



# In-company training

**GOOD REASONS  
FOR COMPANIES  
TO PROVIDE TRAINING**

**TIME  
TO TAKE  
ACTION**



## FOREWORD

The shortage of skilled personnel has become a serious problem across a range of industries. In their search for solutions, companies often undervalue a path that could build a solid basis for their future: in-company training.

Training young, open-minded people to become skilled staff offers numerous benefits. Rarely have there been as many good reasons as there are today to invest in training. That goes for the companies, for young people, and for society as a whole — in-company training is good for everyone.

This brochure is geared toward companies that have a general interest in offering training but have not yet taken a deeper look at the issue. It takes seriously concerns companies may have in this context, especially the concerns of small and medium-sized enterprises. The brochure illustrates the diverse benefits that arise when companies get involved with training. If approached the right way, in-company training is the path toward a future in which securing skilled employees becomes an obvious way to guarantee companies' economic success.

This brochure was written within the framework of the **STARTING WITH APPRENTICESHIP: SUSTAINABLE STRATEGIES FOR RECRUITING YOUNG PEOPLE INTERESTED IN-COMPANY TRAINING PROGRAMS** (StartApp) project. The project supports small and medium-sized enterprises (SMEs) that want to increase their in-company training activities. In the process, it offers solutions for corporate recruiting of young people interested in in-company training programs.

The project is a strategic partnership for in-company training funded through the EU **ERASMUS+** program and implemented on behalf of the EU Commission and the German National Agency at the Federal Institute for Vocational Training (NA-BIBB). It is supported by the Berlin Senate Administration for Employment, Integration, and Women.

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# For or against in-company training?

## WHAT COMPANIES SAY ...

Enterprises around the world are convinced of the benefits of in-company training.



**In the United Kingdom, 96 percent of companies active in in-company training programs have reported that they have derived benefits from offering training.**



**In the USA, 97 percent of the employers who have become actively involved with in-company training would recommend it to other employers.**



**In Germany, 89 percent of companies that offer training have said that it has provided economic benefit.**



**In Switzerland, two thirds of companies with active training programs say that earnings resulting from training are higher than the cost it incurs.**



**In Austria, 95 percent of companies actively involved in training used in-company training to attract new skilled workers.**

Despite these overwhelmingly positive experiences with in-company training, many companies are still hesitant to get involved in training. Companies without experience in training are understandably hesitant to bring untrained young people into their corporate structure. Moreover, the concrete benefits of training are not always obvious. When examined carefully, however, concerns that argue against providing training can be refuted. Careful consideration of the pro and con arguments based on facts is the golden path that leads many companies in the direction of training, despite potential initial hesitation.

## PRO AND CON

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**Our company really has other problems right now without having to deal with training, don't we?**

Do you think that your company, particularly in times of economic crisis, has other priorities than training?



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**This could not be farther from the truth. An investment in training improves your competitiveness.**

Competent personnel are a fundamental prerequisite for competitiveness. Training ensures that you'll have qualified skilled personnel with the capability to create high-quality products and services. Periods of crisis, which are characterized by lower utilization levels, are precisely the right time to commit time and personnel reserves to the training of skilled workers for the future. These workers will be desperately needed in better times.



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**Our company doesn't need any trainees at all, does it?**

Do you think your company can do without trainees because you already have enough adequately trained personnel and no current skilled staff requirements?



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**Successful companies think strategically, and thus for the medium and long term.**

A training program is a way to meet the future demand for skilled workers. The reward is a perfectly tailored staff that enables companies to remain flexible and innovative. In addition to securing skilled employees, there are other reasons why training pays off. It strengthens the capability to innovate, raises employee loyalty, and supports public relations by presenting a company as an attractive employer.



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**Training is complicated and expensive, isn't it?**

Do you think that the responsibilities involved with supervision and numerous training guidelines are too much trouble for your company?



