and workforce development as key elements in sustaining national competitiveness. The primary aim is to increase participation in enterprise training by companies in order to improve competitiveness and provide greater access for workers to skills development. Skillnet Ireland fosters an enterprise-led and networked approach to the provision of enterprise training. This encompasses support for high growth as well as vulnerable sectors, ensuring insofar as possible, that training is available to employees at all levels in participating private enterprises. Skillnet Ireland also supports the needs of jobseekers by focusing on integrated training with enterprise, dedicated conversion courses and through work placement in areas of high employment potential.

Participating companies provide up to 50% in match funding to the grants approved by Skillnet Ireland. The majority of participating firms are micro enterprises and SMEs, with the large majority employing fewer than 50 people. Very large numbers of employees participate on its core Training Networks Programme (TNP) – over 41,000 in 2016 – the large majority of whom are classified as professional/managerial/supervisor or owner-manager. The average duration of training is a few days.<sup>106</sup> Other smaller programmes include a Finuas Networks Programme in financial services, Future Skills Needs Programme (FSNP), a Management Development directed at SME owner-managers and a Job-seekers Support Programme (JSSP) directed at individuals who are unemployed.

### **Enterprise Ireland**

Enterprise Ireland is the Government agency responsible for the development and growth of Irish enterprises in world markets. Enterprise Ireland offers a range of supports to business according to the company's stage of development – start up, potential start up, established SME or large company. Funding and grants encompass: mentoring, incubation space, scholarships, a feasibility grant, innovation vouchers, innovative fund, skills vouchers business links grant, strategic marketing review, grant market access grant, internationalisation grant, research and development fund,

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<sup>105</sup> Skillnets changed its name to Skillnet Ireland in 2018

<sup>106</sup> Indecon, Evaluation of Skillnets TNP, Finuas and Management Works in 2016, (2017), p.38

Horizon 2020 and other EU research funding programmes, key manager grant, strategic consultancy grant, platform 4 growth programme, BIM (Building Information Modelling) – Enable, BIM – Implement and the job expansion fund.

### **Local Enterprise Offices (LEOs)**

Local Enterprise Offices provide advice, information and support to individuals in starting up or growing a business. With 31 dedicated teams across the Local Authority network in Ireland, Local Enterprise Offices offer a first-stop shop for entrepreneurs. Supports available include start-your-own-business training courses. LEO programmes include the HI-Start Management Development Programme to help ambitious early stage growth focused companies identify and build the foundations required to secure investment and scale the business in international markets, and the Accelerate Programme for owner-managers of small businesses which have been up and running for a minimum of 18 months or more.

### **Local Authorities**

The Local Government Act 2014 gave local authorities heightened responsibilities for economic and community development at the county and regional levels. Six year Local Economic and Community Plans (LECPs) are developed as part of an integrated local, regional and national planning process. These plans focus on measures which, among others, support training, upskilling and employment creation; enhance the quality of life and well-being of communities, including measures aimed at tackling poverty, disadvantage and social inclusion; support the provision of infrastructure and community facilities. They are the key mechanism for bringing forward action arising from measures under the Regional National Action Plans for Jobs and other relevant national Government policies and strategies. Local Authorities are represented on the nine Regional Skills Fora.

### **eCollege**

eCollege is the National Online Learning service delivering training free of charge. The eCollege budget for 2017 was €1.91 million approximately with 11,529 beneficiaries. eCollege courses are available on a continuous intake basis with no waiting list. All eCollege courses are supported by eTutors that assist learners in activating their account and in progressing through their course materials, including setting and correcting assignments. When an individual learner completes their course, their eTutor identifies a test centre where they can complete their certification and the eTutor can then assist them in progressing to further education, training or employment. Courses are

delivered through 'Moodle', a Learning Management System (LMS) that contains communication and collaboration tools.

