

RESEARCH

Silvia Castellazzi

# Employability and Access to Training

A Contribution to the Implementation  
of Corporate Responsibility  
in the Labor Market



Springer VS

---

# Employability and Access to Training

---

Silvia Castellazzi

# Employability and Access to Training

A Contribution  
to the Implementation  
of Corporate Responsibility  
in the Labor Market

 Springer VS

Silvia Castellazzi  
Milan, Italy

Dissertation der Zeppelin Universität, 2015  
Gutachter: Prof. Dr. Stephan A. Jansen, Prof. Dr. Andreas Suchanek  
Datum der Disputation: 14. Oktober 2015

The author would like to acknowledge funding from the LLLight'in'Europe Project,  
FP7 Grant Nr. 290683

ISBN 978-3-658-14795-2      ISBN 978-3-658-14796-9 (eBook)  
DOI 10.1007/978-3-658-14796-9

Library of Congress Control Number: 2016945152

Springer VS

© Springer Fachmedien Wiesbaden 2016

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made.

Printed on acid-free paper

This Springer VS imprint is published by Springer Nature  
The registered company is Springer Fachmedien Wiesbaden GmbH

## Acknowledgements

The completion of this dissertation has been a long, challenging and rewarding experience. I first became aware of the relevance of further training and education as an element of a company's responsibility during a consulting project in 2009. What was initially a hunch and a personal interest, evolved into a full research project and into a dissertation. Over the years, boundaries between this work and everything else – other research and interests, work, family, life in general – became very blurred at several points in time.

This research would not have been possible without the support of Prof. Dr. Peer Ederer. He created the institutional conditions for the development of this research, involved me in endless constructive conversations and motivated me to the highest standards in science and professionalism. He supervised this work both in content and in methods, embracing the challenge of interdisciplinarity and leaving me free room to pursue the different avenues of my interests. Thanks for having been a great mentor over these past years.

I would like to thank Prof. Dr. Andreas Suchanek for the insightful supervision. I am highly appreciative of having been able to sharpen my understanding of the theoretical framework of *Ökonomische Ethik* by discussing it directly with him. Thanks for the guidance and the support.

I would like to express my appreciation also to Prof. Dr. Stephan A. Jansen, who supervised and stimulated my work by offering new perspectives and interpretations to the issues at hand, always bringing in new relevant elements and aspects to be considered.

Sincere gratitude goes to Prof. Dr. André Reichel for the many insightful conversations we had about *Wirtschaft, Ethik*, and much inbetween.

Special thanks to all the experts who offered their time and expertise to discuss with me about training, education and employability, and who accepted to be interviewed. Their openness and interest made this research possible.

This work builds on many years of research and work. I would like to thank here all colleagues from Deutschland Denken! e.V., Zeppelin University, LLLight'in'Europe Project and HHL Business Ethics Seminar for great conversations and input to my work.

Thanks to A.R., for unconditional support and caring across the ups and downs that a PhD brings along.

Thanks to my parents for their constant appreciation and help over these research years north and south of *Bodensee*.

Silvia Castellazzi

For D. - in memoriam

# Table of Contents

<b>List of Figures and Tables.....</b>	<b>11</b>
<b>Summary .....</b>	<b>13</b>
<b>Introduction .....</b>	<b>15</b>
<b>Chapter 1. Motivation and Problem Statement.....</b>	<b>19</b>
1.1 Trends in Employment, Job Security, and Skills: The Role of Employability.....	19
1.2 Trends in Provision of Training .....	22
1.3 Individuals, Companies and Society: Interests and Possible Conflicts ....	24
1.4 Implications of Trends and Conflicts .....	26
1.5 Problem Statements and Research Question .....	29
<b>Chapter 2. Theoretical Framework .....</b>	<b>33</b>
2.1 Selection of Theoretical Framework .....	33
2.2 Key Elements and Assumptions within Economic Ethics.....	37
2.3 Theoretical Foundation: Origin of Conflicts and Opportunities for Solutions.....	39
2.3.1 Prisoner's dilemma.....	39
2.3.2 Epistemological status of prisoner's dilemma and its relevance for ethics .....	41
2.3.3 Possible solutions: Trust and rules.....	43
2.3.4 Productive and destructive conflicts .....	45
2.4 Responsibility: Definition and Implications.....	46
2.5 Problem and Research Question in Categories of the Economic Ethics ..	48
<b>Chapter 3. Methodology, Argumentation Structure and Context .....</b>	<b>51</b>
3.1 Structure of Argumentation and Overall Methodology.....	51
3.2 Argument Model and Content of Steps.....	53
3.2.1 Premise 1: Normative orientation .....	54

3.2.2 Premise 2: Empirical investigation .....	56
3.2.3 <i>Conclusio</i> : Responsibility, conditions and implementation .....	56
<b>Chapter 4. Premise 2 and Empirical Investigation.....</b>	<b>59</b>
4.1 Introduction.....	59
4.2 The Context in the Literature .....	59
4.3 Methodology of Empirical Investigation .....	62
4.3.1 Research questions and research design .....	62
4.3.2 Method of data collection .....	66
4.3.3 Method of data analysis .....	73
4.3.4 Assessment of methodological choices and limitations .....	74
4.4 Findings.....	76
4.4.1 Company-external elements.....	76
4.4.2 Company-internal elements .....	83
4.5 Interpretation of Findings.....	89
4.5.1 Introduction.....	89
4.5.2 Company-external elements: Structure of the market for training provision.....	90
4.5.3 Company-internal elements: Enabling factors .....	93
4.5.4 Independent elements: Training and overall economic dynamics ....	95
4.6 Preliminary Conclusions: The Role of Empirical Conditions for Responsibility.....	96
<b>Chapter 5. <i>Conclusio</i> .....</b>	<b>101</b>
5.1 Introduction.....	101
5.2 Employability.....	102
5.2.1 Employability dilemma: Origin and structure.....	102
5.2.2 Employability dilemma: Coordination of behaviors and cooperation gains.....	104
5.2.3 Employability as commons? Strengths and limits of an analogy....	107
5.2.4 Improved status quo through distribution of competition and cooperation .....	109



5.3 Training.....	113
5.3.1 Introduction.....	113
5.3.2 Exemplary strategies of responsible action: Potential and limits....	114
5.4 Conclusions and Assessment .....	134
<b>Chapter 6. Conclusions and Outlook on Further Research.....</b>	<b>141</b>
<b>Annex.....</b>	<b>145</b>
<b>References .....</b>	<b>147</b>

## List of Figures and Tables

Figure 1: Visualization of prisoner's dilemma .....	40
Figure 2: Overview of variables and their relationship to investigation objects.....	65
Figure 3: Employability and dilemma structure between companies.....	104
Figure 4: Overview of conceptual findings: distribution of cooperation and competition .....	112
Figure 5: Asymmetrical dilemma structure.....	117
Table 1: Selection of employability drivers linked to human capital, skills and training.....	21
Table 2: Enterprise's and individual's benefits and threats .....	25
Table 3: Overview of policies and their impact on training marginal benefits and costs.....	61
Table 4: Overview and key information about interviewees .....	71
Table 5: Overview of conflicts, conditions of investment and implementation strategies .....	137
Table 6: Overview of corporate and policy recommendations .....	138

## Summary

This study investigates the responsibility of companies when dealing with employability and access to training. Increasingly precarious conditions in the labor market, selection biases in accessing training opportunities, and the increasing distrust toward market economy and labor-market institutions call for a systematic business-ethics investigation of the topic. Emphasis is placed on implementability of ethical requests.

The theoretical framework used for this investigation is the *economic ethics*. Its heuristic uses prisoner's dilemma to search for incentive-compatible cooperation gains as realization of responsibility. The study starts by reconstructing the empirical context in which companies act when they take decisions on training and employability strategies. Twenty, in-depth expert interviews in two EU-countries deliver empirical evidence to conceptually inform the construction of problem-driven dilemma structures. From such dilemmas the clarification of the responsibility scope is derived.

Findings show, first, that the training market does not offer strong incentives to perform high-quality training and to reach out to difficult groups. Rather, the market structure reinforces negative spirals of exclusion and low competition due to behavioral expectations. Second, conceptualizing employability as a commons can help overcome some intrinsic coordination issues. Third, two conditions are identified, namely relations among actors and competition framework, in which companies can invest as part of their responsibility.

Theoretical and methodological implications as well as practical recommendations for managers and policy officers conclude the investigation, together with further research questions raised by the analysis.

## Introduction

Scientific and practitioners' literature on business ethics and CSR has considered countless aspects of corporate responsibility and how it can be managed, implemented, and communicated – from community involvement to environmental impact, from charity to information disclosure, CEOs' compensations and fair customer relations. All the more remarkable is then the limited presence in this literature of work dedicated to what is arguably, at least in continental Europe, one of the historical constituents of the license to operate of a for-profit organization, namely a company's ability to create jobs and inclusion in the labor market, of such jobs from which individuals can derive dignifying lives and avoid the hardship of under- and unemployment.<sup>1</sup>

Youth unemployment is pushing 21% in the EU-28 in early 2015,<sup>2</sup> work-lives are extending well into one's late sixties, continuous technological changes and countries with considerably lower labor costs apply constant pressure on European labor markets. Against this background, understanding and reflecting in a scientific manner the role of companies in today's labor and training markets, and the scope of their potential responsible contributions, appears largely overdue.

Some evidence of interest for the issue is found in the GRI4 Guidelines, one of the most used reporting tools for sustainability and CSR worldwide (Global Reporting Initiative [GRI], 2013). These guidelines have a set of indicators dedicated to labor practices and companies are requested to report on "skills management and employability." The fact that the topic has made it into this reporting initiative speaks for its perceived discourse relevance. However, because of the absence of thorough work on its rationale, the legitimacy of this

---

1 Data from the Flash Eurobarometer 363, published in 2013, show that citizens consider the creation of jobs (51%) and the provision of training (31%) among the main positive effects of companies on society. Contribution to economic growth is in their eyes only slightly more relevant (32%) than training. The expectations are different in the US, where citizens ranked the development of innovative products and services ten percentage points higher than training (respectively 31% and 21%). The survey also asked about negative impacts. In the EU, reducing the number of employees ranked second (together with environmental pollution, both at 39%) after corruption (41%). In the US, reducing the number of employees ranked only fourth (28%), ten percentage points after corruption and excessive influence of companies on government policy (both at 38%), and environmental pollution (34%). (Eurobarometer, 2013, p. 13–14. Percentage of respondents; multiple answers possible).

2 Data from Eurostat database, January 2015. The average of 21.2% of unemployment rate for individuals less than 25-year old hides a great variance, from the 7.1% of Germany and the 10.8% of Denmark to the 50.9% of Spain and the 41.2% of Italy.

indicator is not clarified, nor is any indication given of what exactly the status of such sustainable skills management is. The rationale of the report and the expectations seems to be that *the more, the better*.

Such expectations might not be differentiated enough. If at an aggregate, macroeconomic level it can be safely assumed that under most circumstances more employability is better than less, and if it can be assumed that reducing the employability of employees and structurally excluding them from the labor market is mostly not desirable, it remains unclear what the responsibility of a single company is and which ethical demands can be moved to corporate actors. Which responsible behavior is legitimately demandable and implementable from company's perspective under current market and competition conditions? The main objective of this research is thus to clarify the scope of this responsibility and to develop implementable guidelines for companies when dealing with employability, access to training and presence on the labor market. This objective is pursued making transparent the texture of empirical conditions under which companies function.

In particular, it might surprise that despite the beneficial implications of having a trained, skilled and employable workforce, inclusion and training are not pervasive, and self-reinforcing patterns of selection and of low-quality delivery are broadly present, as the literature and data confirm.

Business-ethics reflection could give several practical suggestions: To invest in technology and reach out to more people, for instance; to promote legislation which includes and advances everybody without distinction; to appeal to the good will of companies for them to support better employees; and to make more money available for these topics and relieve access to financing.

These approaches, as promising as they may seem, have all been tried in practice, and proved insufficient. New technologies such as e-learning are not solving the problem of self-selecting participants into education and training (Sims, Powell, & Vidgen, 2008), legislation on inclusion and access formally already exist in almost all EU countries (EUROFOND, 2007), appeals from social partners seem to fall flat, public funds are available but not able to fundamentally counteract usual spending patterns and trends (Istituto per lo sviluppo della formazione professionale dei lavoratori [ISFOL], 2013).

All these approaches have one thing in common, that is, they do not account (sufficiently) for incentive-compatibility, in particular for behavioral expectations, and do not coordinate actions among actors. They all fail to provide companies an appealing alternative to the status quo. This investigation addresses exactly these aspects to support implementation of responsibility.

This research pursues a theoretically-grounded and empirically-supported approach to clarify the scope of responsibility in dealing with employability, in particular through training. The approach is based on the economic ethics of

Andreas Suchanek and gives emphasis to the implementability of responsibility demands. To do so, the methodology stresses the importance of understanding and reflecting the empirical conditions under which companies act, and the limits they represent.

In the economic ethics framework, this means focusing on conditions for realizing socially desirable cooperation gains. It means focusing on assets which can allow interactions and transactions to happen and which can enlarge future use of freedom, rather than reduce it.

In this investigation there are no indications of how to motivate people to participate in training, use training for employee binding, or other similar, operational and company-specific goals. There are indications on which assets should be supported to facilitate the realization of cooperation gains, because each company is different and exposed to different empirical contexts. Conditions help account for this heterogeneity, leaving room to organize incentive compatibilities and to align interests in the specific cases that companies might encounter.

This study contributes to the current state of knowledge in four ways. First, it contributes a scientific discussion on business ethics and corporate responsibility which shows in which conditions and how companies can invest to responsibly deal with employability and training. Second, the investigation contributes to practitioners' discussion by showing how employment and employability can be more thoroughly and thoughtfully incorporated in the discourse of CSR, avoiding simplifications, illegitimate demands and wrong expectations. Third, it contributes indirectly to the policy discussion, in particular at the EU level, by showing patterns of low incentive-compatibility and counterproductive effects of rules systems. Fourth, a contribution is made on empirical-methodological level by developing a research design for data collection and analysis which can be used for similar business-ethics questions in the future and which takes into account the latest developments and research options in qualitative methods.

The investigation reconstructs in a methodologically-sound manner the market for training in two EU economies from the perspective of the incentive systems, the actors involved and their strategic behaviors. Then, it shows that the concept of employability can be constructed as leading to a prisoner's dilemma. This reconstruction is heuristically fruitful as it shows that responsible action cannot be demanded on a one-to-one basis between employer and employee. Responsibly dealing with employability needs an improvement of the overall "social" contract in the labor market, in particular among companies as buyers of labor. This would ensure that issues of lack of coordination are addressed. Finally, the research identifies two conditions that can support the realization of cooperation gains in employability, training and the functioning

of the labor market. The first condition has to do with investing in (trustworthy) relations among actors and can be sustained through individual self-binding arrangements. The second condition relates to investing in the framework of competition and can be pursued via collective self-binding. Both strategies allow for the realization of cooperation gains among actors, thus becoming appealing and incentive-compatible under competition conditions.

This thesis is structured in six chapters. Chapter 1 discusses trends in employment and labor markets and how they lead to the problem statement and research question of this investigation. In Chapter 2, main elements of the theoretical framework used for this investigation are illustrated. The overall argument structure and the methodology followed in the different parts of the research are outlined in Chapter 3. Chapter 4 answers the question of "under which conditions companies act," reporting and discussing the findings of the empirical investigation. Chapter 5 conceptualizes responsibility scope and demands on both employability and training matters, and provides corporate and policy recommendations. An assessment of the contribution, limitations and outlook on further research conclude the thesis in Chapter 6.

# Chapter 1. Motivation and Problem Statement

## 1.1 Trends in Employment, Job Security, and Skills: The Role of Employability

In advanced European economies, structural changes in production chains, industrial organization, demographical patterns, (global) division of labor, social-security systems, and organizational structures have had a considerable impact on organization of labor and employment. Such structural changes can be summarized in two broad megatrends: globalization and knowledge society (Rump, Sattelberger, & Fischer, 2006, p. 14).<sup>3</sup> These changes have impacted both the labor market and biographies of employees by giving more relevance to knowledge-intensive/service-oriented industries, longer and healthier working lives, the competitive advantages achieved through innovation versus low production costs, employment security rather than job security, flexible contracts, and new ways of being part of an organization.

An implication of these trends has been the importance of skills and competences as instruments to cope with faster-paced technological changes and longer working lives with correspondingly obsolescent skills. Human capital, lifelong learning and skills have become policy-designing elements to tackle – with different nuances – a fundamental challenge, namely to maintain the level of productivity of individuals and of firms by constantly upgrading and adapting to changing external requests (e.g. organizational, ergonomical, technological).<sup>4</sup>

A further implication is related to changes in employer relations, and in particular to the evolution of job security into "employability." Hillage and Pollard (1998, p. 2) define employability as an "individual's ability to gain initial employment, [...] maintain employment, [make] 'transitions' between jobs and roles within the same organization [...], obtain new employment if required, [...] and [ideally secure] the quality of such work or employment."<sup>5</sup> Moreover, Hillage and Pollard (1998, p. 2) find the very origin of the interest in employability in the reaction to basic trends in economics: "in the changing

---

3 See Bundesministerium für Inneres [BMI] (2012) for an overview of challenges caused by demographical change and its impact on labor and social security; see also Rump et al. (2006); Scholte (2000).