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**In-company training is less complicated than you might think.**

Numerous partners offer you a comprehensive range of support services, some of which are financial, and make training as simple as possible. Legal regulations provide additional guidance. Furthermore, in-company training is a lot more flexible than many people think. And finally, as long as the com-



pany is responsible for communication with its trainees, it can concentrate on the messages and content that are especially important for practical in-house work and business processes.



### **Young applicants are not suitable for our company, are they?**

Are you having trouble finding suitable candidates? You think that applicants often don't have the right qualities, competencies or attitudes?



### **True, it is sometimes difficult to find the perfect candidate for a training position.**

Nevertheless, in-company training gives you the opportunity to shape young people over the long term to meet your business's requirements. Discover, stimulate and support the talents of young people. Ultimately, that is how you win ideal employees.

And, You can do a great deal to attract ideal candidates for your company. If you make your enterprise and the careers for which you offer training attractive to young people you will increase the chance of receiving applications from your dream candidates.



### **In-company training will cost my firm lots of money, won't it?**

You think that in-company training is expensive?



### **Yes, training costs money; training is an investment, but it is one that is worthwhile.**

The greatest knock-on benefit of training takes effect once the training is complete, when graduates of the program become skilled workers in the company. Over the long-term, company training is less expensive than hiring skilled workers. Enterprises that provide in-company training save costs associated with recruiting, hiring and initial adjustment of external employees.

And, in-company training costs less than you might think. After all, in many companies training costs are covered by the contribution of trainees during their training program.



### **Supervising trainees takes too much time, doesn't it?**

Is the thought that your employees will be occupied supervising trainees and thus lose valuable time for other tasks holding you back from offering in-company training?



### **Here, too, it is important to remember that training is an investment which pays off in the middle to long term.**

In fact, even during training, trainees in a number of professions soon become competent employees capable of doing productive work on their own. In this way,

trainees rapidly undergo a transition from being an apparent burden to supporting their colleagues and making a significant contribution to the success of the enterprise.

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**Once they complete their training, trainees could leave the company, couldn't they?**

Is the risk that a young employee may leave your company after completing your training program too great a risk? Are you concerned that your investment will be lost?



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**There are no guarantees of course.** But, in fact, most employees who have completed in-company training stay with their firms. Young people value the company's investment and the trust it has shown them. In this way, training creates particularly loyal employees which frequently stay with the enterprise of the long term.

And, There is a great deal you can do to strengthen the commitment of your trainees once their training is complete. Give young employees good reasons to stay with your company, and present them with long-term attractive career options from the very beginning.



## IN-HOUSE TRAINING, YES OR NO?

Companies that offer training are convinced: In-company training pays off. Many consider it the key to the future. Enterprises that provide training rarely regret it.

To find out if training is the right step for your company, first reflect on your firm's needs. Gather information to assist you with your decision process. The following chapters are designed to provide impetus and assist you on the path toward in-company training.

# How companies can profit from training programs

Enterprises derive a broad range of benefits from in-company training. There are at least seven good reasons to offer in-house training.





## SECURING A SKILLED LABOUR POOL

### 1. In-company training ensures a skilled workforce

You train your own emerging talent. This helps you ensure the future demand for skilled workers in your company and your industry.

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Numerous companies have difficulties **filling advertised positions**. Despite tremendous search efforts they are unable to find suitable skilled employees on the job market.



The professional qualifications and skills in demand in a dynamic economic environment can change rapidly. Vocational training programs are often unable to respond quickly enough to changing skill profiles and make the necessary adjustments to the content of their programs. By training their skilled workers themselves, companies are no longer dependent on the education market. They have access to skilled personnel that are ready to work immediately and have the right skill set.

#### **In-company training:**

- ensures that you qualify your own skilled workers for the future,
- secures young talent in your company and your industry,
- ensures that trainees acquire the skill sets needed in your enterprise,
- gives trainees important soft skills, like teamwork, entrepreneurialism, and dependability,
- ensures that trainees understand your corporate culture.



