



# Competence Development for Success and Security

Unionen's political platform for competence development

UNIONEN

# Competence Development

## - for success and security

When we learn new things and have the courage to challenge ourselves we grow as people and our work becomes more enjoyable. It is important to Unionen members that they enjoy work, develop their skills and have a sense of security in working life.

Companies need to develop their employees so as to maintain a high degree of effectiveness, develop their organisation and not least, to be able to attract new employees. Everyone on the Swedish labour market needs constant competence development if Sweden is to compete by means of knowledge rather than low pay. If there is a high degree of competence available, Sweden will be able to attract investors, which in its turn supports the opportunity for satisfactory economic development with more qualified jobs and a positive development of pay formation.

Sweden's ability to develop new skills for new employment opportunities is a pre-requisite for growth. If there are good opportunities for development in working life, the adaption of employees to new conditions will be successful and companies will increase their competitiveness. The development of technology and the pursuit of competitive advantage promote the need for flexibility, both in individual workplaces and on the labour market in general. Competence development increases the flexibility of employees, which is why there is some concern that less than half of Unionen members carry out some form of scheduled competence development during a year. An important part of the driving force for development, which increases the ability to change, creativity and innovation in the workplace, is lost.

The praxis that has been developed in the application of the Security of Employment Act, demonstrates that competence is the main factor that creates security at work. We see that many people have to leave their employment owing to lack of competence, even though this is formally expressed as shortage of work. This is the result of companies having failed to invest in competence development to the desired extent.

# Our view of Competence Development

The purpose of the political platform for competence development is to clarify the view of Unionen in this area. We present here the policy necessary at the social, workplace and individual levels. By pointing to deficiencies, and proposing solutions in the area of competence development, we want to show that this is an important piece of the puzzle concerning job satisfaction, and also for growth, development and security.

The role and importance of salaried staff is increasing. This means that investments in them are very worthwhile for society and for workplaces. When working life changes, it is the investments in continuous competence development that transfer the changes into new opportunities for employees, workplaces, and society.

Competence development means planned investments that increase people's competence. It is the needs and pre-requisites that determine what kind of competence development is most appropriate, thus competence development is more than paying for courses. Job rotation, project work and networking meetings are other examples of activities that develop competence. Within Unionen we feel clearly that all employment-specific training is the responsibility of the employer. Neither the responsibility, nor the obligation to provide employment-specific training can be handed over to other people.



# Competence Development and Society

## Sweden in the EU

The EU, in the vision document Europe 2020 targets have singled out "new skills for new jobs" as one of seven flagship initiatives for a more competitive EU. The EU supports competence development in several ways. In times of economic decline, Sweden may participate in support programmes for crises of restructuring and change, which are financed by the EU. This means that many employees in particularly vulnerable industries/sectors obtain new and more sought-after competence.

### We consider:

- that the European cooperation concerning life-long learning, competence development and change is to be developed

## New times require new approaches

The state creates basic pre-requisites for life-long learning. However, employers and trade unions also share responsibility for this life-long learning to function satisfactorily. Rapid changes in working life require new methods for meeting these changes. The opportunities that exist to further develop competence in working life need to be supported by means of new methods and models.

### We consider:

- that a model is to be established for competence development financed by the state, employers and employees

## Mobility and Change

Mobility on the labour market is necessary for the promotion of productivity and growth. Employees generally prefer permanent employment, though not the same permanent appointment for their whole life, but the opportunity to change from one job to another. They want a feeling of security in being able to move freely on the labour market. Good opportunities for development make it easier to change jobs, which means that the risk of feeling restricted to their existing assignments is reduced, and with this the costs of ill-health are also reduced.

Unionen wants to see a labour market with good opportunities for those who wish to change jobs, not only when they are forced to, but when they have a high degree of voluntary mobility.

When work assignments are changed completely or disappear, an adjustment that is as smooth as possible is required. For many salaried employees, the Swedish Employment Security Councils such as TRR and TRS have a satisfactory matching process where nine out of ten employees who left the Swedish Employment Security Council TRR in 2010, obtained new jobs. However, those who do not have access to the Swedish Employment Security Councils and the Work Force Adjustment agreement, find it much more difficult to move forward on the labour market when they become unemployed.