4 See for instance the Lisbon Strategy for Growth and Jobs, launched by the European Council in 2000.

5 Against this background, *health management* in companies becomes as important as human capital and employability management.



nature of public employment policy, with increasing emphasis being given to skills-based solutions to economic competition, and work-based solutions to social deprivation. [...] and the need to build new relationships with employers."

Further, McQuaid and Lindsay (2005, p. 203) argue that changes caused by structural shifts (e.g. mismatches between labor supply and demand, shifts toward non-manual work) have led to changes in policies. Such changes aim at employability and upskilling, and assume that "measures to 'up-skill' and activate unemployed people will have positive impacts in terms of labour market participation, economic competitiveness and productivity; and, secondly, that long-term unemployment specifically is a crucial barrier to increased participation in the economy and wider society, and so to the realization of these associated macroeconomic benefits."<sup>6</sup>

In the EU – the geographical focus of this analysis – the idea of employability, linked to lifelong learning as well as training and skills, has been positioned within the concepts of the knowledge economy and knowledge society: participation in both requires certain skills levels and, due to short cycles of innovation and changes, these skills also require a continuous upgrade (Rump et al., 2006; Clarke & Patrickson, 2008).<sup>7</sup>

While globalization and technical changes have and continue to cause a restructuring in many industries, and the traditional promise of "job security" has become increasingly difficult to be kept, the idea of employability has emerged as a measure of how probable it is for a person to be employed in the future, irrespective of where and in which specific job. Employability can come in two forms, namely within the existing company but with other tasks and job titles (i.e. internal employability), or in a new organization, possibly in different fields or industries (i.e. external employability). Within this framework, tools to maintain and increase employability have become functional equivalents to the type of support provided by social security or trade unions (see for instance Priddat, 2010a, p. 227 ff.).

Several different elements can be considered as drivers of employability. Such drivers include but are not limited to the physical condition to perform an

---

6 In their work, McQuaid and Lindsay (2005, p. 203) recognize that structural shifts result in "changing skills needs [...]. In occupational terms, there has been a shift towards non-manual work in general and knowledge work (requiring higher level skills and qualifications) in particular." See also Autor, Levy, and Murnane (2003) for an investigation on how technological changes impact the type of skills required from the labor market. For example, such technological changes have led to an increase in demand for non-routine interactive and analytic skills, and to a decline for manual and cognitive routine ones (p. 1296).

7 See Brine (2006) for a discourse analysis of how European institutions have constructed the "learners" in the knowledge economy and society since the first policy positioning in the early 1990s.

activity (thus linked to health and age), mental well-being, the availability of education and training, the freedom from household chores and from assisting family members, and macroeconomic situations. McQuaid and Lindsay (2005) introduce a model that encompasses elements that drive employability on the supply side, i.e. assets that an individual has or can acquire which would make her more appealing on the labor market. This model also considers demand elements, i.e. external elements which in some cases are dependent on the action of enterprises,<sup>8</sup> and in some cases are related to macroeconomic dynamics.

Table 1, based on McQuaid and Lindsay (2005), displays selected elements relevant for employability and linked to human capital and skills.

*Table 1: Selection of employability drivers linked to human capital, skills and training*

<b>Individual skills and attributes</b>	<b>Demand factors</b>
<ul style="list-style-type: none"> <li>• <i>Basic transferable skills</i>: e.g. prose and document literacy; writing.</li> <li>• <i>Key transferable skills</i>: e.g. reasoning, problem solving.</li> <li>• <i>High level transferable skills</i>: e.g. team working, business thinking, vision, job-specific skills.</li> <li>• <i>Qualifications</i>: formal academic and vocational qualifications.</li> <li>• <i>Work knowledge base</i>: work experience, general working skills, occupational working skills.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Labor market factors</i>: level of local, regional or other demand, nature and changes of local and regional demand.</li> <li>• <i>Vacancy characteristics</i>: opportunities for promotion, extent of part-time, conditions of work and remuneration.</li> </ul>

*Source: Adapted from McQuaid and Lindsay (2005)*

Particularly relevant for employability are transferable skills. These skills and competences increase employability by making the individual more adaptive at taking up new and different tasks.<sup>9</sup> They are deployable in a variety of situations, either directly or as abilities to more quickly learn other skills. The fact that they are transferable makes them more appealing to a series of employers in different industries and jobs, thus increasing the employability. Conversely,

8 Within this investigation, 'enterprise' and 'company' are considered synonyms and are interchangeably used.

9 In this investigation, the meaning and relevance of transferable skills is similar to what Becker (1964) calls 'general' skills, as opposed to specific skills.

due to obsolescence of skills, to not take action in developing and upgrading skills can arguably be considered equivalent to reduce employability, as the employee becomes less able to adapt to new tasks and requirements.

The richness of elements linked to employability goes hand in hand with the question of how and who can support it, together with who is responsible for it. Initially, policy discourses constructed the individual as main responsible subject. Later, the contribution that non-individual actors can give has been further stressed. For instance, Hillage and Pollard (1998) argue for an interplay of supply and demand elements without relying on only one or the other. There is a need to bring together the individual and the structural element since none of the actors has control of all the leverages (Fejes, 2010). Human capital and skills have become an important leverage of employability, together with the instruments through which they can be learned throughout one's career: for example, different types of training, on the job experience, formal education, and exchange with supervisors and peers. As a starting point in this investigation, the following definition is used (Cedefop, 2008b, p. 50):

*"Continuing education and training:* Education or training after initial education and training – or after entry into working life, aimed at helping individuals to:

- improve or update their knowledge and/or skills;
- acquire new competences for a career move or retraining;
- continue their personal or professional development.

Continuing education and training is part of lifelong learning and may encompass any kind of education (general, specialised or vocational, formal or non-formal, etc.). It is crucial for employability of individuals."

Building on this definition,<sup>10</sup> the next section highlights the main transformations happening in the provision and delivery of training.

## 1.2 Trends in Provision of Training

Over the past decades, changes in the economic structure and in the policy agendas of European countries have brought about essential modifications in the provision of training and in its main features. Companies have become relevant actors both on the demand-side for further training of their own employees and on the supply-side by providing training. Individuals have realized the importance of a life-cycle approach to their employability and public offic-

---

<sup>10</sup> In this investigation the focus is on training and not education. Moreover, mainly formal and non-formal training is considered, while informal training was not part of the focus. 'Further training' is used in this investigation as synonym of 'continuing training.'

ers have started to set the policy framework refraining from intervening too directly (Busemeyer & Trampusch, 2011).

Participation in training (both for work and non-work related matters) has increased across all countries, albeit with great variance, and so has the importance of the companies' role. For instance, six out of ten further training activities in Germany were paid by the company in 2012, and more than half were at the company's initiative (Bundesministerium für Bildung und Forschung [BMBF], 2012).<sup>11</sup> Enterprises are performing an increasingly relevant and impactful role in designing, strategizing, financing and monitoring training efforts, and have become part of the market for training provision.

Because of some specific characteristics of training, it can be said that such market for training is a market of imperfect competition. Three of these characteristics are that (a) training is an experience good (Buttler, 1994),<sup>12</sup> (b) is considered a specific asset investment which creates dependency and is subject to exploitation risks (Düll & Bellmann, 1998; Görgens & Pfahler, 2001; both draw on results of O.E. Williamson),<sup>13</sup> (c) the impact of training is difficult to control and evaluate (Buttler, 1994; Heuer, 2010).

These characteristics have implied that a more economic- and efficiency-oriented rationality was introduced in order to translate the dynamics of training and adult education and pedagogy into categories understandable by profit-driven organizations (Heuer, 2010). These features have been enhanced by the outsourcing trends, where the risk of being exposed to opportunistic behavior (and the related tendency to preventive reactions) on the one or the other side of the transaction increases.

In companies, tendencies show how the outsourcing and the buying of training "products" on the market has gained momentum, multiplying the actors

11 Analysis based on Adult Education Survey 2012.

12 Buttler thus elaborates on why training can be considered an experience good (*Erfahrungsgut*): "A consumer does not recognize at first sight the quality of an experience good, differently than in the case of an inspection good. Used cars are for instance experience goods and Akerlof (1970) uses them as an example to illustrate the problem of the "market for lemons," a market in which low performances can be perpetuated due to quality uncertainty on the side of buyers in the market" (Buttler, 1994, p. 34). On quality uncertainty see more specifically Akerlof (1970). Unless otherwise specified, all passages from non-English works are author's translations.

13 Homann and Suchanek (2005, p. 97) thus elaborate on the exploitability of specific investments from the perspective of their *Ökonomik* theory: "Many productive activities, or better: **specific investments**, are linked to **unilateral** or **reciprocal** dependencies, with the consequence that these activities are profitable, but also risky. The productivity and the risks of these investments are related to the fact that they have been done for *specific goals* or are linked to *specific circumstances* under which they can provide their return. This situation can become an interaction problem if the interaction partner wants to use this for the own advantage, because the investor does not have any good *alternative* available" (emphasis in original).

involved in the provision (Gainey & Klaas, 2003; Kühnlein, 2001).<sup>14</sup> This fragmentation bears effects on the quality and type of training provided, and on the chances of employees to participate in a profitable way. Kühnlein (1997) discusses some of these effects, in particular the tendency to shorter training programs, with more specific contents and specific skills delivered. Some authors argue that this has created what could be called an economization or, in more limited terms, a pervading economic logic in terms of costs, returns, controlling under which companies delivering training are set (Kühnlein, 1997, 2001; Wrana, 2009).

The *de facto* more central role of the enterprise in the decentralized coordination of the provision segment, coupled with the intrinsic features of training and the trends that they have raised due to the development of economic logic in its provision, has not been translated into a more central and comprehensive coordination of the whole learning and training process. The next paragraph discusses the possible conflicts in both employability and training provision.

### 1.3 Individuals, Companies and Society: Interests and Possible Conflicts

Employee-relations literature has looked at employability from the perspective of changes in the structure of relations between employees and employers (due to new contracts, career models and similar) and has investigated the relationships between the concept of psychological contract (Rousseau, 2004) and the one of employability (Bagshaw, 1997; Chambel & Fontinha, 2009; Edwards & Karau, 2007). If employers cannot promise job security in exchange for loyalty and motivation (because structures have changed and that job security is much more difficult to achieve), employability could be a good basis to sign another type of "covenant" (Clarke & Patrickson, 2008). There could be a new deal with employability which could substitute the old deal with job security as a basis for employer relations (Bagshaw, 1997). However, this potential agreement is not solid because it needs to accommodate for conflicts both at employability level and at the level of some of its constituents, for instance training.

Considering employability first, it can be showed that both the employer's and employee's side possibly gain from targeting this element in their development strategies, even though both sides can at the same time easily be faced with threats and not embrace it as an internal HR priority. Table 2 shows the categories used in an analysis in Rump et al. (2006, p. 24–27; 30–34) on the

---

14 For instance, training that is provided through a training fund implies the involvement of at least the following actors: company, individual, training provider, training fund operatives, work council and public officer, together with possible further bilateral bodies and certification agencies.

beneficial and potentially threatening elements the two sides are confronted with.<sup>15</sup>

*Table 2: Enterprise's and individual's benefits and threats*

	<b>Enterprise</b>	<b>Individual</b>
<b>Benefit</b>	<ul style="list-style-type: none"> <li>• Fast reaction ability</li> <li>• Increasing innovation abilities</li> <li>• Improved customer orientation</li> <li>• Increasing flexibility in personnel capacity</li> <li>• Increasing attractiveness as employer</li> <li>• De-escalation of conflicts in case of personnel adjustments</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing career opportunities on the internal and external labor market</li> <li>• Continuous exchange and adjustment of competences and qualifications</li> <li>• Increase of self-consciousness and self-responsibility</li> <li>• Improvement of opportunities for shaping the own professional future</li> </ul>
<b>Threat</b>	<ul style="list-style-type: none"> <li>• Loss of power</li> <li>• Increase of complexity in leadership, career patterns, organization and compensation structures</li> <li>• Qualification for the outside (market)</li> <li>• Increasing costs</li> <li>• Cultural changes</li> </ul>	<ul style="list-style-type: none"> <li>• Fear of insecurity or loss of job</li> <li>• Fear of overload and burn-out</li> <li>• Suspect of an upcoming cut of jobs</li> </ul>

*Source: Adapted from Rump et al. (2006)*

Benefits for companies accrue mainly in terms of better skilled and more flexibly deployable employees, together with improved employer image and the possibility to better manage personnel restructuring (because of employees having more opportunities outside). The individuals' benefits relate to the ability to self-orientate and become aware of development potential, together with increased opportunities both in the internal and external labor markets. Threats refer to the risk of losing the employee to the exterior, and increased pressure on leadership and management due to higher complexity. Individuals might

<sup>15</sup> Based on empirical study; survey asked employers and employees to rate which benefits and threats are most strongly linked to the idea of employability.

negatively react to the idea of employability because of distrust: they might be afraid of a hidden job cut which will affect them.<sup>16</sup>

While both sides could benefit from investments into employability thus, the question remains – in literature and in policy – on how to combine those interests smoothly in a way which offsets the potential risks. As it will be showed more in depth in the course of this investigation, an implicit reason for the possible conflicts lies in the fact that "the employee should not be fit for one job and for one employer, but for several fields of work, areas of activity and forms of organizations" (Rump et al., 2006, p. 19).

Similarly to employability, also further training can support different goals for the different actors involved. Therefore, non-aligned and potentially conflicting interests can arise. Buttler (1994) creates three groups and identifies (1) companies and their pursuit for up-skilled workforce which can keep up with technological advancements, (2) individuals wanting to protect their employability and improve their status, and (3) the State/society aiming at fostering the overall competitiveness and innovation capacity of the country, while providing long-term employment chances to its citizens.

Training can thus be performed by different actors and with different goals. Enterprises, which as showed earlier have an increasingly preeminent role in training decisions, are confronted with the question of which employees to train and for which purpose, and companies' preferences are often at odds with the interests and needs of other actors, first and foremost the employees.

## 1.4 Implications of Trends and Conflicts

After outlining some of the most fundamental trends in the development of employability, provision of training and the (conflictual) dynamics among actors involved, this section discusses some implications of the way in which employability and training provision are addressed in the literature.

A first line of research is linked with (labor) economics and tries to model investments and the possible underinvestment in training from an economic perspective (Acemoglu & Pischke, 1999; Acemoglu, 1997; Becker, 1962; Brunello & De Paola, 2004). In perfectly competitive labor markets, an efficiency level for training would be achieved when marginal social (i.e. aggregated at macro-level) returns coincide with marginal social costs (Brunello & De Paola, 2004). Due to liquidity constraints, legal constraints (such as mini-

---

16 Employees might and do sometimes react to measures supporting (external) employability with the fear that such measures are prompted by imminent lay-offs. Employees might think that companies are helping them search for employment outside (indirectly confirmed also by Baruch, 2001).

mum wages), information issues and time preferences, underinvestment could however be the case. Policy analysis helps to understand the behavior of actors and to draft interventions which support the correct level of investment (correct in terms of equilibrium between marginal costs and returns).<sup>17</sup>

Other streams of literature pursue different rationalities and do not look at the aggregated, optimal level (of employability; of training), but rather consider the individual distribution of training and its access opportunities. Such literature on further training and labor studies considers, based on empiric evidence, that training performed in or with the support of the company reinforces educational divides (Düll & Bellmann, 1998; Kühnlein, 2001). In fact, employees with lower educational attainment, less complex jobs, part-time or temporary contracts, older and low-income people are left worse off when it comes to participate in further training. Düll and Bellmann (1999), based on IAB enterprise panel data, show for about 34 million employees in Germany that workers without any qualification are three times less likely to receive training compared to those who have achieved a tertiary degree. Results of an analysis carried out on a later wave of the panel (2007) show the persistence of similar results: even though the total amount of training provided has increased, its distribution still sees low-qualified employees being three times less likely to receive training than higher qualified employees (Bundesinstitut für Berufsbildung [BIBB], 2009, p. 246; Baethge, 2011).<sup>18</sup>

This phenomenon of self-reinforcing exclusion from participating in training, referred to in the literature as the "Matthew effect," leads to path-dependencies which are difficult to eradicate. Such effects tend to accumulate and it becomes challenging after a certain threshold for these individuals to reengage in the labor market.<sup>19</sup>

Reinforcement of an educational divide, negative effects on (multi-)disadvantaged groups, deadweight effects, controlling mechanisms exacerbating the culture of the "input" against that of the "output" and "impact," short-term planning versus long-term employability vision are some of the objections

---

17 See later Section 4.2 for an overview of policies targeting costs and benefits.

18 See BIBB (2014, p. 295) for a breakdown of participation by different segments of the population showing the persistence of the trend. See ISFOL (2013) for similar analysis (and conclusions) in Italy.

19 Brunello and De Paola (2004, p. 2) recognize that: "(These) policies are motivated by underprovision, that is, by a level of training below the efficient level. A different issue is the equitable distribution of training opportunities. Since human capital is an important source of income and job satisfaction, an equitable allocation would require some redistribution in favor of groups of individuals who are less likely to be trained. The key question here is whether economic policy should try to correct outcomes – differences in training – or to modify initial conditions which produce efficiently different outcomes – for instance differences in educational attainment."



addressed to the effects of market elements in training provision (Kühnlein, 1997).