## COMPETITIVENESS

### 2. In-company training ensures and improves competitiveness

Investment in in-company training programs promotes the competitiveness of your enterprise because it allows you to qualify your future skilled employees according to your specific requirements.



Many businesses have a hard time finding suitable trained staff. Their **competitiveness** is threatened due to the shortage of skilled workers and the mismatch between the desired and offered skillset.

Companies that train their skilled employees themselves can do it to the highest standard and in a way that is custom tailored to their current and future needs. That gives them a key advantage: they have constant access to a qualified skilled workforce. Employees with the right skill set are a key prerequisite for competitiveness. It is they who ensure the quality of products and services. Moreover, qualified employees can respond more flexibly within the company to last-minute changes or new market situations. The greater the need for enterprise-specific knowledge and the more difficult it is to find skilled workers outside the company on the job market, the more significant the economic benefit becomes.



#### **In-company training:**

- ensures that your demand for skilled employees can be met,
- ensures that your employees have precisely the skill set they need to create first-class products and services for regional, national and international markets,
- increases competitiveness and innovativeness in your company.

# INNOVATIVENESS

## 3. In-company training ensures and improves innovativeness

Training programs guarantee the continuous injection of new talent into your company. Young people bring fresh vitality and ideas to companies.

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Staying on top of the latest technologies and anticipating future trends in a rapidly changing world is a challenge for many companies. This can hinder and endanger their **innovativeness** and **competitiveness**.



Trainees have not yet developed habits of mind and they often have a critical eye, which is a bonus for companies that want to develop. And because trainees are in a constant learning process in which other employees are also involved, they encourage a learning-friendly atmosphere within the company as a whole. The questions and curiosity of trainees forces all of the employees to keep their knowledge current and up-to-date. In order to stay innovative, enterprises not only need experienced employees but precisely these young talents who are open to new technologies, adapt them early and always have their finger on the pulse.

### **In-company training:**

- ensures that you are always ahead of current trends,
- creates a dynamic organization,
- raises your potential for creativity and innovation,
- encourages a culture of learning within your enterprise.



## PRODUCTIVITY

### 4. Trainees are productive

Trainees learn and do productive work, even while still in training. Every advance in their training increases the benefit trainees provide for the enterprise. The cost of training can often be covered while training is still going on.



For many companies, **fear of the costs** associated with training programs is a hurdle that can lead to a reluctance to offer opportunities for trainees.

In-company training involves very little extra effort for companies. Training and productive work processes are closely interrelated. As the training advances, young people acquire new skills and their ability to perform professional work improves steadily. The result is that, even during their training program, they contribute valuable work and make a significant contribution to annual revenue.



#### **In-company training:**

- ensures that even young people who are not completely qualified can be used productively,
- can be used to temporarily bridge or overcome personnel bottlenecks.

## COST REDUCTION

### 5. In-company training saves personnel recruiting and adaptation costs

You know the graduates you are hiring once their training is complete. This lets you avoid unsuitable employee placements. Furthermore, you'll save costs associated with recruiting external personnel.

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Many companies are able to recruit new employees only with **great effort** and at a **high cost**.



Training is a particularly cost-efficient way to recruit new employees. This is especially true at times when the demand for good skilled personnel is difficult to cover with the external job market. Companies that use in-company training as a method of recruiting future skilled staff save costs associated with acquiring expensive skilled workers from the external job market. In addition, trainees that have completed their programs need very little time to make the transition to their new jobs. They can be placed immediately and flexibly and they understand the corporate philosophy. All of this saves costs.

#### **In-company training:**

- enables you to select the best performing skilled staff from a talent pool of trainees,
- minimizes the risk of poor placements,
- ensures a quick transition and adaptation when trained personnel are hired,
- eliminates the tedious and expensive search for qualified personnel on the external job market.



## LOYALTY

### 6. Training builds staff loyalty

Taking an active role in training encourages staff to identify with their company. This applies not only to trainees, but also the entire staff of the companies that train them.