### **Údarás na Gaeltachta**

Údarás na Gaeltachta is the regional authority responsible for the economic, social and cultural development of the Gaeltacht. The overall objective of Údarás na Gaeltachta is to ensure that Irish remains the main communal language of the Gaeltacht and is passed on to future generations.

The authority funds and fosters a wide range of enterprise development and job creation initiatives and by supporting strategic language, cultural and community based activities. An tÚdarás is focused in particular on helping new companies with potential for growth to move from incubation stage to the market. It recognises the need for skills development, not only to enable the Gaeltacht community to take advantage of employment opportunities, but also to enable managers and employees to upgrade their skills. Objective 3 of the strategy states that it will 'support education and training initiatives in conjunction with other organisations so as to improve employment opportunities for the Gaeltacht community'. Actions to support objective 3 are the provision of training and/or retraining for those who are unemployed and underemployed.

### **Industrial Development Authority (IDA)**

Training Grants – to develop the competitive capabilities of companies already located in Ireland – are among the supports that the IDA offers to support its clients. The Training Grant Programme aims to facilitate a significant upgrade of the skills base of a company. Staff training is viewed as a mechanism to continuously improve a company's long term competitiveness. The main objectives of companies availing of training grants are to alleviate skills deficits and introduce new processes or products. The client company defines the skills deficit, its impact on competitiveness, how it plans to address it and submits this to IDA for consideration.

Training grants must be compliant with EU rules and requirements, such as the need to demonstrate an incentive effect etc. Grants are up to a max of 50% of eligible costs and a €2m max grant per project under EU rule, are paid directly to the client company and are subject to an agreed training plan supplied by the client company, on which IDA makes an assessment of the impact on the international competitiveness of the Irish operation.

### **Irish Business and Employers Confederation (IBEC)**

Irish Business and Employers Confederation is the group that represents Irish business both domestically and internationally. It has over 7,500 members; home grown, multinational, big and small, spanning every sector of the economy. Together the companies employ over 70% of the private sector workforce in Ireland. IBEC provides a wide range of professional direct services to members including employer advice and representation on HR and industrial relations issues. The group also offers a training needs assessment service and organises training and development programmes to improve the competence and skills of those in employment.

### **Irish Small and Medium Enterprises Association (ISME)**

The Irish Small and Medium Enterprises Association is the independent representative association for small and medium enterprises and currently has in excess of 10,200 members nationwide. ISME is owned, funded and managed by SME owner-managers and supports SMEs by lobbying on their behalf, providing advice and information, and offering discounts on products and services. Funded projects include ISME Skillnet and Erasmus+ programmes. Short training courses and certified management development programmes are designed specifically for SMEs and delivered through the ISME Skillnet.

### **Small Firms Association (SFA)**

The Small Firms Association (SFA) is the trusted partner of small enterprises (i.e. those with less than 50 employees) in Ireland. Its mission is to deliver business-focused advice and insights to member companies, influence government policy to the benefit of small businesses and connect its members in a thriving community. The SFA's management training offering gives small firms access to a range of tailored courses at low cost. The courses are short and a choice of dates and locations are available. Courses available include: project management, performance management, employment law and foundations in management. In-house training can also be organised to suit specific company needs.

### **Irish Congress of Trade Unions (ICTU)**

The Irish Congress of Trade Unions provides a range of information, training and advisory services to its affiliated unions and their members. It has a key role in the provision and coordination of training for union officials and representatives. It provides both QQI-certified and more informal training in a range of areas such as collective bargaining, industrial relations, employment law, negotiation skills, health & safety, equality & diversity and economics. In addition, Congress itself and affiliated unions



and centres offer training and development programmes for members in a wide number of areas of personal skill development, IT skills, project management, etc. A number of unions also offer CPD programmes for their members in areas such as nursing and teaching and many unions provide scholarship or other support arrangements for members undertaking further studies.

### **Appendix 3: Project Working Group Members**

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Natasha Kinsella, City of Dublin Regional Skills Forum

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