Due to the implications discussed here, employability has become a concept relevant not only to the changes in the structures of the labor market, and to the relationships between employer and employee, but also to the *expectations* that individuals have for the labor market. This is in particular true in those countries where the system has failed to provide the stability and benefits which globalization was expected to bring (Scholte, 2000). The work of Naomi Klein, in her bestseller NO LOGO (Klein, 2010), describes the increasing groups of Americans working in precarious conditions, where flexibility is not perceived as being fairly coupled with stability and the opportunity to design one's own future. While the US situation (and labor market structure) are more exacerbated than European conditions, the distance and anger toward the system has the same roots (at an amplified level) in the feeling of betrayal toward a socio-economic set up which does not deliver on its promises of individual safety, reward of performance and education, meritocracy.

Irrespective of the validity of the work and evidence of Klein (which is *not* a scientific work), from a business-ethics perspective it is relevant to consider it as a publicly recognized and important voice against the current state of things and the current type of license to operate that companies have. If there are important movements against a certain (labor) market set up, this raises the questions from a business-ethics viewpoint of how expectations and trust are being managed, and whether there are signs that the license to operate is being discussed and endangered under current conditions.

The implications of a possible exclusion (from the labor market, from society) are in fact far-reaching also from other perspectives, in particular in terms of participation to public social life and of trust in the overall labor market and its institutions. A study commissioned by Bertelsmann Stiftung in 2012 (Bertelsmann Stiftung, 2012) shows that trust levels decrease significantly in correlation with precarious working conditions and unemployment threat. Another study carried out by the HR company GiGroup in different European countries (GiGroup, 2012) reports of a similar pattern with lowest levels of trust in those countries where labor markets are most suffering. Exacerbated by the economic crisis, Southern European countries experience even higher problems and social conflictuality in this respect, data show.

Already in the early 2000 companies were identified as potential addressees of responsibility demands. Rump cites Weinert et al. (2001) and their request for an Ethics Code (*Ethik Kodex*) in dealing with employability, raising the question of a renewed social contract and of the role of companies from a normative perspective: "If employers cannot guarantee either full employment or security of the own job anymore, which earlier represented the common

social contract, could they not accept at least that under all circumstances they will give their employees the best possible means to remain employable, to maintain their abilities both for internal usage and also in case of an unavoidable separation in order to keep their opportunities on the labor market with another employer?" (Rump et al., 2006, p. 38).

Supporting employability via its various drivers and across potential conflicts looks like a squaring of the circle for the parties involved, coupling competitiveness and flexibility at enterprise level with competitiveness and flexibility at individual level. However, many are instances in which a potential win-win among employers and employees is not achieved, and expectations on the behavior of companies as actors in the labor market are not fulfilled. Has the new, employability deal been broken before it was even signed?

## 1.5 Problem Statements and Research Question

The above sections have discussed main trends behind the increasingly relevant role of companies in dealing with employability and further training initiatives for their workforce. The preceding sections have also showed some of the fundamental implications of these concepts: the inherent benefits and conflicts, the impact on individuals and organizations, the results at the macro- and micro-level.

From an economic perspective, the reasons behind limited investments in certain groups or in certain types of training (general and transferable skills rather than specific) are rather well known (see further Chapter 4). Some training (and employability) investments are risky, returns are unclear and difficult to lock in or exposed to opportunistic behaviors, and the business case for these investments is weak under current conditions. Organizational and cultural elements might be in the way of employability and the signing of a new covenant which would benefit both sides.

From a practice and social perspective, market mechanisms and organizations (i.e. companies, training providers) allocate training resources, but some groups are excluded, the educational divide increases, the older workers have difficulties with retirement/work requests, (working) biographies for temporary workers – especially youngsters – remain unstable. Labor market opportunities and social inclusion for these groups decrease and after a certain decay do not improve anymore. Some groups of employees (older, temporary, etc.) are difficult to reach, investing in them is not attractive for the company and there are no legislative standards. Companies could invest in certain groups and support them (in doing so in the interests of society at large) making employees full actors of the labor market – however, this might mean to incur a loss in com-

petitiveness. Interests of the different actors are often at odds and cooperation gains are not realized.

Ethical implications are considerable and can be summarized and placed at two different levels. First, there are the direct ethical implications of the fact that individuals might be excluded from the labor market as a result of being excluded from access to training and employability measures. Second, there are the indirect but even more fundamental implications that the above described trends and behaviors have for the trust level in the system and in the labor market institutions, and for the license to operate of companies. A responsibility question can be raised toward the actors involved – individuals, enterprises, States – in terms of their role and performance in society and the use of the freedom they are given. In particular though, how can enterprises play a role in this?

This research considers closer the question of the implementability of responsibility requests within the limits of incentive-compatibility for enterprises. From the definition of responsibility in Suchanek (2007) - "the responsibility of enterprises lies in investing for the continuous maintenance of the license to operate as foundation for the long-term creation of profit" - follows the imperative of the Golden Rule (also in Suchanek, 2007): "invest in the conditions for social cooperation to mutual advantage!" This research therefore asks the question of the social responsibility of companies in supporting the employability of employees – their own and at large – stressing in particular the aspect of conflictual interests and of free rooms that companies have to manage in order to ensure higher implementation opportunities.

*In which conditions of cooperation for mutual advantage, and how, can companies invest to support the realization of socially desirable cooperation gains when dealing with employability and further training (of their workforce and of workforce at large)?*

In the terminology of the economic ethics – the theoretical framework chosen for this work – responsibility is conceptualized not (only) in directly supporting employability, but first and foremost in supporting *conditions* which can lead to cooperation gains for mutual advantage (and without damaging others). By creating a framework for cooperation and mutual advantage, these conditions and the investments in them will eventually create a conducive framework for employability support. This research therefore aims at identifying which conditions can possibly be supported.

Then, an implication of the "how" question is that it sets the focus of the investigation on those elements which can effectively connect ethical requests to management practices. This orientation toward implementability assumes

thus that the theoretical framework for this question requires an understanding of modern society and its functioning deep enough to support the connectivity (*Anschlussfähigkeit*) of the possible solutions with the mechanisms in management and the empirical conditions under which they act.

The investigation is limited to the dimension of conditions and implementability, and does not pursue questions related to more theoretical or fundamental aspects of the issue identified. While a possible way to look at the problem could be to undertake a philosophical analysis of the contemporary role of labor, and perhaps of the rights and standards for labor conditions, or to further develop and justify a certain understanding of "responsibility," a given definition of the concept was selected and used as guide in the investigation, and its application limited to conditions and implementability.

The investigation does not reflect on the *individual* responsibility, even though one surely exists. The process of learning, training and raising employability connects different actors at different points in time, and each of them has the option of behaving (or refraining from doing so) in a way which supports the individual and the wider, collective benefit. Not the responsibility of individuals (i.e., that of single employees) is considered, but what companies as organizations and their management can do in the labor and training market.<sup>20</sup>

Chapter 2 discusses the theoretical framework used for this investigation, its scope and context.

---

20 Another way to look at these issues would be to develop a strategy for expectations management, trying to preserve the license to operate by arguing with stakeholders about the relevant expectations legitimately moved to companies. This aspect has not been investigated.

## Chapter 2. Theoretical Framework

This chapter discusses the choices regarding the theoretical framework used to address the research question. First, several business-ethics frameworks are reviewed in terms of their relevance and adequacy for the research question, namely the framework of Peter Ulrich, R. Edward Freeman, Archie B. Carroll, Milton Friedman, and then the economic ethics of Andreas Suchanek. The most pertinent framework is then analyzed in greater detail, with particular attention to concepts and ideas used later in this investigation.

### 2.1 Selection of Theoretical Framework

Suchanek (2007) argues that the two most important dimensions ethics has been dealing with are those of justification on the one hand, and implementation on the other hand: why to be moral, and also how. Suchanek further argues that frameworks and theories of normative ethics in modern times have devoted more attention to the former aspect (of justification) than to the latter (of implementation). Only in the last few decades the crumbling of authority systems and control has raised the question of implementability and has put the question of social order in the foreground (Homann & Blome-Drees, 1992; Suchanek, 2007). If traditional answers to the demand of being moral are no longer valid (or – which has the same effect – multiple answers to the same question become available), the need to ensure implementability of ethics arises. And a successful implementation of moral demands becomes a function of a correct, or "mostly relevant," understanding of the characteristics of modern society in which those demands are to be implemented.

This investigation requires a framework suitable for its implementability focus. This section thus reviews four of the most established frameworks for business ethics and shows why they do not support the particular focus set in this research. After this, the framework chosen, the framework of *economic ethics*, is introduced and it is showed why it satisfies the theoretical requirements of this work.

1. The framework of *Peter Ulrich* pursues an integration of ethics and business/economics with a clear priority given to the first element and in general to the "lifeworld" (*Lebenswelt*). Despite the attention and the analysis of current discourses on economics and organizations, Ulrich does not provide indications for implementing moral demands in a way which

would be compatible with management and economic practices (Ulrich, 2005, 2008).<sup>21</sup> His "integrative economic ethics" (*integrative Wirtschaftsethik*) results in most cases in an appeal to the good will and motivation of the actors involved.

For this reason, albeit some of the criticism on the economization of society can be shared (for instance in Ulrich, 2008, p. 141 ff.), the definition of responsibility brought forward – which refers to both sense and legitimation of the economic activity carried out – fails to account for current conditions of production and business. The responsibility concept remains too simple compared to the complex dynamics which are to be analyzed, if implementation is to be pursued. Conflicts among actors are dismissed as deriving from mental limitations or weak willpower – which implies a low probability of a successful implementation of responsibility and low appeal to companies. The framework ignores interactions among actors and the unintended effects of actions, and focuses mainly on single companies and their direct output. The theory does not consider coordination issues.

2. *R. Edward Freeman*, in his influential stakeholder approach, does not explicitly conceptualize the conflict between morality and profit, but rather the conflict of interests among different stakeholders. Freeman's framework searches for strategies which take external stakeholders into account as ways for an enterprise to better cope with increasingly competitive environments (Freeman & Gilbert, 1988; Freeman, 1984, 2004).<sup>22</sup> The approach is in its origin a strategic management tool and builds on how enterprises can strategically deal with external actors who "hold" a "stake" in the firm.

While the stakeholder approach explicitly targets the implementation side of business ethics issues, and in particular possible conflicts among stakeholders, it does not provide either a strict theoretical foundation or a tool to interpret and understand societal dynamics and the impact they

- 
- 21 Criticism addressed to this theory (Homann & Blome-Drees, 1992; Lin-Hi & Suchanek, 2011; Suchanek, 2007) concerns among others the lack of practical relevance: the approach does not provide practical orientation for dealing with ethical issues exactly because it considers empirical constraints (*Sachzwänge*) as existing merely in the mind of actors, but not in reality itself. This position leads to the "heroic effort" required from individuals to act out of good will even if at overt detriment of the own utility. Despite these limitations, it is to be recognized that the approach of Ulrich is grounded on a theoretical basis and is to be distinguished from others, more management-based approaches, which will be displayed in the rest of the section.
  - 22 Freeman (1984) expands Porter's five forces model by adding a sixth one: external stakeholders and the impact they can have on the success of an enterprise if their requests and assets are not properly considered in the strategy. External stakeholders can apply as much pressure on the company as potential substitutes or new entrants to the industry.

have on implementation. Having started as a rather instrumental approach for management, the concept of "responsibility" is not extensively developed in this framework. The approach assumes that most moral requests and conflicts can be treated as management tasks before they escalate and impact the license to operate. The framework does not however clarify from a theoretical perspective why conflicts should generally be solvable via the matrices and management approaches Freeman provides.<sup>23</sup>

3. In the philanthropic approach to business ethics (for instance, in *Archie B. Carroll*), the concept of responsibility is mainly derived from contingent demands and by the necessity for businesses to maintain their place and acceptance in a community (Carroll, 1991).<sup>24</sup> Following this understanding, an enterprise has some obvious economic and legal responsibilities to obey to, and only afterward some ethical and philanthropic responsibilities which, if realized, help protect further the license to operate.

The philanthropic approach segments business-as-usual activities (required to satisfy only economic and legal constraints) from ethical activities, thus creating an irreducible separation between profit and ethics: profit can be used for ethical activities, but core business activities are beyond ethical. There is no integration of the two dimensions, and this segmentation makes implementability of certain moral demands *vis-à-vis* management difficult – why should it be implemented if it is per definition unprofitable, and actually beyond what a manager should take care of?

This approach is not suitable for this research because of the dichotomy between ethical and non-ethical activities that it brings forward, and because it has a limited theoretical foundation on which to pinpoint its elaborations.<sup>25</sup>

4. Another highly influential approach is that of *Milton Friedman's* profit-maximization (Friedman, 1962, 1970).<sup>26</sup> In his market-radical approach,

---

23 Freeman connects in a particularly explicit way strategic management and business ethics orientation. He understands management as being able to incorporate business ethics requests in strategy, because it takes into account actors, dynamics and trends which impact the business. An interesting *addendum* to this thought is developed in Freeman and Gilbert (1988) where the idea of strategy is directly linked to that of ethics: the strategy a company decides to pursue coincides, or should be aligned, with the type of ethical goals it wants to respect or support. There is thus a parallel between strategizing for the firm and strategizing for ethics.

24 For this section, only the work of Carroll linked to philanthropy is considered. Later work, for instance Carroll and Shabana (2010), is not part of this review.

25 For further criticism on understanding corporate social responsibility as philanthropy see also Lin-Hi (2009, 2010).

26 To be distinguished from the so-called "shareholder approach," e.g. Rappaport (1998), which relies more on the idea of the principal-agent bound irrespective of how the market allocation mechanism would take care of social requests (see Lin-Hi, 2009).

Friedman denies both the legitimate loss of profit due to diverting funds to ethical purposes from business activities, and the fact that enterprises can be explicitly made accountable for morality in addition to what is posed by legal requirements and common social norms. Legal requirements and common social norms, together with profit maximization, represent the responsibility of businesses. There is no need for additional elements. Friedman's main argument is that not only collective welfare is maximized if each single individual maximizes the own welfare,<sup>27</sup> but that anything else (limiting profit for ethical purposes for instance) would be against the responsibility that agents have to their principals.

One main element, which later literature would stress, remains un-addressed, namely the presence of institutions, and the way they work. Markets rely on (political) institutions which determine who participates and who does not, and why, always leaving space for different types of coordination via the market mechanism – it is difficult in practice to talk about a perfect market, or two equal markets (Homann & Blome-Drees, 1992, p. 20–21). Beside this, pre-market institutions and market-institutions (e.g., contracts) are not able to exclude all possible interactions and there are always margins of openness where single actors can decide how to act despite existing structures and laws (Homann & Blome-Drees, 1992; Lin-Hi, 2009; Suchanek, 2004). From this follows that there is always space for ethics, and this space is not always automatically filled by business-as-usual activities. The idea that the market would take away any space for possible decisions from people (and managers) in a principal-agent relationship does not account for observed empirical phenomena and experiences, and simplifies too much existing conflict issues.<sup>28</sup>

To address the research question of this investigation a framework is needed which provides instruments for implementability, i.e. which accounts for institutions, contracts, markets and contingencies as well as for the fact that the presence of open discretionary spaces – and thus, of ethics – cannot ever be completely removed. For these reasons, the framework of Karl Homann and

---

27 This is the case because of coordination of markets, which are assumed to work perfectly and where property rights are well defined.

28 Lin-Hi (2009) on Ulrich and Friedman summarizes thus: the first assumes there are only intended effects which can be steered intentionally (through good will and appeals), the second assumes that there are only unintended effects which do not need to be checked and improved (because they are coordinated through market mechanisms). Homann and Suchanek (2005) shows that there are actually both types of effects, coordinated (more or less well) through (more or less good) institutions.



Andreas Suchanek – the *economic ethics* – is chosen.<sup>29</sup> Their framework acknowledges implementation as one of the main challenges of business ethics, and provides concepts to structure reality and society which are relevant for the compatibility with action. As showed in greater detail in the next section, economic ethics also provides powerful heuristic instruments to identify solutions within ethical conflicts, since it recognizes the existence of conflicts that cannot be defined or managed by appealing to good will, strategic management matrices, or charity – as some of the frameworks analyzed above would suggest.

## 2.2 Key Elements and Assumptions within Economic Ethics

This section describes the main principles of economic ethics as developed through the work of Karl Homann and Andreas Suchanek, its main problem statement, the assumptions, and how it supports addressing the research question of this work.

First, the definition of ethics in the work of Andreas Suchanek is considered, and implications. Economic ethics deals "with the conditions of the possibility to either create compatibility between moral and self-interest in case of a conflict, or to make the two sides fruitful so that a more successful social cooperation for mutual advantage can be achieved" (Suchanek, 2007, p. 39).<sup>30</sup> Similarly, it can also be said that economic ethics reflects on how to use freedom (of choice, of action) in conflict situations.

Conflicts are instances of interaction among actors whose goals differ, and in which freedom exists to act in different ways. Due to such conflicts, potential cooperation gains and collective benefits are not achieved. The usage of available freedom is open to ethical purposes (i.e. to the realization or not of cooperation gains, or to the support of functional conflicts for a societal benefit) and always dependent on the usage of freedom (i.e. the decisions) by other actors.