### We consider:

- that permanent employment is, and is to be, the norm on the labour market
- that the working method from the Swedish Employment Security Council is to be preserved and used in other contexts so as to inspire and facilitate job change, that is, moving freely on the labour market

## Flexibility and Bottlenecks

The demographic development and generation change on the labour market mean that many of tomorrow's jobs need to be carried out by those who are already working. There are quite simply not enough new people coming into the labour market and available to employers. This, together with repeated swings in the economy, means that there is a risk of increasing bottleneck problems in Sweden.

Bottlenecks on the labour market make it difficult for certain sectors or companies to get in contact with the right competence, which results in production being held up. Swings in the economy involve a great deal of costs for society, both for unemployment and for the inability to quickly deliver the right competence when there is increased demand for labour. These costs can be reduced to a certain extent through a system of future-oriented competence development during employment. This would mean that the flexibility in workplaces and on the labour market in general would increase and adaption to the swings in the economy would be able to take place in a more effective way.

### **We consider:**

- that, from a tax point of view, it is to be advantageous for companies to reserve funds for future competence development. These are to be used in times of low production activity, after consultation between employers and trade unions.

## Working Life and Formal Education

The formal education system provides a foundation for people in working life. Therefore, it is important that education pays, both for society and for the individual. Higher education, vocationally-oriented higher education or upper secondary education is a good foundation for working life, but all knowledge needs to be updated and developed. Learning new things parallel with working is a good way to assimilate knowledge. But many of those who want to further develop in their job find it difficult to combine studies with work and family life.

The pre-requisites for further education within the formal educational system are to be improved. It is difficult today for people with higher education qualifications to finance further studies, since the CSN<sup>1)</sup> regulations such as term ceilings, age limit and levels of contribution limit this. Courses outside the formal education system are often expensive and they can, like formal studies, be difficult to follow for those people who are working.

### **We consider:**

- that methods for, and content in, education are to be developed to meet the needs of employees
- that the student grants system is to be changed so that supplementation of higher education is possible during working life

1) Swedish student aid

## Validation

Too few people start studying at higher education institutions after meeting qualification requirements from their actual competence, i.e. the collected assessment of previous education, work experience and other acquired knowledge. Knowledge gained in other ways than within the formal education system should be treated in a more positive way. This is valid when people apply for higher education and so as to increase the opportunity for employment.

The work involved in developing a common qualification system in Europe EQF<sup>2)</sup>, and Sweden's implementation of this, Sweden's NQF<sup>3)</sup> is important, since, for example, it puts pressure on the development of validation instruments. The EQF promotes an important transfer of the view of competence, from the qualifications people hold to what they actually know.

### We consider:

- that the state is to support higher education institutions and universities by means of economic resources, so that it becomes more attractive to admit students through the alternative forms of qualification and selection
- that there are to be good opportunities for the validation of what is called actual competence so as to be able to make use of all knowledge in society

## Cooperation between Educational Institutions and the Business Sector

The cooperation between educational providers and the business sector is developing too slowly. In Sweden further education is extensive and widely spread geographically with solid education and research environments. Companies and organizations will receive the benefit of giving higher education institutions and universities a clearer role in the further education of employees.

Continuous cooperation is required since the areas for cooperation are by no means mayflies. For the past 10 – 15 years, IT skills have been necessary for almost all jobs, and globalisation has increased the need of language skills in an increasing number of jobs. At the same time, the adaption to a sustainable and resource-effective economy demands increased competence in the environment and the green areas.

Investment in vocationally-oriented higher education in Sweden and the rest of Europe needs to continue, since the close connection to working life facilitates career moves.

### We consider:

- that the state is to follow up the task of coordination between higher education institutions and the business sector with money earmarked for this purpose, so that this cooperation will be more successful in practice
- there are to be a large number of places in higher education, and the extensive, geographically spread higher education is to have a clearer role in the further education of the working population

2) European Qualifications Framework

3) National Qualifications Framework

# Competence Development and the Workplace

## Competence development in agreements

In most of Unionen's agreement areas there are central agreements on competence development, but many workplaces have no local agreements. The central agreements are regarded as a good support for companies with local agreements, but if there are no local agreements, the trade union clubs are not generally involved in the planning of education or competence development.