**Personnel turnover** is a problem in many companies. Every employee that leaves a company represents company-specific knowledge that is lost and results in high cost associated with filling vacancies.

Training instills understanding for the needs of the enterprise; trainees are acquainted with different jobs and routes to advancement. That encourages identification with the company. Employees who have completed training programs within a company are considered particularly loyal. Furthermore, training sends a message to the entire staff: we invest in the qualifications of our personnel. Staff rewards this attitude with loyalty. Companies win over satisfied employees who show particularly strong engagement and who are happy to stay at the company. This is even more valuable in times of high turnover and falling loyalty to employers. It reduces the cost of personnel turnover.



#### **In-company training:**

- promotes stronger identification with your company and a loyal staff,
- increases employee satisfaction and thus better productivity,
- results in lower turnover rates.

# EMPLOYER ATTRACTIVENESS

## 7. Training increases employer attractiveness

Taking an active role in training strengthens the image and reputation of your company. This lets you raise your profile, become more attractive to skilled workers and increases your competitive position.

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Many companies are unsure how to strengthen their **employer image** and **brand awareness**. They invest a good deal of money and time in measures, the success of which, they have little control over.



In times when skilled workers are in short supply, the necessity of building and maintaining a positive employer image grows. In this sense, training as a form of social responsibility can be used as a successful marketing instrument (i.e. corporate social responsibility). It improves a company's reputation within the industry, among employees and among regional suppliers and customers. Communities value companies that offer chances to young people and strengthen the region. The positive corporate image that results also makes the company more attractive for external employees. Businesses that provide in-company training thus improve their reputation and competitiveness.

### **In-company training:**

- creates a positive image of your company, both internally and externally,
- combines social responsibility with corporate branding efforts.







# Why in-company training is increasingly important

Training is the response to a range of challenges that are currently confronting both companies and society as a whole.

## SHORTAGE OF SKILLED WORKERS

### Why companies can no longer depend on finding the right personnel

In the next decades, the number of people of an employable age will drop. Europe-wide, a third of all enterprises consider themselves negatively affected by the consequences of a lack of skilled staff and consider it a danger for their own economic development.



Already today, the shortage of skilled workers affects numerous companies across all industries, in particular small and medium-sized enterprises. That costs companies money and time, has potentially negative impacts on the quality of their products and services, and ultimately threatens their competitiveness. The increasing shortage of skilled employees is due mainly to demographic shifts. Overall, the employable population is dropping and is aging on average. This means that the number of qualified workers in the future will fall continually and the shortage of specialized staff will dramatically increase.



## INNOVATION AND COMPETITIVENESS

### Why companies must depend increasingly on qualified skilled personnel

Jobs of the future will require medium to high levels of qualification, and the demand for less skilled workers will continue to fall.



The economy is characterized to a great extent by innovation and technology. Companies require competent employees who are trained to handle the increased demands of the modern working world and constantly changing technologies. As a result, the demand for qualified skilled personnel is rising steadily. This applies to an even greater extent in a globalized world market. After all,



European countries distinguish themselves among the global competition less through low prices than for their high-quality products and services. The competitiveness of European companies is based to a great extent on the competence of their workers.

## SKILLS MISMATCH

### Why it's up to companies to provide in-company training programs



Europe-wide nearly two thirds of companies believe that newly hired employees are not adequately prepared for professional life.



Despite a significant number of young people unable to find training programs or jobs, numerous companies are suffering from a shortage of skilled employees and are unable to fill vacant positions. The so-called skills mismatch — that is, the disparity between skills supply and demand — is the cause of this problem. Companies are not finding the skill sets among young people that they consider to be necessary to do certain jobs. Basic school education and vocational school training is inadequate to build bridges to the real working world.

## YOUTH UNEMPLOYMENT

### Why companies should not ignore social problems



In Europe, more than one fifth of all 15 to 24-year-olds is affected by unemployment.