From the above definition follows one of the most important features of economic ethics, namely that it is an *interaction* ethics. It is not an ethics of individuals or of virtues, but an ethics which reflects on conflicts and on poten-

---

29 "Economic ethics" is the translation of the original German formulation "*ökonomische Ethik*." This is to be distinguished from the translation of two other common German formulations: *Wirtschaftsethik* and *Unternehmensethik*, respectively "economic ethics" (as in ethics of economics, of the economic system) and "business ethics" (including ethics of enterprise and management). This differentiation is not common in the English-speaking literature, which mainly uses the expression "business ethics" for both. The theory of "economic ethics" here considered is a framework for both economics and business, and the adjective 'economic' refers to the underlying method.

30 References for the theoretical framework are primarily Homann and Suchanek (2005), and Suchanek (2007). This investigation does not consider the work of Andreas Suchanek published in 2015, which was under editorial review when finalizing this text.

tial and actual interactions (Homann & Suchanek, 2005, p. 354). In economic ethics, conflicts are not ignored and morality is not limited to those cases where a convergence of interests naturally occurs. It is exactly in those cases where goals do not immediately coincide that the theory proves its voice.

Another characteristic feature of this theoretical approach is the relevance given to implementation and empirical conditions, condensed in the programmatic formulation of "to explain in order to design" (*Erklärung zwecks Gestaltung*, Homann & Suchanek, 2005, p. 24). Given a certain conflictual status quo, economic ethics has instruments to analyze and explain in terms of strategies, incentives and interactions why the status quo looks the way it does and the reasons the conflict exists. Once this is understood, it is possible to go beyond the status quo in a theoretically controlled way and design solutions for an improved, new status quo. Understanding the reasons behind the conflict allows for formulating solutions and demands which can potentially be implemented, instead of suggesting solutions based on a simplistic understanding of the conflict. Such latter solutions would then have very low possibility of being implemented. The explanation is not for its own sake but is aimed at changing the status quo – i.e. solving the conflict – and providing instruction on how it can possibly be improved.<sup>31</sup>

The Principles of Economic Ethics, as they are detailed in Suchanek (2007, p. 11), complete this section. These principles combine assumptions on society and practice with implications for ethics and anthropology (in terms of *Menschenbild*):

1. You can always see things differently – and other people do so too.<sup>32</sup>
2. Every person is a moral subject, gifted with dignity and freedom – and at the same time it is an empirical being, subjected to physiological, biological, economic, etc. conditions.<sup>33</sup>

---

31 The understanding for this is rooted in the theoretical underpinning of the economic ethics based in the *Ökonomik* of Homann and Suchanek (2005) on the distinction between action, interaction and institutional theory (the first two in particular are relevant for this investigation). In the work of Homann earlier and Suchanek later, action and interaction theory have a precise meaning which differentiates them from other action or interaction theories developed in the literature. Action theory analyzes allocation decisions taken by *single* actors and is inspired by rational choice theory; interaction theory is based on game theory and analyzes mainly strategic decisions and interdependences in the decisions of *multiple* actors.

32 Suchanek refers here to the "fact of pluralism," described for instance by John Rawls and summarized in Suchanek (2007, p. 22) as: "the fact that for modern societies it is ineluctable that at least since religion wars there is no more comprehensive religious, philosophical or moral conception ("conception of good") that is recognized universally and from which legitimation for social institutions could be derived."

33 An appreciation of Kant's position on human dignity and freedom, and the ability to act morally – coupled with the acknowledgement that in the empirical world empirical beings are subject to limitations.

3. You constantly influence your conditions for future actions – and the conditions of others.<sup>34</sup>
4. Reasonable – and responsible – is a use of the own freedom which conserves and possibly improves the conditions for the future usage of freedom.<sup>35</sup>
5. Among the most important of these conditions are integrity, trust, (good) institutions – all of which can therefore be seen as assets which require investments and make them worthwhile.
6. Invest in the conditions of cooperation for mutual advantage!

The last statement coincides with the definition of responsibility used in this framework – a revisiting of the Golden Rule. Before fully discussing the definition of responsibility set as basis of this work, the theoretical foundation of the theory and the main instruments it uses to conceptualize problems and solutions are explained: the prisoner's dilemma, trust and institutional arrangements, and how they connect.

## **2.3 Theoretical Foundation: Origin of Conflicts and Opportunities for Solutions**

### **2.3.1 Prisoner's dilemma**

Economic ethics has its starting point in interactions among actors, cooperation gains and functional conflicts, and the reflection about the usage of freedom. A particular type of conflict is set as the corner stone of the theory because of the heuristic value it bears in guiding ethical reflection, namely the "prisoner's dilemma" from game theory.

Economic ethics follows a fruitful and rather recent tradition in ethics and uses simplified models from game theory to test relationships among actors, effect of incentives, and robustness of rules and interventions.<sup>36</sup> While it is not an anthropological model on what constitutes individuals and how they act, or how they should act, prisoner's dilemma is a heuristically effective way of modelling interactions and testing their outcomes.

---

34 Differently from natural sciences, whose objects are not supposed to change their reaction or influence future movements, actors do react to conditions and therefore ethics as a discipline has also to do with changing and influencing future conditions, and with the way in which actors do this (see also Homann and Suchanek, 2005, p. 352).

35 See Section 2.4 on responsibility.

36 See for instance Verbeek and Morris (2010) for an overview of the different usages of game-theory concepts in ethics disciplines.

In prisoner's dilemma, the following situation is constructed: two actors are presented with two different options, namely to cooperate or not to cooperate.<sup>37</sup> Actors are assumed to be rational, they cannot communicate and did not have the opportunity to discuss and agree on their behaviors beforehand. There is no future interaction.

The option of cooperation is conceptualized as an investment ( $i$ ) in the situation; if the investment is greater than zero ( $i > 0$ ), then the actor is cooperating. Game theory provides the following visualization.

Figure 1: Visualization of prisoner's dilemma

		Actor B			
		$i > 0$			$i = 0$
Actor A	$i > 0$	1	1	-1	2
	$i = 0$	2	-1	0	0

Source: Adapted from Suchanek (2007)

The visual is to be read as follows: each player in this game, i.e. each actor,<sup>38</sup> has two options, each with two payouts, i.e. benefits (the numbers). Depending on the combination of alternatives (one actor invests and the other does not; both actors invest; both actors do not invest), different payouts for each of the actors can be achieved.<sup>39</sup> Behavior is supposed to be strategic, namely each of the two actors will consider the options and the probable behavior of the other one before taking her decision. They behave strategically and neither of them

37 Prisoner's dilemma is only one of many games analyzed in game theory.

38 Actors are prisoners in the original game-theory model. In the context of this investigation actors can be individuals or companies.

39 For instance, if both actors invest ( $i > 0$ ), they will both have a payout of 1 each (1, 1). If one of them invests and the other does not, the payouts will be respectively -1 and 2 (-1, 2). If none of them invests ( $i = 0$ ), the payouts are 0 for both (0, 0). The highest aggregate payout is achieved in the first case ( $1+1=2$ ), while the other alternatives lead to lower aggregate payouts ( $-1+2=1$ ;  $0+0=0$ ).

has the possibility to decide alone the result of the interaction (there are always behavioral interdependencies, Homann, 2000a, p. 95–96).<sup>40</sup>

Given that actors do not know what the other will do (because communication is not allowed in this type of game) and that each of them assumes the other will try to maximize her benefit (because actors are rational), both can figure out that the best option under given conditions is to not cooperate ( $i=0$ ). This behavior of not collaboration is called "defecting" and is the dominant strategy, namely the strategy to which both actors are led due to the payout structure and the absence of possible communication and coordination. The alternative strategy – cooperating in the hope that the other will do the same – would put them at risk of reaching a lower payout because they cannot control the decision of the other and would be exposed to potentially opportunistic behavior.

The fact that the two cannot coordinate the behavior means, translated in more concrete terms, that they do not know what the other will do, and that they have reason to believe and expect that the other will choose the dominant strategy and not collaborate. Why should actors behave differently (and not defect), in the end?

They should if they could know that the other would commit to cooperation and not exploit the investment of the first actor. This is excluded by the specific construction of the game situation. Under given conditions thus – the payouts in the matrix – collaboration is not hindered by the disposition or motivation of the actors, but by the structure of the situation itself (Suchanek, 2007, p. 56).

The next section discusses the value of prisoner's dilemma for ethical reflection, in particular for the aspect of implementation and implementability of ethical requests.

### **2.3.2 Epistemological status of prisoner's dilemma and its relevance for ethics**

The model displayed above is an adaptation from game-theory for ethical purposes. The goal of the conceptualization is to provide a model, or a scheme, for analyzing social interactions from the perspective of their actors and dependencies. The model thus works as a heuristic to investigate in a methodically-

---

40 This refers also to the difference between strategic and parametric behavior, as described for instance in Homann and Suchanek (2005, p. 80), or Verbeek and Morris (2010). While in the first type of behavior actors take decisions irrespective of the behavior of other elements, and the decisions taken do not have impact on these other elements (the decision of taking an umbrella while leaving the house does not impact the probability of raining), in strategic behaviors actors do act and react based on the expectations of what others will do.

controlled way the institutions and conditions of actions, but does not represent a description of how people really behave, or should behave (Homann, 2000a, p. 95).

Depending on the type of problem investigated, dilemma structures based on the prisoner's dilemma can always be constructed and used to search for solutions, cooperation gains and cooperation strategies. Dilemma structures exist in the theoretical reduction of the situation to a constellation which can be treated with the instruments of the theory, but do not represent an empirically precise description of reality. The creation of a dilemma structure is problem-dependent and solution-driven. Sometimes the analysis starts with a dilemma in the past, which has been solved through specific arrangements; the analysis can also start with a dilemma in the present and be used to identify possible solution opportunities. In no case however is the dilemma arbitrarily constructed. There are always empirical circumstances which justify its construction and which become more transparent by using dilemmas as epistemic lenses (Homann & Suchanek, 2005, p. 363).

The following items show why dilemma structures have such relevance within ethical reflection to be used as guiding principles in investigating problems. The items all refer to the heuristic value of discovering interests, conflicts, and the impact of institutions and conditions on the behavior of actors.

1. The model of dilemma structures depicts one fundamental behavioral dynamics: that the possibility of opportunism and exploitation leads to preventive defense as a consequence of behavioral expectations. Each actor in prisoner's dilemma can expect that the other will take the opportunity to exploit their investment, and as a reaction – even before the other has the chance to put in practice the opportunism – the defensive move (the dominant strategy, the non-collaboration, the non-investment) has been implemented.
2. There is a result which would put both actors better off, the one in which they cooperate with each other and do not defect. However, under given conditions and with each actor behaving rationally, that better collective result cannot be achieved.<sup>41</sup> The cooperation gain is not realized.
3. Each of the two actors has only limited control of the situation, and achieving the higher collective gain is possible only if both cooperate. One actor alone cannot achieve complete control and determine the result by herself: a coordination of efforts is needed.
4. The dilemma structure allows distinguishing between moves and rules of the game. The latter are the limits of the game and the interplay of strategies and payouts given, which create the space for the actors to play their

---

41 Technically, the better result is called pareto-superior (Homann & Suchanek, 2005, p. 34).

moves, choosing from available alternatives. Using this vocabulary, it can be said that in the prisoner's dilemma the rules of the game are such that the moves can only lead to suboptimal results.

5. Using a dilemma structure such as prisoner's dilemma helps searching for converging interests and not seeing the conflict as a pure zero-sum game. Homann and Suchanek (2005, p. 89) highlight that "by modelling the problem as a dilemma structure we can achieve the same knowledge value as by modelling the problem in the form of a zero-sum game. In both models it becomes evident why conflicting interests lead to the observed behavior. However, modelling as a dilemma structure has the advantage of showing at the same time common interests and potential cooperation gains linked to them" (emphasis in original).

The fundamental learning from the interaction situation in prisoner's dilemma for ethics is to show that under certain conditions the situation structure has an impact on how decisions are made, and that potential cooperation gains might remain unrealized if single actors are not coordinated in their behaviors. Under such conditions and structures as in prisoner's dilemma, no appeal to good will or motivation can allow the achievement of the higher collective benefit, because this achievement would require actors to act against existing incentives (namely, payouts).

While this section displayed fundamental elements in the diagnosis of conflict situations, the next section discusses elements for possible solutions.

### **2.3.3 Possible solutions: Trust and rules**

Research has identified two possible leverages for solving dilemma situations in a desirable manner: (1) via trust, or (2) via institutional arrangements. Both solutions act in the same way: they change the payouts of the prisoner's dilemma by making the preferred behavior more appealing/less costly, and by making the undesirable behavior (for instance, defection) more costly or risky.

In economic language, trust works by lowering transaction costs, i.e. costs associated with performing transactions (in this case, in particular the risk of being exposed to opportunistic behavior; Suchanek, 2007, p. 73). Trust provides information and signals about the potential future behavior of the partner in the game, thus informing the second partner that there is room for cooperation and upfront investment with a low risk of being exploited. In the game of trust, a trustee signals her ability to be trusted by undertaking possible activities. However, it is in the role of the other actor – the trustor – to decide whether or not based on given evidence the first actor really deserves this option. It is in a triangle of signals, interpretation and delivery of the promise given that

trust can be created and used to facilitate transactions and interactions in general (Suchanek, 2012).<sup>42</sup>

Suchanek (2012, p. 3) further identifies three elements to support trust development among actors as a responsible way of acting: (1) ability (the ability itself to perform actions reliably), (2) non-opportunism ("for cooperative relationships, the most relevant aspect of trust is the willingness and ability to resist situational temptations for abusing that trust"), and (3) righteousness (avoiding to harm others).

The other elements available to improve interactions are institutions and institutional arrangements. They work by steering behaviors in a certain way, providing incentives (rather than signals) to change habits.<sup>43</sup> Good institutions help automate behaviors and create new habits which favor and support better collective results, helping to overcome the prisoner's dilemma or other forms of conflicts. Institutions are therefore defined as "standardized solutions to dilemma-driven interaction problems" (Suchanek, 2007, p. 63). Institutions reduce individual freedom in order to create new possibilities that otherwise would not be implementable. In this sense, freedom is reduced (short-term) to be enlarged (long-term). Institutions can help reduce the appeal of reaching out to the fruits of immediate freedom to support achieving a higher collective benefit (Homann & Suchanek, 2005).

The two levers of trust and rules are not mutually exclusive. Trust is a fundamental element to support and stabilize institutions – in particular the good ones which promote higher collective gains and do not arbitrarily reduce actor's freedom.<sup>44</sup> Conversely, (good) institutions support the creation of trust and of a track record of successful interactions, by nurturing a shared mental model/shared understanding of the game – the expectation that the other partner will honor her part of the promise.<sup>45</sup>

---

42 The trust game takes the form of an asymmetrical dilemma situation, where the successful interaction depends on the first actor investing upfront, and the second one honoring that investment and not exploiting it. This type of game is described in greater detail in Chapter 5.

43 See Homann and Suchanek (2005) for more details about institutions and incentives.

44 See for instance Homann and Suchanek (2005, p. 105 ff.) on the complex relationship between trust, institutions, information and trustworthiness. Among the vast literature on institutions, their positive or negative effects, and social capital, see for instance Acemoglu and Robinson (2012); Putnam (1994).

45 None of the two solutions (trust, institutions) comes for free though: there are information and transaction costs involved in signaling trust or in changing institutions, and the solutions must be appealing from a cost-opportunity perspective otherwise actors would not change their behavior. This is because the payouts are a strong incentive for actors to behave in a certain way, and these payouts – which are the reason why the conflict is there in the first place – are not easy to be overcome and changed.



The dilemma structure showed above and its implications constitute the basis of economic ethics in its pursuit to reflect and give implementable indications on how to deal with freedom and how to structure the social order.<sup>46</sup>

### 2.3.4 Productive and destructive conflicts

Economic ethics considers conflicts in the strategies and the interests pursued by actors. From a societal perspective, not all conflicts are to be solved but rather a distinction has to be drawn between productive and destructive conflicts. The former are societally welcome and beneficial, the latter are not.<sup>47</sup>

Conflicts happening in a business and economic context are considered. These conflicts are defined as existing *on the same side* of the market – in this sense competition is the paramount example of conflict among producers or developers to provide the customer with a product or service (Homann & Suchanek, 2005, p. 145 ff.). The two producers are on the same side of the market, the conflict is between them to provide superior value to the customer and can be constructed as a continuously unsolved and repeated prisoner's dilemma. Under conditions of competition, conflicts are assumed to be positive in that they have a socially welcome function of discovery (*Entdeckungsfunktion*) and of value creation, and consumers benefit from the rivalry.

Prisoner's dilemma does not have to be solved always under all circumstances thus. There is a difference between the aggregate payout in the prisoner's dilemma matrix and the social benefit: sometimes they coincide, and sometimes they do not. In the latter case, a higher benefit achieved between the two actors (the cooperation gain potentially achieved in the prisoner's dilemma situation) implies a damage to third parties (in society at large). Other conflicts are socially unwelcome because they are intrinsically unproductive and dysfunctional to society. From an economic perspective competition qualifies as a conflict in the first category, and is welcome in its positive and desirable effects (*Leistungswettbewerb*), under the condition of a legal and institutional, functioning framework. From this also follows that one dimension of ethical decisions on macro level relates to the decision of where there should be conflicts, and where not – where competition (keep the dilemma structure) is welcome,

---

46 Karl Homann has worked out the relevance of dilemma structure as the figure to understand modifications in modern, functionally differentiated society, and its pertinence for ethics and ethical reasoning. Among the literature available, see for instance Homann and Blome-Drees (1992, p. 29, 34–35) and Homann (1999).