A change of job involves competence development. Knowledge is transferred and all forms for the spread of knowledge need to be promoted to create dynamics in working life and on the labour market.

### **We consider:**

- that the combination of development agreement, competence development agreement and allocations for competence development in collective agreements, creates prerequisites for more, and the right, competence development
- that the employer and the trade union, by means of an agreement, are to agree to grant leave of absence for employees to try a new job

## Strategies for competence

Changes of job, outsourcing and the pursuit of competitive advantage are ever present elements in our workplaces. These changes often make the question of employee competence and ability to change a topic of discussion. In spite of this, an increasing number of people are in workplaces where there is no well-developed Human Resource (HR) function. By means of outsourcing or in connection with new foreign owners, this function has been moved outside the company. The responsibility for development has instead been taken on for many employees by their immediate manager, and there are no resources available for working actively and strategically with competence support.

Neither is there a clear employer representative in overall questions of development and education in the workplace. Workplaces with no HR function often lack local competence strategies that are a part of regional, national and international strategies. The collected knowledge of local conditions, abilities and prerequisites is poor, which means that decisions that may affect the employees and their development may be made on insufficient grounds. In global companies, global work may overshadow national work. Swedish management groups often have limited influence on the global strategies that control them.

In large workplaces there are often structures for education and development opportunities and there are more internal career opportunities. However, many new jobs are created in smaller companies and 80 per cent of all new companies are classed as service companies. In service companies the personnel costs are often the greatest item of expenditure. In spite of a great deal of recruitment investment in personnel, strategies are generally lacking for how the company is to develop and maintain the valuable investments.

### **We consider:**

- that in the same way as company management is responsible for marketing, sales and investment strategies, they are to be responsible for a competence support strategy

- that there is to be a strategy for competence support at all levels, functions and workplaces where there is clear planning for how to fill competence gaps
- that local trade union representatives know the employees well and are obvious cooperation partners in the preparation of strategies for competence support. These increase opportunities for employees to be responsible for their own development
- that managers are to complete management training which includes training in the ability to see every employee's potential and incentive
- that recruitment is a valuable investment that is to be maintained

### Providing competence

Companies can provide competence in different ways, for example through recruitment, consultant procurement or by means of the development of existing employees. We see that new competence is increasingly being provided through the alternatives to competence development. Instead, the employer needs to invest in competence development parallel with providing external competence. Otherwise, existing employees risk being in a difficult situation during reorganisations and cut-backs.

There are many occasions when specialist competence is needed, for example when the total demand for competence is not sufficiently widespread to build up the company's own competence. Such insourcing of a post is thus advantageous both from a cost and an effectiveness point of view and for the company and the employee.

The rapid development of technology may lead to what is called competence exchanges. This means that groups of employees are exchanged, voluntarily or otherwise, for new groups with more attractive competence. Large competence exchanges are an expression of lacking or unsuccessful competence strategies, where plans have been made for the type of competence that could be developed within the company and the type of competence to be obtained from outside. It is costly both in terms of time and money when first employees are made redundant and then new ones are employed. There are calculations showing that the total cost when a civil engineer is replaced by a new employee may amount to over SEK 900,000. The cost of replacing a person selling travel on a lower salary may amount to over SEK 450,000.

Working in places, which are to a great extent supported by hired competence, affects existing employees. The constant introduction of temporary staff means that the permanent employees are interrupted in their work. There is also a risk that those who contribute their skills on a temporary basis, leave the workplace with knowledge that is valuable for that workplace.

Increased focus is needed on the development of existing employees. Firstly, they can easily adapt new knowledge to the workplace prerequisites. Secondly, they feel loyalty to the company and therefore they use the new competence to develop the workplace. Thirdly, they increase the sustained productivity among existing employees.