Young people are confronted with particular difficulties getting started in the job market. By offering the prospect of successful careers through training opportunities, companies not only support young people, they also make an active contribution to sustaining the employability of people in their region which in turn benefits them.

# THE TRAINING CHALLENGE

## Why attracting trainees will become a challenge

According to estimates, in the UK the number of young people in training and education will drop by 10% from 2005 to 2030.



In-company training brings numerous benefits — for the companies providing the training, for young people and for society as a whole. It is an essential response to current challenges, such as the shortage of skilled workers, the capability to innovate and compete, the skills mismatch and youth unemployment. The extent to which enterprises are or will, in fact, feel the negative effects of these challenges essentially depends on their level of commitment to in-company and on-the-job training.



At the same time, in-company training itself is currently facing significant challenges. It will become increasingly difficult in the future to attract new talent for available training opportunities. Top performing young people, in particular, are looking increasingly to academic education, while in-company training is often not considered the most attractive educational option. This also stems from an image problem. Other educational paths are considered more socially prestigious and are therefore preferred even though they may offer fewer career opportunities. It is therefore important for companies to promote the diverse opportunities that in-company training offers.



# The beginning is critical

## A STRATEGIC APPROACH

In-company training is not a guaranteed model for success. However, that is not to say that training in practice is not frequently a successful model. To the contrary, most companies that offer training can no longer imagine their present business without the advantages that in-company training offers.

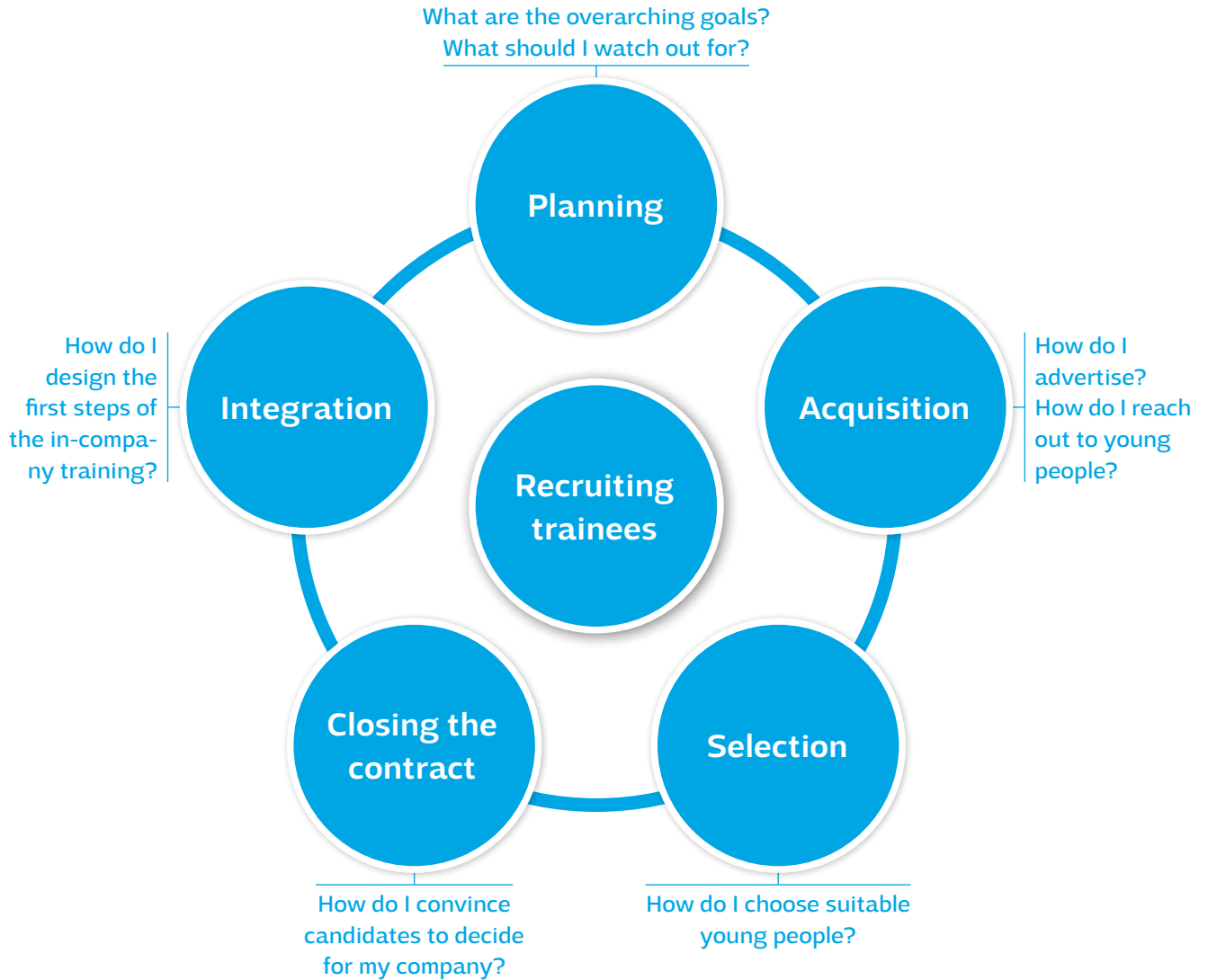
Nevertheless, against the backdrop of rising challenges the right approach is all the more critical. The decisive foundation is generally laid at the very outset of training. Acquisition, selection and integration of the trainees all play a crucial role in this phase. At this stage, companies chart the course for attracting skilled workers of the future. Suitable trainees ensure the future of the company.