47 Similarly, as showed later, not all cooperation to solve a dilemma structure is welcome, but only when it is functional and conducive for society at large, i.e. if the cooperation gain realized does not damage third parties.

and where cooperation (solve the dilemma structure) is preferable.<sup>48</sup> Poignantly put (Homann & Suchanek, 2005, p. 145), dilemma structures are normatively *ambivalent*.

## 2.4 Responsibility: Definition and Implications

The discussion of dilemma structures in the previous section shows that individuals cannot solve dilemma situations alone, because they are placed in an interaction with a certain (incentive) structure. What is then the contribution of actors to these interactions, and in what terms is it possible to speak about responsibility, if everything is already set in the constellation of the game?

It is possible because due to open institutions and contracts there is always a more or less marginal space for ethics. Economics and management are not deterministic processes and sciences, but include the possibility of interactions being shaped differently – of being managed, to a certain extent and in which future conditions of action are constantly created.<sup>49</sup>

The definition of responsibility used in economic ethics literature takes the form of a Golden Rule with reference to the conflict situations described in the previous section.<sup>50</sup> What should a responsible actor do when she finds herself in a conflict situation – how should she use her freedom? The Golden Rule indicates how to use those spaces by taking the form of the following imperative:

*Invest in the social cooperation for mutual advantage!*

Based on what illustrated before and on this rule, responsibility becomes the duty to transform the socially unproductive conflict in a positive one (competition), or in resolving it to achieve a shared gain (cooperation) – depending on the situation, and by investing in the conditions. In both cases, through responsible behavior (i.e. investment) a higher benefit can be achieved than by not investing.

There are certain conditions which can be supported and which are conducive to support the transformation of the socially undesirable conflict in a cooperation form, or in a socially functional conflict. Conditions, even more than the

---

48 See for instance Will (2012) and the distinction between socially desirable cooperation and competition, and socially *undesirable* cooperation and competition. For instance, cartels are an example of undesirable cooperation.

49 It is reminded here again of the *to explain in order to design* principle – designing (differently) is always possible.

50 The Golden Rule is a moral principle to be found in several cultures and times. Its basic logic has to do with reciprocity and an example is the biblical maxim that one shall love the neighbor as oneself (Suchanek, 2007, p. 13).

action itself, are the ethically relevant part. To not undermine these conditions, but rather to invest and support them, is the ethical aspiration.

The conditions in which companies can invest are the conditions which delimit and limit their action potential and which create situations like the ones described with the prisoner's dilemma. Examples of conditions are diverse and can include: natural laws, climate, biological, physiological and the psychological nature of individuals; technology and technology constraints; market and competition structures; values and priorities; and trust and cultural frames (Suchanek, 2007, p. 43–44). In any given situation, they all contribute to creating the set of "relevant alternatives" that actors can choose from.

While some of the conditions are not under the control of actors (e.g., natural laws), other conditions can be changed so that future interactions progress more smoothly toward higher collective result. These are several examples of conditions in which actors can invest: trust, social capital, human capital, fair competition, institutions and their proper functioning. These and other, similar types of assets are intangible elements which help interactions being shaped into the form of a win-win scenario by supporting conditions in the future. To invest in such assets and support, rather than destroy through exploitation, is the content of responsibility according to the economic ethics. Once such conditions are identified, there are different ways of investing in it in an incentive-compatible way.

Depending on the type of conflict and dilemma structure, Suchanek (2007, p. 137) identifies different types of investments, such as in the product, in the productivity of employees, in integrity, in relations with other actors, in conditions of competition at a certain location, in the framework of competition and similar forms. They are all investments in cooperation and therefore realization of responsibility.

The investment itself needs to be incentive-compatible and the alignment of interests can be pursued in different ways.<sup>51</sup> In the case of dilemma situations, there are two types of solutions through coordination which are theoretically and ethically more relevant, namely individual and collective self-binding (Homann & Suchanek, 2005, p. 82, 258 ff.). Self-binding as an institutional arrangement means to limit the alternatives existing for an actor and in particular to limit and signal to the outside that one is ready not to pursue the option of exploiting (if this signaling was possible in the prisoner's dilemma and undertaken by both actors, the higher collective benefit could be achieved). The commitment can be an *individual* investment in cooperation done by only one actor toward another which can be exploited (i.e. a case of so-called asymmet-

---

51 Investments in trust are for instance welcome and are a realization of the Golden Rule. However, such investments have to be organized (*arranged*) in an incentive-compatible manner to be implementable.

tical dilemma structure, see Chapter 5), or it can be a *collective* commitment of several actors who by doing so are able to go beyond an undesired dilemma situation. Both types of binding commitments are illustrated further in Chapter 5, together with empirical examples from the context of this investigation.

The economic ethics of Andreas Suchanek allows for an organization of ethics at the level of the enterprise, conceptualized as both a corporate actor (*korporativer Akteur*) and as a societal institution (*gesellschaftliche Institution*). It is because of their institutional role in society and the public acceptance which must receive to be licensed to operate that companies can be attributed responsibility for the system that allows their very existence and success: responsibility for the structure of competition and its conditions.

With a focus on enterprise's role, the Golden Rule looks in particular at the conditions (and maintenance) of competition and of the functioning economic system, where companies can contribute by value creation. In this sense, the Golden Rule can be reformulated as the request to contribute in maintaining the license to operate, to maintain and not worsen the conditions for competition, and thus contribute to fair value creation.

The next section shows how this framework can be translated in a specific, concrete context within labor and training markets.

## **2.5 Problem and Research Question in Categories of the Economic Ethics**

This investigation looks at corporate responsibility in a labor market context and at how companies can support conditions of cooperation for mutual advantage, with a particular focus on the implementability aspect. In this section, the problems stated under Chapter 1 are reformulated in categories of the economic ethics.

Starting point is the observation of two ethical implications of current trends in the labor market (Section 1.5). Such implications are the structural exclusion of certain groups from access to employability support and training, and the reduction of trust and endangerment of license to operate that companies experience due to instable employment situations and outlooks for the individuals involved.

Even if employability seems to be a win-win situation which can improve conditions for future actions in organizations and in the labor market, and trust in the system and for employees (Section 1.3), not all companies and actors embrace this strategy and invest in employability and training. Rather, they arguably behave in the opposite way, perpetuating reduced employability and instability in employment.

Due to the long and fragmented chains in the provision of training (Section 1.2) there are several instances of interactions, strategic dependencies and possible dilemma situations – with conflicting and converging interests. Employers and employees experience incentives and disincentives steering them in different directions, and there is an issue of diffuse responsibility which results in lack of leadership and coordination. Additional issues are related to the difficulty of quantifying returns on training, effects and transfer of learning instances, and also of understanding *prima facie* the quality (quality uncertainty). Other issues are brought about by asset specificity: the investment in a certain type of skills or of organization is not to be transferred one-to-one to another context, increasing the transaction costs (losses) involved in the case of change. The economic rationality of choosing investments and their features, and the pedagogical/learning rationality might be at odds in some cases; in the course of the analysis, these elements and categories (which can be found in the interaction theory) guide the understanding of the underlying reasons of empirical conditions which are in the way of ethics.

At the level of "moves of the game," that is, within the spaces of action and discretionary power delimited by the existing institutions and rules, actors involved are enterprises with the decisions they make when allocating their resources.<sup>52</sup> Resources are limited, returns are uncertain, and a choice must be made among possible HR alternatives. Following the economic ethics, decisions on this level are made based on rationality and on maximizing utility within the range of conditions given and the alternatives that companies have, reacting to incentives and trying to understand how other actors (for instance, employees or other companies) might strategically react and behave. From a theoretical perspective, the problem is approached both with rational choice theory and with interaction theory because it analyzes the moves of the game – both those which are independent from others and those which demonstrate a strategic dependency.<sup>53</sup>

In addition to the moves of the game, there is the level of institutions and institutional arrangements which create the "rules of the game." Such rules-setting institutions are understood and analyzed, within the context of this investigation, as the norms and institutions which steer behaviors and decisions through incentives and disincentives. In Western-European economies (and in particular – as showed later – for the geographical focus considered here), and for the specific topic of human capital and training, the level of rules and institutions translates first of all into policies which organize and support the provi-

---

52 For moves and rules of the game see earlier in this chapter.

53 Homann and Suchanek (2005). See Footnote 31, on action and interaction theory.

sion of training.<sup>54</sup> For example, they can be schemes that pay for training, schemes that deduct taxes from training expenses, or specific allowance for training leave. While all these elements create the boundaries within which action can take place (the rules of the game), the discussion earlier in this chapter shows that because of the openness of contracts and institutions a more or less large residual space for ethics (i.e., decision) is always present.

Proceeding from this context and elements, the prisoner's dilemma is used as the main heuristic instrument to approach the responsibility question. Among the possible conflicts and actors there are not only potential misalignments of interests and threats, but also cooperation gains and potential benefits. Chapter 3 discusses in detail the methodology followed and the instruments applied to clarify what these cooperation gains are and how they can be realized.

---

54 I.e. they provide incentives or disincentives, benefits and sanctions depending on the type of training and population segment supported.

# Chapter 3. Methodology, Argumentation Structure and Context

## 3.1 Structure of Argumentation and Overall Methodology

This chapter outlines the methodology used in the investigation, and how the theoretical framework is applied to the particular topics of employability and training. First, the general argument structure of the economic ethics is explained; then, the argument's parts are discussed in greater detail and their role in this investigation is analyzed.

To be suitable for this investigation, the framework needs to account for implementability in its model of argument. Economic ethics does so by following a three-step model presented *inter alia* in Suchanek (2007, p. 30–31), with origin in the Aristotelian practical syllogism.<sup>55</sup> The model sets two premises, one of normative and one of empirical nature, and draws a practical *conclusio*<sup>56</sup>:

- (1) Premise 1 – Normative orientation
  - (2) Premise 2 – Empirical conditions
- 
- (3) *Conclusio* – Practical orientation and responsibility

While Premise 1 has a general orientation, with the aspiration of universal validity, Premise 2 is oriented toward the analysis of contingency and its constituting elements – the empirical conditions. Through the presence of these two premises the argument model considers both the normative ideals/norms (focal points of Premise 1) and the empirical conditions within which the moral demand is set (Premise 2).<sup>57</sup> By doing so, the moral orientation and the willing-

---

55 Across their work, Homann and Suchanek present the argument model in different ways depending on the starting point of the analysis and on the particular question posited. See also Homann and Blome-Drees (1992); Homann and Suchanek (2005); Lin-Hi (2009).

56 The word *conclusio* is Latin for 'conclusion' and indicates the third step of any syllogism, where the two preceding premises are brought together.

57 See for instance Homann and Blome-Drees (1992, p. 15, 106, 110). The combination of both elements allows avoiding fallacies of two types, otherwise present in other theories. The first type of fallacy is the normative fallacy. In this case, *Conclusio* (3) is directly implied from the normative orientation under (1), assuming that the normative can be immediately implemented despite conditions of reality (which for instance the approach of Peter Ulrich would demand). The second type of fallacy is the empirical fallacy. It is assumed that from what it

ness to act according to certain values or norms (Premise 1) is mediated through the existence (and acceptance of) empirical conditions which pose as obstacles. The mediation of reality does not limit the scope or power of moral tension, but rather allows that it can be implemented at all.

Thinking back to the prisoner's dilemma and its relevance for ethics, its heuristic function is well captured in this practical syllogism. The steps and questions of the argument lead to the following possible reformulation: How is it possible that – even if individuals, more or less, all agree that certain values or focal points are to be supported (1) – they then do not behave according to them (3)? The answer is in (2) and in the underlying prisoners' dilemma which shows that empirical conditions are in the way between will and incentive-compatibility.<sup>58</sup>

The *Conclusio* (3) is the general form of responsibility and responsible actions discussed in Chapter 2: invest in the conditions, so that what should happen can be realized – duly taking into account contingency and existing conditions.

For this investigation, the practical syllogism can be further specified into the following questions:

1. On which values do we (individuals) want to agree? Which focal points guide our actions and strategies? In particular: Which role do employment and employability play as goals to be pursued? Normative.
2. Under which empirical conditions and constraints do companies actually act? In particular: How does the market for training function and how does it influence investment decisions? Empirical.
3. Which concepts and heuristics can help enterprises realize their responsibility, i.e. identify and support conditions within the framework identified in Chapter 2? This is then the implementation of the Golden Rule and of practice-relevant indications. Instrumental/pragmatic.

Because of the relevance that the implementability of the solutions has in this research question, particular attention is dedicated to analyzing in a methodologically rigorous way the empirical conditions. Conditions are analyzed under Premise 2, and their significance and relevance becomes fully clear in *Conclusio* (3),

---

is (or is not), an implication can be drawn on what should be – as for instance the reductionist position of Milton Friedman does to a certain extent, by assuming that the market mechanisms are *per se* providing collective benefit and ethical contribution, irrespective of coordination and conflict issues and of the institutional framework.

58 This insight is true from both the perspective of prevention as well as of therapy. As prevention, framing the question this way helps seeing where rules and institutions might fail by not being incentive-compatible, thus improving them before implementing. As a therapy, it helps improving existing institutions and frameworks toward higher acceptance and functionality.



where the conflicts and dilemmas are reconstructed based on the empirical material collected and interpreted in Chapter 4.<sup>59</sup>

Unrealized cooperation gains correspond to a certain extent to the *explanandum* of this investigation (in particular, unrealized cooperation gains in the provision/investment of further training). Once the dilemma structure(s) behind such unrealized gains are clarified, it is possible to identify the scope of responsibility. To clarify those *explananda*, *explanantes* are needed – they are described in the empirical investigation and represent the empirical conditions in the conceptualization of the dilemma structures.

At the core of the empirical investigation, and thus of the whole work, is an abduction<sup>60</sup>: starting with a status that cannot be fully comprehended or related to existing theories and works (namely, in this investigation, the current status that training is not provided even if it seems a win-win situation), it is assumed that there are elements which could explain it. In the case of this investigation, these elements are the dilemma structures which – as it will turn out later in the work – allow for the understanding of why employability is not supported or training is not pursued. Such clarification (explanation, *Erklärung*) allows searching for solutions (design, *Gestaltung*).

### 3.2 Argument Model and Content of Steps

This section provides an overview of how each step is developed in this investigation:

- *Premise 1* is not the focus of this investigation. Section 3.2.1 below provides a brief overview of what can be considered a focal point for this research. This premise is not dealt with further in the text.
- *Premise 2* is introduced in Section 3.2.2 here below. This premise is an integral part of the investigation design and is dealt with in full length in Chapter 4.

---

59 Conflicts and dilemmas are logically reconstructed under Premise 2, but are applied and become meaningful for ethical purposes in the conclusion of the syllogism. This should not be a surprise, as Premise (2) and *Conclusio* (3) are in a premise/conclusion logical relationship, where the first follows the second one, but without the two being the same.

60 In abduction, as opposed to deduction and induction, one starts with a situation (an "event") which cannot be explained. However, there are reasons to believe and hints about possible explanations which – if they turned out to be the case – would be the rule which transforms the "event" into a "case" – a case of a rule, and therefore scientifically embedded in a theory. A parallel case in natural science is for instance the discovery of the existence of moons around Jupiter made by Galilei through abductive inference (Oh & Kim, 2013).

- *Conclusio* is introduced in Section 3.2.3 here below. *Conclusio* is also integral part of this investigation and Chapter 5 is fully dedicated to its elaboration.

### 3.2.1 Premise 1: Normative orientation

As showed in the previous chapter, this work explores the scope of companies' responsibility when dealing with employability and the provision of training. Since the focus in this research is on the implementability aspect, the discussion on the normativity part is given less emphasis and is done only to the extent in which it can provide an orientation to the responsibility demands under (3). Therefore, this investigation does not ask the question of which values should be pursued and why. The discussion of Premise 1 is limited to this section and is aimed at identifying assumptions which are likely to gather acceptance by individuals in society.<sup>61</sup>

For Premise 1, the following guiding question can be derived from the model outlined earlier: What can individuals reasonably agree upon? This question translates and operationalizes the concept of regulative idea: "Regulative idea of the economic ethics is the constantly successful social cooperation for mutual advantage" (Suchanek, 2007, p. 42).

Several examples of day-to-day collaboration for mutual benefit can be subsumed under this first, rather open definition. Generally speaking, cooperation for mutual advantage has to do with elements such as reciprocity, cooperation and incentive-compatibility; this cooperation also does not structurally damage third parties. Norms and values which are acceptable as focal points – it is argued, following the economic ethics – should support rather than destroy social cooperation. It should support the achievement of collective benefits and be aimed at realizing gains from cooperation and from productive conflicts, as discussed in the previous chapter.