#### **We consider:**

- that reorganisations and what are called competence exchanges are to be followed up and evaluated so as to focus on the costs involved for them
- that the scope for competence hiring is partly to be used for the development of the existing employees' competence
- that continuous and relevant competence development is necessary and a prerequisite for successful companies and organisations



## False Economy

The way in which costs for addressing lack of competence are reported financially in a company depends on the way the company chooses to handle this insufficiency. There are roughly two ways to choose, two ways where the effects on the company's division of costs differ a great deal. If the need for competence is met through the hiring, of consultants for example, this cost is often accounted for in a temporary project which does not affect the permanent units' result. If, on the other hand, the need is met through the far-sighted development of the permanent employees' competence, then the investment costs for competence development affect the result for the unit where the employees are trained.

Irrespective of the way which is chosen, the total cost for the company as a whole is affected. But where in the internal reporting of the company these costs are placed, and how great the total cost is for the company, differs according to the two different alternatives. For the unit manager who needs new knowledge in his unit, these ways to report costs create strong incitement to choose the hiring alternative over the training of employees. The cost for the company as a whole is certainly probably higher – the cost of hiring competence is high – but the unit itself avoids the extra costs. The unit benefits from the raise in competence, at no cost. The cost is instead moved over onto the total result of the company.

The use of a headcount may also lead to false economy. Hired employees are seldom included in the headcounts. They become a resource for the units, and this certainly means increased costs for the company, but they do not become a burden in the attempt to manage the planned headcount requirements.

In the long run this means unnecessarily high costs for the company as a whole, neglected competence development of the employees and a situation where the company becomes dependent on external competence for the running of its activities.

### **We consider:**

- that the financial reporting for pay costs and the costs for hired competence are to be attended to at company level
- that competence transfer from temporary competence support to existing employees is to be aimed for

## Invest in competence

Short-sighted profit with large dividends often occurs at the price of paying off staff, delaying investments or selling out part of the organisation. This affects the opportunities for development both for the company and the employees and, as a consequence, future developments in the business sector and long-term competitiveness. Dividends and investments are often opposed to each other and dividends are often given priority.

Competence development is not favoured in reporting compared to other investments. Instead of treating investment in competence development like other investments, it is reported today as a cost for the current year without the possibility of being spread over several years.

### **We consider:**

- that companies' dividends are not to be paid out at the cost of long term investment
- that the costs for investment in competence are to be counted as an asset in the balance sheet and written off over several years



# Competence Development and the Employee

## Right and fair

Many employers wish to invest in competence development that may be used to develop the organisation. However, the competence development carried out is to a large extent directed at managing the day to day work of, for example, managing new technology.

The opportunity for employees to develop new knowledge and skills differs depending on their position and education. Employees who feel they are developing and learning new skills at work often have higher qualifications and duties where they can exert influence and take on a great deal of responsibility themselves. Leaving some employees with no chance for competence development is a loss of human capital and risks being discrimination.

Competence development is the responsibility of the individual employee. Every employee is responsible for utilizing the opportunities available for competence development and for enquiring about future competence needs.

### **We consider:**

- that everyone is to have the opportunity for tailor-made competence development
- that there is to be extra focus on competence development after periods of illness, parental leave and other long term absence from work
- that increased employee competence may change areas of responsibility and make it easy for managers since there are more opportunities for delegation

## Career Development Interviews

In workplaces where there are regular career development interviews between managers and employees there is a clear forum to discuss educational and development issues. However, many salaried employees experience little interest in competence development on the part of employers. The result of this is that it is often difficult to find time for, and to motivate, continuous learning.

People who have undergone competence development want to use their new skills to develop their jobs and themselves. In the career development interview there is scope for support and attention from the manager, who can ensure that the development investment is put to good use.

### **We consider:**

- that competence development and training are profitable for the company and the individual
- that career development interviews are to contain an inventory of existing and required competence
- that employees and managers are to agree, in annual career development interviews, on which activities are to be carried out, in the short and long term, with the aim of developing competence The interview is to lead to a plan for development that is documented and followed up

The logo for Unionen, featuring the word "UNIONEN" in a bold, white, sans-serif font. The letters are closely spaced and have a slightly irregular, hand-drawn appearance. The background of the entire page is a light green color with a large, dark green diagonal stripe crossing from the top left to the bottom right. In the background, there are several out-of-focus, glowing green spheres, possibly representing water droplets or bubbles, scattered across the right side of the page.

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