## SUSTAINABLE RECRUITING

Recruiting processes for trainees should thus never be oriented entirely toward the immediate present. Instead, they should be designed with an eye to long time frames over which a young person develops from a trainee to a skilled worker, and then into a long-term employee. Recruiting should be designed in such a way that it enables and promotes exactly this development process, from unskilled beginner to valuable specialized staff.

What does that involve? Every aspect of recruiting should be designed to lay the groundwork for a longer term commitment. The planning of in-company training positions, the search and selection of suitable applicants, concluding the contract, and integrating the young people into the company during their probation period are milestones on this path. Here, as early as this initial phase of cooperation, companies can take decisive steps to win over trainees as their skilled staff of the future.

**An effective and sustainable model for recruiting trainees**



The extent to which an enterprise actually profits from the investment in training depends on the selection of suitable young people, their successful integration into the company, and the forging of a long-term commitment. Sustainable recruiting methods ensure that companies benefit from providing training. At the same time they are an appropriate means of meeting the rising challenges associated with training. Rethinking recruiting methods is precisely the right medicine for small and medium-sized enterprises with limited means to recruit trainees.

## STARTING WITH APPRENTICESHIP

### **New ways for companies to recruit trainees**

- Attractive training marketing (e.g. through cooperation with schools),
- The use of a range of innovative, and simultaneous methods of acquisition (e.g. trainees recruiting new trainees),
- Developmental of prerequisite profiles and selection criteria,
- Considering new target groups (e.g. young people who have not finished school, older people starting a career late, and university dropouts),
- Establishing a culture of openness,
- Generally, an overall plan for beginning the initial phase of training.

The **STARTING WITH APPRENTICESHIP** project which was the framework for developing this brochure, deals with trainee recruiting issues and provides companies with innovative measures for recruiting trainees. You'll find more information at <http://startapp-project.eu>



# Does your company want to provide training?

Sie wollen ausbilden, Ihre Ausbildungsbemühungen verstärken oder neu aufnehmen? Sie wollen Ihre Ausbildung verbessern? Dann stehen Ihnen zahlreiche Partner zur Unterstützung beiseite.



## **Starting with Apprenticeship**

Here, you can get information on the first phase of training, from acquisition, to selection to integrating the trainee into the organization.

<http://startapp-project.eu/>





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