Employability and further training, as proxies for good employment, can be considered examples for this context. In this investigation, they are considered each as potential (i.e., dependent in their realization on the specific empirical conditions) focal points toward which people could be willing to act. Good employment, higher employability and rightly applied training are both drivers and ends in themselves of social cooperation for mutual advantage, and possi-

---

61 The "test" that values and norms need to pass in order to be under (1) is a consent-test: Is this value or norm something individuals would give their consent to, i.e. – following the wording of economic ethics – would this value or norm not put them *structurally* at a disadvantage? If the answer is yes, it can be assumed that hypothetically the value is valid as a universal one. For more details about consent as a type of justification of ethics, and for further literature, see Suchanek (2007, p. 18).

bly one of the reasons why enterprises should receive their license to operate.<sup>62</sup> In particular, given the definition of Chapter 1 and the benefits of employability, the increase of this ability can be seen as a concrete example of cooperation for mutual advantage among actors (win-win character) and as an end to be pursued (how exactly this is to be pursued depends on conditions and on specific cases).

In this investigation it is not argued that there is something like a *minimum* level of employability to which all individuals are entitled, or a minimum amount of investment that companies should undertake to be considered responsible actors. However, it can be argued with a negative heuristic that *destroying* employability,<sup>63</sup> destroying trust in the labor market and its institutions, and destroying individuals' participation in such market and in society at large hardly qualifies as a focal point to be pursued, and as a norm to be legitimately targeted. Reducing employability (for instance, by not providing training) bears consequences on the labor market which can be contingent and remediable, but can also be structural for certain groups, due to the reinforcing effects of path-dependencies displayed in Chapter 1. By structurally putting people at a disadvantage, the rule of "destroying" employability would lose its hypothetical consent-ability.<sup>64</sup>

Moreover, the presence of a psychological and social contract on employability and employment – with requests and expectations – raises further issues in terms of trust, expectation and the honoring of promises more or less explicitly done between employer and employee, and society at large.<sup>65</sup>

Arguably, it can be assumed as starting point of this investigation that individuals in a society would agree that more employability is better than less employability, more trust (and trustworthiness) is better than less, and less non-kept promises and unfulfilled expectations are better than more. Such negative heuristic is used, after discussing empirical conditions in Chapter 4, to identify

---

62 As mentioned in Chapter 1, implications of low or decreasing employability are relevant both in themselves, for the lower opportunities and fairness they are linked to, and indirectly, for the implications on trust and social capital they have.

63 The matter is rather different with destroying employment and jobs (in a specific place and time). Embracing the idea of employability assumes that employment and jobs are something fluid that can be created and destroyed, as long as further opportunities are opened up and potential employees have the ability to seize them. It is therefore not assumed here that (contingently) destroying employment is an irresponsible action *per se*, even if there might be other business ethical issues at stake to be considered. This is however beyond the scope of this work.

64 See for instance Suchanek (2007, p. 19).

65 See Edwards and Karau (2007) for insights on social and psychological contract at descriptive level. The authors carry out a survey to identify the features linked by employees to the two types of contract, finding statistically significant differences in employees' perception of the two.

which cooperation opportunities and gains are socially desirable, and to exclude those which are not.

### **3.2.2 Premise 2: Empirical investigation**

After having set the overall focal point in this context, the investigation analyzes empirical conditions relevant for the research question. The goal of Chapter 4 is to clarify the most important elements of the incentive and disincentive structure toward investments into further training as a proxy for investments into employability, and thus helps reconstruct problem-based and solution-driven prisoner's dilemmas for the responsibility question. While employability is a broad concept that can be implemented and operationalized in different ways, the focus lies on training as one of its main determinants and drivers, and the analysis of the empirical conditions is thus dedicated to this element in particular.

In terms of scope, the definition of continuing training provided in Section 1.1 was used in this work. It is thus a rather broad definition from which it was effectively excluded very firm- and task-specific training difficult to be transferred to other companies or professions. This type of training alone would raise employability only with difficulty. Also, tertiary qualifications (bachelor, masters, PhD, MBA, etc.) were excluded from the scope as they are more related to education and thus to a different market and provision compared to training. The training considered had to be either co-financed or at least initiated and coordinated through the company, for instance through a bilateral training fund (Chapter 4 provides more details about the type of organizations considered and the scope of the empirical sample).

The chapter deals with the analysis of the empirical conditions under which companies work, and in particular with identifying key aspects of the markets and dynamics that are involved. Categories of the interaction-theory in Homann and Suchanek (2005) are used to reconstruct not only relevant legislation, institutions and actors, but also to understand the incentive mechanisms in place and the effect they have on the strategy of each actor. For this purpose, an empirical investigation collecting primary data was carried out, as available sources do not operationalize the concepts and variables required. Chapter 4 is dedicated to this analysis.

### **3.2.3 *Conclusio*: Responsibility, conditions and implementation**

The conclusion of the syllogism provides the answer to the question of the responsibility scope. This can take the form of demands, requests or ethical

judgments about a certain behavior. In this investigation, the answer is related to the conditions in which companies can invest and to the strategies in which they can do so in an incentive-compatible way. Investing in the conditions is the level at which responsibility is realized.

To the conclusion belong the application of the prisoner's dilemma heuristic and the elaboration on the presence and distribution of productive and destructive conflicts. First, a conceptual analysis of the concept of employability as commons is given. This analysis then sets the frame for a more concrete and empirically-based consideration of training and conditions to support it. Two illustrations from practice provide additional elements. Conclusions provide guidance on how companies can invest in conditions.

## Chapter 4. Premise 2 and Empirical Investigation

### 4.1 Introduction

This chapter clarifies the empirical conditions under which companies act. It corresponds to Premise 2 and gives the main characteristics of the market for further training and of the actors involved in it. It shows both limits and potentials of action in the status quo, thus informing the discussion in *Conclusio* on what can be legitimately requested to companies. Empirical conditions are investigated using both primary and secondary data to reconstruct the interactions among actors, the strategies, the incentives set by the institutions and the effects they have on companies.

The chapter is built as follows. It starts by reviewing relevant existing literature on training dynamics and decisions. It then discusses methodological issues and the choices taken to collect and analyze the data. After this, findings are presented and interpreted. The chapter ends with a section of preliminary conclusions.

### 4.2 The Context in the Literature

This section discusses literature relevant for the empirical part of the research question. The main results from frameworks about human capital are considered, as well as approaches which devoted attention to interactions. The section concludes by reviewing literature on incentive structures and policies which can introduce the thinking used in this question.

Human capital research has shed light in a systematic way on dynamics and mechanisms which can affect the inclination of companies to invest in training. A pivotal reference to this is Becker (1962) with the foundation of a human capital heuristic and the first economic analysis of training provision under the differentiation of "general" and "specific" training based on the specification of investment gains. In this model of perfectly functioning labor markets, if workers are not liquidity-constrained, they themselves will invest in general training while the firm has incentives to invest primarily in the specific training (less relevant from an employability perspective). Underprovision of training would not be an issue, provided that the credit market works.

Acemoglu and Pischke (1999) expand this model to labor markets with frictions and rigidities (due for instance to unions and minimum wages) and

account for the fact that companies in reality also pay for general training (which the model of Becker cannot account for). This can be due for instance to the compression of wages which cannot rise as fast as productivity does (after training) so that the company has an incentive to train due to the rent achieved.

Other disciplines have investigated the role of human capital as "asset" and its specificity – for instance, transaction cost economics. Within this research program human capital and investments are considered a specific asset investment which creates dependency and becomes thus subject to exploitation risks, giving raise to the so-called hold-up situations (Düll & Bellmann, 1999; Görgens & Pfahler, 2002).

These analyses have originated a series of further investigations into specific issues and dynamics of training from an economic perspective, which have showed how hold-up instances, adverse selection and opportunistic behavior can arise following the risk of exploitation (poaching and shirking).<sup>66</sup> This perspective has analyzed which variables most influence preferences for training investments (time horizon, contracts, macroeconomic situation, etc.), together with the policies which are most apt to increase the overall efficiency of the system.

For this research question the work done by Brunello and De Paola (2004) on underinvestment in training and policy implications is of interest.<sup>67</sup> They classify policies in two groups: policy aimed at reducing marginal costs or aimed at increasing marginal benefits. Table 3 below summarizes the main findings from their revision.

---

66 Poaching refers to the behavior of companies attracting employees trained by other enterprises, so that they can get the benefit of an already trained employee without having to bear the cost for the formation. Shirking refers to the possible behavior of employees to not work at their full productivity, but rather underneath it. In this case, it refers to the possibility of employees to not fully engage in the training and do not exploit all the productivity gains coming from it, with consequent loss of marginal return of investment for the company.

67 Much attention was dedicated from economic perspective to the problem of underinvestment – whether it exists and if yes what are the causes. While this investigation does not ask the question of underinvestment (because another discipline approach is used), it is however relevant for later analysis to understand the impact that policies have on training decisions in terms of incentives and disincentives.

Table 3: Overview of policies and their impact on training marginal benefits and costs

---

<p><b>Policies impacting marginal benefits</b></p> <ul style="list-style-type: none"> <li>• Temporary contracts → less training</li> <li>• Norms for a compressed wage structures (e.g. minimum wages) → more training</li> <li>• (Voluntary) restraints on poaching behavior → more training</li> <li>• Certification → incentive for the worker to put more effort because it can use it somewhere else too → disincentive for the company because it makes poaching easier (the other company is not uncertain about the skills, because certification reduces to a certain extent the information problem)</li> <li>• Payback clauses → more training (and are not affected by liquidity constraints because the company anticipates the training costs)</li> </ul>
---

---

<p><b>Policies impacting marginal costs</b></p> <ul style="list-style-type: none"> <li>• Levy/grant schemes           <ul style="list-style-type: none"> <li>= tax levied on all firms (on payroll) combined with grants awarded for training projects               <ul style="list-style-type: none"> <li>- Need for information on wages and training-prices responsiveness to taxes and grants to evaluate their effectiveness</li> <li>- Subsidies are linked to bureaucracy and abuses risks</li> </ul> </li> </ul> </li> <li>• Train-or-pay schemes           <ul style="list-style-type: none"> <li>= levies paid only if the training falls under a legal minimum               <ul style="list-style-type: none"> <li>- Possible deadweight (they would have invested anyway)</li> <li>- Could be sector-specific as training costs are sector specific</li> </ul> </li> </ul> </li> <li>• Tax deductions           <ul style="list-style-type: none"> <li>= deduction of costs and reduction of corporate taxes               <ul style="list-style-type: none"> <li>- Possible deadweight</li> <li>- Works as long as profits are positive</li> </ul> </li> </ul> </li> </ul>
---

---

Source: Adapted from Brunello and De Paola (2004)

Concepts from this existing literature are used to bridge between the theoretical categories of the economic ethics and the work already existing on human capital and training. In particular the idea of investment, return, incentive, rent, exploitation risk, asset specificity, impact of existing policy mechanisms are relevant to structure the empirical investigation and formulate its research question and model, as described in the following section.<sup>68</sup>

---

<sup>68</sup> Also Forrier and Sels (2003, p. 663) recognize that common labor-market economics theory is not fully able to explain decision patterns of employees and employers in regard to training, and that the approach should consider institutions and their impacts.



### 4.3 Methodology of Empirical Investigation

This section describes the operationalization of the empirical research question pursued and shows why qualitative research was more appropriate than quantitative. Specifically, it shows why the research design was oriented to a "reconstructing investigation" as opposed to other research designs, and why interviews, and in particular interviews with experts, were the most appropriate instrument to collect the data. Main concepts and definitions used in the operationalization are introduced, as well as the rationality behind the selection of clusters and experts, and the analysis method used. An overview of interview partners is given. An assessment of possible social desirability in their answers and of limitations of the methodological choices taken concludes the section.

#### 4.3.1 Research questions and research design

The overall question for treating Premise 2 – the question of the *conditions* in which companies act – was operationalized into the following form to be answered through an empirical investigation:

*Which incentives and strategies are in place, and which behavioral expectations do they create, which eventually lead to investments in employability-supporting training (or not)?*

By doing so, both incentives set by (labor market) institutions and norms and their effects on actors' decisions were identified. Attention was also given to the room that companies have to act within the incentives or disincentives set, partners they could work with, and obstacles in the way of beneficial cooperation.

The research question stated and the type of answer pursued defined the type of knowledge required, that is, the combination of research design as well as type of data and methods to be used. Understanding interactions and behaviors of actors cannot be pursued by searching for correlations or frequencies, and no representativeness of results in a statistical fashion is needed. What is required is more an in-depth look at mechanisms, implicit and explicit reasons, strategies and their causes, on relationships between institutions and individuals as well as historical developments.<sup>69</sup>

To achieve this type of dense and complex understanding of mechanisms in interactions, the concept of "reconstructing investigations" (*rekonstruierende*

---

69 In the words of Gläser and Laudel (2010, p. 28), there are two main strategies to pursue the clarification of social issues (*Sachverhalte*): either by using statistical relations to infer to a causal relation (which would call for quantitative methods) or by searching for causal mechanisms and their scope of validity.

*Untersuchungen*) – as described in Gläser and Laudel (2010, p. 37, 69) – offers an appropriate research design for these purposes. Reconstructing investigations are defined as "investigations *in which social situations or processes need to be reconstructed* to achieve a social-science explanation" (Gläser & Laudel, 2010, p. 13; emphasis in original).

Gläser and Laudel (2010, p. 65) identify four criteria that proper research questions within a "reconstructing investigation" research design should satisfy:

1. the research question is based on knowledge which already exists, it refers to a theory and includes implicitly the validity scope (*Geltungsbereich*) of the answer;
2. answering the question means adding to the existing knowledge;
3. the research question analyzes a relationship (*Zusammenhang*); and
4. it analyzes a general relationship, not only a single case.

For the empirical research question in this chapter it can be showed that the criteria are satisfied:

1. As discussed later in the section, the research question is based on a theory of action, strategic behavior and reaction to incentives, developed in Homann and Suchanek (2005); this general theory can be applied to the field of human capital and the provision of training. Elements of existing game-theory literature were applied to model how policies and actors in the training and labor market impact decisions of companies in dealing with external and internal actors. The validity of the answer is defined by the geographical scope, the definition of training used and the type of organizations considered (see Chapter 3).
2. Answering the research question adds to existing knowledge. It allows clarifying company-external elements which impact decisions on training going beyond typical analysis of liquidity, size and industry; it adds qualitative evidence to a literature almost exclusively driven by economics and quantitative methods; it provides insights into actors such as HR managers and other management, and on work councils, which are typically not part of the mainstream literature.
3. It analyzes a relationship, namely the interactions among actors in a specific market which may or may not lead to investment into training.
4. These interactions can be seen as a class (*Klasse*), containing all interactions within the country-systems analyzed which have as a result investment in training.

In terms of its logical form and relationship between categories of interpretation and empirical material, the analysis unfolds along an abductive inference (see for instance Fabbrichesi Leo, 1993, p. 37). An abductive design allows for the

discovery of new elements while starting with categories derived by theory (deduction does not allow for new discovery, and pure induction is hardly theory-driven). This translates into a research design which starts with a theory-driven set of categories, iteratively applies them, and is open for the creation of new concepts not considered in the beginning.<sup>70</sup>

Having defined research design and the research question, research objects considered in the investigation are then clarified. These can be summarized as interactions taking place among companies and other actors within the market for further training, and can then be broken down further into three different dimensions: first, identification of actors involved in the provision of training at different points of the decision and delivery process, together with their preferences; second, reconstruction of incentives and disincentives systems as set by institutional framework and actors' reciprocal expected behaviors, and their strategic interdependencies; third, potential gains from collaboration.

The call of Eco (1977), reported also in Gläser and Laudel (2010), is acknowledged and therefore definitions and specifications of main concepts used in the operationalization are provided:

- *Interaction*: transactions on a contractual basis, and instances needed to conduct negotiations, discussions, during the decision-making process which ends with the investment in training, or not.
- *Institutions*: broadly defined, for this context, systems of formal and informal rules which have an impact on the decision-making process. These include policies and laws, industry and organizational structures, culture and informal rules/sanctions, etc.
- *Actor*: individuals or organizations able to react to incentives, make strategic decisions, and provide themselves incentives or disincentives in the decision-making process.

Following Gläser and Laudel (2010, p. 73 ff.), dependent and independent variables were identified based on literature and first exploratory interviews. Then, a model of relationships between dependent and independent variables was created. An exploratory literature review was carried out to identify: (a) main actors relevant for the investigation and their role within training decision and delivery process (e.g. Cedefop, 2008a, 2011, 2012; Cortellazzi, 2007; Dietrich, 2007; EUROFOND, 2009; Pais, 2011); (b) data on training and investments in the two countries considered, overall participation and participation by employee group, reasons to train or not, goals and types of training (e.g. Baethge, 2011; Bannwitz, 2008; Bellmann, Grunau, Leber, & Noack, 2013; BMBF, 2012, 2014; Formatemp, 2011; Frigo, Angotti, & Bernardini, 2006;

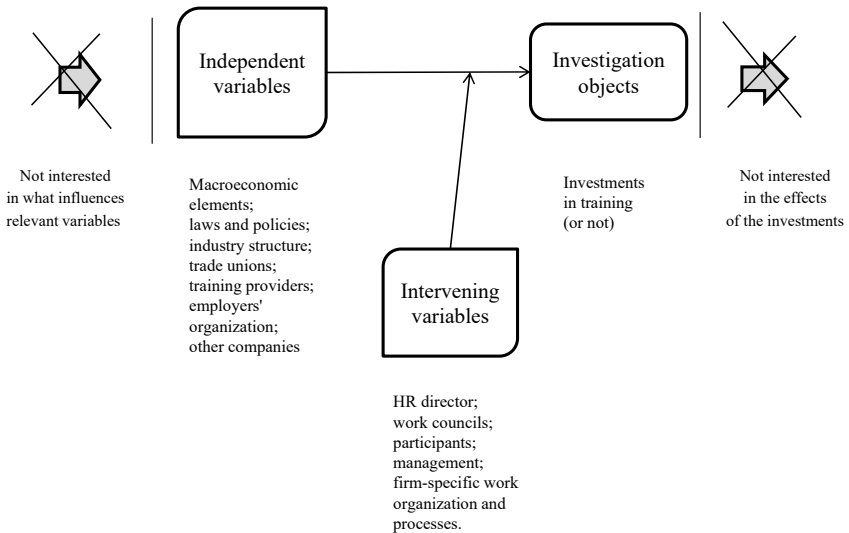
---

70 See also Chapter 3 earlier on abduction and relationship of *explanans* and *explanandum*.

ISFOL, 2008b, 2012a, 2013; OECD, 2012b, 2012c; Souto-Otero, 2007); (c) main policies and laws in place, industrial relations and bilateral organizations involved in training schemes, their historical developments, collective bargaining contribution (e.g. Allaart, Bellmann, & Leber, 2009; Cedefop, 2008s; ISFOL, 2008a; Lauria, 2011; Stegmaier, 2010b; Trampusch et al., 2010).

Together with the literature under 4.2, which targeted underlying decision patterns of companies and individuals from a human capital perspective, literature was used to clarify and limit the scope of the investigation. Figure 2 shows the model, and variables in their relationships.

Figure 2: Overview of variables and their relationship to investigation objects



Source: Author's elaboration

Investigation object and *dependent variable* in the model is considered the presence in a single company of investments (or not) in employability-supporting training, with different goals (general skills, meta-competences, languages...) and for different groups (older people, atypically employed, low skilled...).

*Independent variables*, listed in Figure 2, include company-external elements, often country-specific, and whose impact on decisions can be assumed stable for all the organizations within a country (large organizations).

Company-internal elements (also in Figure 2) figure as *intervening variables*, i.e. elements varying by company and complementing the impact of the

overall, company-external environment. Due to the structural origin of this element, the type of relevance is assumed to be similar: even if management practices vary across companies for instance, the fact that there is a certain dialectics within HR management and other management within large organizations with highly specialized functions is a constant in this validity scope. Each independent and intervening variable was specified further into strategy and preferences pursued, incentives set, and disincentives set (incentive and disincentive set for a company to pursue a certain type of training for a certain group).<sup>71</sup>

While there are certainly feedback effects among the elements considered (behaviors of companies might dynamically affect how social partners act for instance), and while the decisions itself of training has an effect on the whole system by reinforcing or not certain incentives or disincentives (e.g. an investment which does not deliver the expected return, or a resource leaving, might play out as disincentive at the next instance), it was decided to take a static view of the system and ignore feedbacks circles.<sup>72</sup>

This section clarified the research question leading the investigation, the research design and the research objects considered. It also introduced model and variables used to answer the question. Building on this, the next section presents the method and instruments of data collection, and the rationale behind their selection.

### 4.3.2 Method of data collection

This section introduces the method selected for data collection (interviews, and in particular expert interviews), the sampling strategy (theoretically-driven), the format of the instruments (loosely structured questionnaire),<sup>73</sup> their structure and the type of questions asked.

---

71 "Return on investment" was not considered as a stand-alone variable and incentive/disincentive, even though expectations of a quantifiable return certainly play a role in some training decisions (as showed later in the finding – this is not always the case in fact). This was not considered as an extra element because in this reconstruction (existence in the first place and) rate of return are themselves a function of the costs and benefits seizable within the system of incentives displayed, of demand and supply on the market for training, and of general macroeconomic and industrial dynamics (accounted for in the market). The rate of return is always dependent on the deployment of the resource, the cost-opportunities, the risk considered, the scarcity, the quantifiability, and other factors. Moreover, the decision to invest in employability and training is not always driven by the expectation of a direct return on the productivity of a single person; for instance, also an impact at organizational level (and a difficult one to be quantified) might be pursued.

72 The idea that each action affects future conditions of action is expressed in the key concepts of economic ethics, displayed in Chapter 2.

73 *Leitfaden*.

The social mechanism to be reconstructed was the one leading (or not) to investments in further training taken by companies. Each company with the environment of actors and institutions was considered a "cluster of analysis" and analyzed in-depth.<sup>74</sup> Summarized below are elements needed to be considered a cluster of interest for this investigation:

- *Geographical dimension*: two European countries were considered, Germany and Italy, because of similar level of economic development, demographic and labor market dynamics, similar set up in social partners relations on training but historically different participation in training, employer and industrial relations.
- *Company dimension*: companies with more than 1,000 employees were selected to achieve a wide enough representation of employees group, to ensure presence of a work council and its representatives, and a highly specialized HR function with several levels and responsibilities. Companies were selected in both manufacturing and services sectors.
- *Training dimension*: the analysis considered training transactions bought/procured outside the company, either paid in full or co-financed by the company. Particular attention was devoted to training acquired through systems which require interaction with social partners and are managed through funds, because of the increased complexity, more diffuse responsibility and the type of interactions created (*FondiInterprofessionali* in Italy,<sup>75</sup> different sectoral training funds in Germany).
- *Function dimension*: the HR director was considered the relevant person to be interviewed given the centrality of the role in taking decisions and shaping strategies. While the HR managements "represents" the company in interactions with external actors, the HR post is also considered distinct from other managers or other employees (e.g. work council representatives) and can have with them another series of different interactions.

In terms of sampling, the clusters of analysis can be considered *typical* for certain aspects (Gläser & Laudel, 2010, p. 95 ff.), for the type of company they belong to, the type of training and usage of funds carried out, the decision-making process and interaction system, the responsible person is involved in.

Then, pertinent methods of data collection were identified. As showed by Atteslander (2006, p. 45), there are basically two ways of investigating social

---

74 The term "case" used by the authors in their method description is avoided, and the word "cluster of analysis" is preferred both to avoid possible confusion with case study methods and to highlight the fact that each object of investigation was a bundle of several actors, interactions and influences, and that most of the times more than one actor for the same company was interviewed.

75 'FondiInterprofessionali' is the Italian name of the training funds.

reality: either by looking at products, or by looking at behavior – in a broad sense. Atteslander further distinguishes ways to access social reality in four sections depending on the type of object: *content analysis*, for products/artifacts such as texts, videos, instruments; *observation*, for behavior in a natural setting where the researcher cannot be separated from the behavior itself; *inquiry*, as means to investigate natural, verbal behavior in a time and space-independent manner, by talking about it; *experiment* as a way of investigating behavior in a non-natural, i.e. controlled setting (Atteslander, 2006, p. 49).<sup>76</sup> Going back to the research questions stated above, most of the information needed was available to a certain group of persons who have access to the dynamics investigated, and while most of the information could be verbalized, only a small amount was already available as products (texts, reports, videos, etc.) in the way and with the orientation needed to answer the questions. While an observation would also have been possible, it would have covered only a very limited number of cases and would have provided more details about the interactions, negotiations, internal processes than needed for the investigation's purposes.

The kind of data required could best be collected by interviewing people with relevant knowledge about the dynamics to be investigated; they were to be interviewed not about their personal opinion or feelings about the matter, but rather as representatives and informants of the organization and of the dynamics in which the company or entity was involved. This element of knowledgeability, together with the fact that a qualitative approach is needed to retain depth and complexity of the issue, and the openness coming from the abductive approach, led to selecting *expert interviews* as the most appropriate method of interview.

This particular type of interviews allows considering experts in their function of "information holders" about a certain matter. Literature provides different definitions of who an "expert" is and what type of knowledge they can deliver. While Gläser and Laudel (2010, p. 11) use a quite broad definition of expert and of their knowledge ("in the end, there is a type of specific knowledge to which each of us has access. It is the knowledge about the social contexts in which we operate"), other authors used the title of experts for individuals depending on their special, if not unique position within an organization (top management for instance), and based on their professional authority. Meuser and Nagel (1991, p. 443) provide another, different definition of ex-

---

76 Gläser and Laudel (2010, p. 103) provided some useful questions to reflect on the type of data needed and on the consequently most appropriate method of data collection. The two guide-questions suggested are: (1) Which information needed is included and therefore observable in the natural communication of the field, in the actions of actors and in artifacts (products, documents, symbols etc.); (2) Which information needed can be verbalized by actors and therefore communicated?

perts which is used as basis for selection within this study. According to it, experts:

1. must be part of the social context under analysis and are not external actors;
2. must be part of the decision-making and decision-taking process of the organization they are in, being responsible for "drafting, implementing and controlling solutions"; and
3. must have access to a privileged pool of information related to a particular group or decision processes.

In particular the second aspect of this definition is appropriate for the type of informants needed in this investigation, and is therefore used as guideline in the selection of the interviewees.

After having set the type of method and the type of interviews, it was decided how to conduct the interviews. Expert interviews were considered qualitative interviews specifically constructed to gather expert knowledge and use a type of interview which can support this collection. Qualitative interviews allow accessing depth and details about the relation to be investigated – no standardization is needed, but rather an openness and ability to move across the questions and adapt to them based on the needs of the conversation. For such interviews, several authors recommend non-standardized, non- to semi-structured interview with guiding questionnaire (Gläser & Laudel, 2010; Meuser & Nagel, 1991):

- *Degree of structure.* Atteslander (2006, p. 123) categorizes interviews into structured, semi-structured, and non-structured according to different elements: level of engagement of the interviewer, possibility to modify questions and their order, possibility to steer the discussion dynamically reacting to the interviewees' output. The less structured the interview, the more data are to be interpreted in a qualitative fashion. Atteslander (2006) considers expert interviews as mainly non-structured interviews, Gläser and Laudel (2010) more as semi-structured interviews. For this investigation, the level of structuration was left open to vary between very much unstructured and a bit more structured, depending on the interviewee and the progress in the analysis.
- *Standardization.* Following Atteslander (2006, p. 134), standardization refers to whether the interviewee is given answer categories to enhance comparability, or not. Since expert interviews do not aim at comparability or representativeness, but are rather used to increase breadth of responses and relevant material also beyond what the interviewer had set in the beginning (abduction), in most cases no answer categories are given.



The expert is asked to think of which answer categories could apply to the question asked.

- *Openness*. Because of the above (Atteslander, 2006, p. 136) questions are necessarily open, as no categories are given.

Guiding questions were used for the interview.<sup>77</sup> A questions catalogue was constructed in the following way and each topic double-checked for relevance during the investigation (Gläser & Laudel, 2010, p. 149):

1. opening by explaining in broad and neutral terms the goal of the interview and of the research, the usage of the data collected, asking the possibility of recording and ensuring anonymity of both person interviewed and organization represented<sup>78</sup>;
2. warm-up questions on the background and role of the interviews; questions on current responsibilities and tasks to pre-select relevant topics and identify most interesting dynamics and situations to be checked during the conversation;
3. questions on past and current trends in further training, in order to understand internal processes and how further training is used in the organization/how further training is seen on the agenda of the organization;
4. a block of questions on relevant actors, how they impact the organization – internal and external;
5. investigation of particular conflict situations derived by the research questions on older, temps, meta-competencies, etc.;
6. questions on identifying possible different scenarios, and what would be needed to realize them;
7. final appraisal of further training and its role for society actors and economics, more personal questions on possible solutions and future trends/informed hypothesis; and
8. concluding remarks and end of conversation.

---

<sup>77</sup> The Annex at the end of this text provides an example of such questions catalogue. Due to the methodology used, and the iterative process described in terms of “abduction” earlier, the list of questions underwent modifications in the course of the research. First of all, different types of interviewees/experts required different lists of questions (experts in a company were asked different questions compared to experts in a trade union, for example). Moreover, as the research developed and coherently with the qualitative method used, some questions were dropped and others were introduced, following the set of relevant categories used.

<sup>78</sup> All interviewees were informed before the interviews of the following items and thus gave their informed consent to being interviewed: goal of the interview; role of the interviewee in the investigation; role and key background information of the interviewer; way in which personal data of the interviewee are protected; way in which anonymity is ensured; request of recording the conversation; next steps in using the data collected.

A total of 20 interviews in two countries were carried out over 12 months. Interviewees were experts, according to the definition previously given, working for both public and private organizations. Interviews were conducted face to face and carried out in the offices of the interviewees. On average, they last about 1.5 hours. Table 4 displays key data of the experts interviewed.

*Table 4: Overview and key information about interviewees*

<b>ID</b>	<b>Country</b>	<b>Organization</b>	<b>Role</b>	<b>Profile</b>
1	DE	Training provider; consultancy	Managing Director	Self-employed consultant active in middle and big size companies as HR and training consultant; more than 30 years of experience
2	DE	Training provider; consultancy	Managing Director	Self-employed consultant active in big size organizations as leadership and strategy consultant/trainer; more than 30 years of experience
3	DE	Enterprise	HR Director	Responsible for a workforce of about 5,000 people in Germany; multinational in the service industry
4	DE	Enterprise	HR Director	Responsible for a workforce of about 8,000 people in one German location; multinational in the manufacturing industry
5	DE	Enterprise	HR Head	Responsible for a workforce of about 10,000 people in Germany; multinational in the manufacturing industry
6	DE	Social partners' foundation	Managing Director	Head of a bipartite sectoral institution with unions background
7	DE	Trade union	Regional Head for Training Schemes	Responsible for Collective Agreements on Training and Education in the biggest DFG union; more than 10 years of experience
8	DE	Enterprise	HR Head	Responsible for a workforce of about 7,000 people in EMEA area, company in the manufacturing and service business; more than 25 years of experience
9	DE	Enterprise	HR Head	Responsible for a workforce of about 2,000 employees in Germany, Switzerland and Austria; multinational in the service industry; more than 30 years of experience

<b>ID</b>	<b>Country</b>	<b>Organization</b>	<b>Role</b>	<b>Profile</b>
10	IT	Provincial authority	Head of Training and Labor Market policies	Public officer responsible for designing and implementing local policies with enterprises and unions; support to training through national and regional funds
11	IT	Enterprise	Member of Work Council	Responsible within the Work Council for training and education matters; 10 years of experience
12	IT	Enterprise	HR Director	Responsible for workforce of about 5,000 employees in northern Italy in the manufacturing sector; more than 20 years of experience
13	IT	Enterprise	Member of Work Council	Responsible for training matters within the work council; more than 5 years of experience
14	IT	Trade union	National Representative for Training	Responsible for agenda setting and policies of the biggest Italian union federations; more than 20 years of experience
15	IT	Trade union	Managing Director of Training Fund	Responsible for unions representations in the sectoral training funds; more than 25 years of experience in education and training
16	IT	Enterprise	HR Director	Responsible for a workforce of 3,000 people in the manufacturing sector in Northern Italy; more than 10 years of experience
17	IT	Enterprise	HR Director	Responsible for a workforce of 5,000 people in Italy in the manufacturing sector; more than 30 years of experience
18	IT	Enterprise	HR Director	Responsible for a workforce of 7,000 people in Italy in the manufacturing sector; more than 30 years of experience
19	IT	Employers' organization	Regional Managing Director	Responsible for training initiatives in a regional branch of Italy's main employers' association; more than 10 years of experience
20	IT	Trade union	Regional Representative	Responsible for training initiatives, training of union representatives; sits in a bilateral body; more than 30 years of experience in the union

*Source: Author's elaboration*

The next section describes how data were analyzed.

### 4.3.3 Method of data analysis

This section describes the collection and preparation of data, and the analysis method. The first to be interviewed were public officers and representatives of trade unions/working councils; these were instrumental in gaining access through snowball process to managers in enterprises, more difficult to be reached. First contact happened mostly by email, explaining the reason for the interview and the details of the conversation. Interviews were carried out in local languages, i.e. German and Italian.

Anonymity was ensured before starting the recording. A short protocol was written before the interview to note down availability for the interview and ease of access, together with a protocol at the end of the interview to note down impressions, interruptions, information given after the recording or on the way to the elevator. Data were then prepared for transcription.

Transcription rules were guided by the commonly accepted guidelines of content analysis and by the type of information needed for the research question (Gläser & Laudel, 2010, p. 193). After transcription and clean up, data were imported into a software which supports qualitative analysis of texts and other artifacts (Atlas.ti).<sup>79</sup> Transcription, albeit more time-consuming, were preferred to other ways of collecting the data given the much higher effectiveness of the process in retrieving information and in ensuring higher methodological controlling. In particular, following rules were considered:

1. dialect expressions were transformed in current language, and marked;
2. utterances such as "aeh," "hum," "hmm," and similar were marked if they conveyed a different connotation to what just said, or before saying it;
3. long reflection pauses of the interviewee are marked;
4. interruptions (phones, colleagues, external environment) were marked and it was assessed whether they diverted attention or focus; and
5. punctuation was added following normal grammar rules in the respective languages to make reading easier.

---

79 In this investigation, it was decided not to use the software proposed by Gläser and Laudel in their work as it was not as user-friendly as others and rather experimental in its nature; instead Atlas.ti was used because its specifications made it compatible with the type of analysis and extractions to be carried out.

Each text was divided in questions and answers, and paragraphs, then anonymized. Transcriptions were done in the respective language and only passages used in this publication were translated into English.

Data collected in the interviews were analyzed using *content analysis* (Flick, 2007; Gläser & Laudel, 2010). Content analysis was developed in the 1970s and had initially a quantitative orientation: it was used to analyze the frequency of certain words, expressions, sentences. Later on it has developed also in another direction, as a pure qualitative method rooted in conceptual/theoretical categories rather than quantities. This investigation used content analysis in this second version.

Authors define this type of qualitative content analysis as an "extraction method which reduces data by applying a category system to them" (Gläser & Laudel, 2010, p. 201; category system displayed in Figure 2 earlier). This research followed a content analysis procedure which is derived from the original method of Philipp Mayring, but adjusted to the needs of reconstructing investigations (Gläser & Laudel, 2010, p. 45, 197). The main differences introduced allow reducing the quantitative orientation by providing more openness and by working with conceptual variables which are linked to text pieces (instead of the whole text); moreover, parts of data identified and extracted from the initial text are analyzed autonomously, without reference to the text itself (even though origin of the quotation is kept during the analysis).

The results of this extraction were then used as basis for further analysis and reconstruction of the mechanisms involved in the model. Two rounds of extraction were carried out, after having made the category system more precise (which is allowed by the type of research design used here). This was achieved mainly by eliminating/grouping categories which did not apply to any part of the empiric materials, and by splitting categories which were initially too broad and were linked to too many portions of the text. The result of the extraction is a series of text excerpts identified by document and position, and divided by category. Part of these excerpts are presented in a structured way in the findings section.

#### **4.3.4 Assessment of methodological choices and limitations**

This section reflects on the methodology selected and on its possible limitations. First of all, going back to the differences in the role of interviewer, which Pfadenhauer (2002) describes in her essay, in most of the cases the researcher was perceived as co-expert. This was manifested through positive feedback at the end of the conversation, where interviewees usually thanked the researcher for the questions and the thinking input. Experts were generally open

in explaining concepts or terms related to their specific context and which were obscure to the researcher.

This investigation also acknowledges the call of Littig (2002) to reflect on gender as an element of the interview situation (together with differences in knowledge and expertise, age, status and authority). Of the 20 interviewees, 6 were women and 14 men. Broken down by country, in Germany 1 out of 9 interviewees was a woman, in Italy 5 out of 11. In any of the interview situations gender was felt a more influential element than age or other criteria and demographic characteristics.

Further, the possibility of social desirability in the answers is assessed here. All conversation moved from more general topics to more personal and company-specific ones, thus building the trust and quality of discussion throughout the conversation. Potentially more sensitive topics were addressed in the end. This created in all cases a favorable interview situation in which the interviewee felt comfortable in discussing less successful elements of the processes discussed and their own role. Also, the researcher did not give many details before the interview about the direction of the research – enough for a willing consent, but not enough to bias the answers. This allowed avoiding political or partisan conversations, and focusing on the systems of incentives and strategies. The topic of the conversation in fact was not "how responsible is your company acting"; but rather "what is holding you back from behaving in this and this way."

Most of the questions were related to external constraints or incentives; however, representatives of the organizations could portrait themselves in different manners. While it is possible that in some cases interviewees depicted themselves as more proactive than they actually are/as other data and information about their actions would support, in general they were open to talk about their own limitations and constraints, also those related to management, requests from unions and constraints caused by macroeconomic situations. Trade unions were in general very clear and aware about their limitations; but less so in understanding or discussing the spaces for potential actions, and the limits given by the own constituencies. Enterprise representatives, as managers with several decades of experience, were clear in stating their perceived role and their understanding of training and employability, and in seeing the limitations and difficulties of a responsible employability management. Most of the times this was not due to reference to their own profitability, but rather to the internal dynamics, as showed later in the findings. In some cases, the interview – also due to the rather long duration – allowed personal feelings, doubts and frustrations to arise, together with new ideas and points of view. If social desirability could not be excluded, it had a very limited impact and was counteracted by having, in some cases, more than one person being interviewed within the

same organization. The assurance of anonymity also took further concerns away from the interviewees.

## 4.4 Findings

The presentation of findings in this section follows the reconstruction of the dimensions which impact the *explanandum*. Therefore, it avoids reconstructing each single instance of investment discussed in the interviews and presents findings along the variables identified (mainly actors). Afterward, these findings are interpreted in a way which helps clarify the type of market and incentive systems within which companies operate.

The process to be reconstructed and clarified is that of the decision about investing (or not) in certain training and groups, and in particular how external and internal actors with their strategies, actions and expected behavior can influence the decision of a company.

Country specific differences or similarities are mentioned when relevant in highlighting underlying dynamics. Different subcases are treated when relevant depending on the type of investment pursued.

### 4.4.1 Company-external elements

This subsection considers how the following actors impact decisions and provide or not incentive to training investments: trade unions, employers' organizations, training providers. Preferences, strategies and behaviors are discussed based on primary data.

*Key findings:*

1. Counterintuitively, further training and support to employability is not among the priorities of trade unions negotiations. This attitude has cultural and political reasons. In some cases training is considered a duty of the employers. In other cases, trade unions exert low pressure on their own members;
2. The above is reinforced in contexts where passive labor market policies are more common because of mixed and inconsistent signals;
3. Negotiations of qualitative items such as further training require a correspondingly trained trade union which can negotiate them with expertise. This is not the case everywhere and the lack of professionalism does not support transparency, quality, and inclusion in training selection;

4. Levy-grant mechanisms<sup>80</sup> can be a disincentive for training providers to increase innovation and professionalize their offer. Coupled with low demand for skills on the company side, this results in unsophisticated markets for training;
5. Credit constraints were not reported as a problem, as in many of the cases analyzed training is funded through a central budget. The presence of an unconstrained budget can have a negative impact on the quality of demand;
6. No specific mechanism was found which supports interactions among companies as buyers of training. This can lead to reduced market power when negotiating quality and schemes with providers.

In both countries investigated, **trade unions** play a role in the companies' decision-making related to training. Their level of action takes place primarily in national discourse shaping and awareness raising, and in negotiating collective-bargaining coverage. Training and investments into human capital and employability can represent an element of negotiation or agreement.<sup>81</sup> Historical positions and traditions play an important role in the way trade unions conceptualize and interact with companies (both on micro- and macro-level) in this respect.

In Italy, trade unions only recently started to consider training and competences as worthy of being an element of negotiation.<sup>82</sup>

"Training was considered to be a duty of the owner. As trade unions, we would not interfere with that." (ID20)

An interviewee from the national office of a leading Italian trade union confirms:

"Training is not among the priorities of the national negotiation efforts." (ID 14)

Italy has a historical preference for general education and training (i.e., non-work related) and this is based on how unions have conceptualized training. In the 1970s, the only training and education it was advocated for was the totally work-unspecific, general education.<sup>83</sup> Training and a professional advancement

80 See Table 3.

81 In Germany, ground-setting were the two contracts within the IG Metall on qualification and on demography, respectively 2008 and 2012. In Italy, several second-level contracts contain references to the possibility of negotiating qualifications as part of the contract at the firm level.

82 Negotiating, also on micro-level, has become necessary in Italy after the introduction of a bipartite system, the *Fondilinterprofessionali*.

83 Lauria (2011, p. 74 ff.) analyzes the rise and fall of the initiative for educational leave in Italy, the so-called 150 hours initiative in the 1970s. He reports the voices of several individuals who took part in that initiative. What emerges from their stories is, among others, that



linked to the job were seen as benefits to the enterprise and therefore not supported. Only in more recent years did trade unions start to consider the topic.

In addition to this, the country has always had a preference for passive labor-market policies and welfare contribution.<sup>84</sup> This preference is reflected in the ambivalent position on training, which is sometimes considered a second-best option after cash benefits. A regional trade-unions representative states:

"Till the last second of the last day, as long as it is possible to pay cash support, I will fight for that." (ID 20)

Such mild attitude toward training might create mixed signals and inconsistencies in the communication, when unions talk about training. It might raise the question among members whether training is so important after all.

"The problems that the country has in dealing with training are the same problems that unions have in dealing with it. The level of awareness is in general not adequate to the strategic relevance of the topic." (ID 14)

National representatives recognize also the limitations in negotiating training in the work done on micro-level from the local representatives. Both literature (Pais, 2011) and findings from this investigation recognize the diffuse inadequacy of trade unions representatives in negotiating. To a certain extent, this limited adequacy still reflects different priorities and contexts of both employees and employers where training is not welcome.<sup>85</sup>

A lack of knowledge about the topic and how it can be used to benefit employees has led to unions having difficulties presenting themselves as a partner

individual improvement (through training) was seen as a betrayal to the class efforts of improvement. An individual right to improvement and advancement was not supported – it was either a class effort, or it was mainly conceptualized as a favor to the "owner."

84 ILO thus defines labor market policies: "Labour market policies (LMP), on the other hand, comprise all kinds of regulative policies that influence the interaction between labour supply and demand. They consist of policies that provide income replacement (usually called passive labour market policies) as well as labour market integration measures available to unemployed or those threatened by unemployment." Active labor market policies are more related to training and activation schemes. The two types of policies are neither mutually exclusive nor perfectly substitutable.

85 A further element which research could consider on this is the impact of the membership composition on the decisions and the agenda of the trade unions. For example, data from the Italian Welfare Institute (INPS) report that in 2012 approx. 2.5 million retired people were members of one of the major Italian trade unions (CGIL). Given that CGIL declares a membership of about 5.5 million people, about half of them are not active population anymore. Even though the level of activity of this part of the membership is unclear, the composition – skewed toward people who are effectively already out of the labor market – might also partially explain why training is not a priority. This raises questions (which go beyond the scope of this work) on the representativeness and legacy of unions' organizations. See Priddat (2010) on *modern* trade unions as service providers.

in training-related consultation. This despite the closeness to workers and work processes and their mandate to represent workers' rights:

"I remember that the discussion in this sector (training) was not ripe (when the financing funds were created), and perhaps also now it is not, because this very important instrument was not recognized from the unions' side as a positive one. Because of not having a specific preparation on this, it was the enterprise side which played the main role in determining the plans. Companies would call us when we had to sign, not earlier (to discuss jointly)." (ID 15)

From a company's perspective and its decision-making process on training, this translates into a low or missing contribution to internal dialectics. Trade unions do not represent the partner to go to in order to discuss training arrangements, and they also do not exert a great pressure. On the contrary, due to the different preferences and the conflict among investments in job-specific, general and non-work related skills, expectations arise of a complicated rather than useful interaction. The different starting positions and agendas pursued make it difficult to have truly constructive negotiations and so not only potential collaborations are missed, the reciprocal distrust undermines the improvement of relationships on both training and other topics (see also later on work councils).

Germany shows a slightly different perspective on training and on how interactions among social partners can take place. The representative of a main German union talks about the relationship between social partners and the type of constructive conflictuality they have been able to set up:

"Trade unions have been in Germany specialists for the creation of intersections of shared interests. This does not mean that interests get synthesized or completely overlap, this is why the word "harmony" (which is sometimes used for the German industrial relations) is completely wrong. On the contrary, there are certain things where we say yes, there we can cooperate because it is for the benefit of the factor "labor." But there are also certain elements which are beyond the scope of shared interests' intersections, and they remain there, there is no cooperation, and it is ok this way." (ID 6)

This attitude of limited friction and cooperation on items which can be relevant for employees led to a more open attitude toward training and competences as one of the elements to deal with in the process of modernization of work.

"The origin of this discussion about training dates back to the 1970s, when there were the first initiatives... In those years the first jobs started to be endangered by rationalization, and people started to search for solutions which could counteract that process. Three ways were identified... outplacement, acceptance, and the third option, which back then was an emergency solutions so to say, the third solution was to train people further." (ID 7)

That in these years the two countries and the representatives of employees have taken two different positions on the continuum of cooperation-confrontation with employers on the issue training has implications for the way the topic is conceptualized and treated today.

However, also in Germany each negotiation and collective agreement is only as good as its implementation at the enterprise level.

"Of course it's a pity if a trade union starts to say, we cannot negotiate further training right now because – this is at least what they say in Germany – because to negotiate qualitative elements in the collective agreements you need extraordinarily well-trained work council representatives which are able at all to negotiate it. If you don't have them, then you can have the best collective agreement and it still does not bring anything." (ID 6)

The role that trade unions have, as representative of the employees and their right for employability, can therefore be realized in different ways. Training is not always one priority, and this impacts the interactions with companies by creating a dialectic where companies do not find often a counterpart challenging them and contributing with internal expertise on the topic. For this reason, trade unions might even reinforce the unwillingness of certain groups of employees to participate in training and prefer other types of social support.

So not only do trade unions not always support training wholeheartedly and as a priority, they might create inconsistencies and disincentives which lead to low cooperation and limited cooperation gains. In both countries analyzed, it is also a matter of a learning process in which priorities and agendas set at national level can be transferred effectively to the grassroots level in enterprises (and training providers linked to trade unions), thus filling the collective coverage with life. The position of trade unions and their interaction with companies has an impact not only on the single decisions taken and the quality of the training negotiated, but also on the expectations on future requests and interactions.

In both countries investigated, **employers' organizations** play the role of counterpart of trade unions in negotiating training and human capital investments, and in setting priorities for investments and decisions. The type of support provided to the discussion and the cooperation, and the priorities set, are therefore complementary to what was described for trade unions.

In Germany, the topic was discussed at for instance industry-level while the necessity of new competences emerged in the economy, and became again a priority during the crisis of 2009-2010. Negotiations happen in particular via collective bargaining. They represent the framework within which the agenda for training can be discussed and advanced.

"Here in our region the topic of lack of specialized workforce and the structural changes on the job has helped a lot (talking about training). Also later with the crisis, when jobs started to be cut, then everybody saw that something needed to be

done... Often the problem was not to convince the company, also others found it better to just sit back and relax. But overall the debate has had effect, yes." (ID 4)

Therefore it is not at a micro-level, but rather at a framework level that employers' associations become relevant for training investments. They give voice to the preferences and fears of their members. Exemplary is in this sense the discussion on certification in Italy. The country does not have a nationally applicable register of competences and skills certification. An employers' association representative reports that:

"Companies are afraid that if a third party certifies that I have a competence on production planning, that I then go to my supervisor and say now you give me the higher level because I am a production planner. Companies are afraid, and resistances are solely of unions' derivation. What companies are afraid of is that the certification of competences might unleash an automatic salary request. This is why certification systems in Italy have failed so far. Because there is fear of a direct correspondence with the salary level." (ID 19)

Certification might support greater transparency of skills and motivate participants (see Section 4.2). However in this case, potential cooperation benefits are prevented by expectations of requests coming from other parties. Due to a series of complex history of interactions and expectations, positions do not evolve into a more fruitful cooperation. This undermines not only this specific interaction and collective benefit, but in general the type of interactions and relationships that the two parties can have.

The role of **training providers** becomes particularly interesting from interaction perspective when looking at the type of offer they provide and at its quality, in terms of diversification and possible support to groups and competences which are difficult to reach. This support is a function among others of the type of demand for skills and training. Low request for skills does not drive demand for good training offer and for new solutions which could potentially better support marginal groups such as older or temporary workers.

Union representatives report:

"We still do not have an offer of high quality. Most training activities offered via the financing funds are centered on activities which are banal, very basic, such as safety, English classes, and so on... Often the training offer is not of good quality. This is another problem. We need to support better the match between demand and supply, and force offer to be of high quality. We have a rigid offer, where training providers know how to do IT-literacy and English, that's what they can do and that's what they do always and anyway, whereas in some cases, for certain situations, you might need a different solution... to try and connect to development policies." (ID 14)

"...as long as there is no conscious and competent request for skills there is room for the self-referential training provider, with its rigid offer... There is an anomaly

which we are recording, that it's the training providers to ask companies whether they want to do something with the levy-resources, but rather than for real necessities of the companies it's for market necessities of the providers. Come on, do this, do that – they say to the company – it does not cost you anything... but still, for this reason, there is no quality in the offer. In Italy it's a reverse world, where the main actor is the training provider and not the company, and therefore there is no selection in the offer. We still need to achieve a training proposition which is driven by a true need of companies and not by the training provider." (ID 15)

Here a testimony from a German trainer and consultant:

"I find (the discussions in companies) often too little strategic and too little need-oriented. I have a bit of budget here. Now you need to participate in something too. You have not done anything this year. Just do something. This is sometimes really so banal, probably you cannot even imagine something like this in academia. They just say very easy: we have a budget here, we need to spend it. Pick up something, go somewhere, anywhere. It's not a question of justification, it's a matter of budget." (ID 2)

This evidence suggests that training providers, as companies themselves – on the supply side of the training market – do have some decision rooms in terms of what they offer, and how good it is (see discussion on "quality uncertainty" and the "market for lemons" in Section 1.2). A standard and very basic offer does not match the requests and needs of complex economies, but reacts and uses the low demand for realizing margins and reducing the risk of innovation. This results in an unripe and unsophisticated market. This can become particularly relevant when it comes to training offer for specific groups which are difficult to reach with the regular offer. In particular migrants with language hurdles, or older, or low qualified whose last learning experience dates back a while.

"Sometimes training means simply: this is a catalogue of courses, pick something nice out of it. This is very common in Germany. Many companies work according to the shotgun (Gießkanne) method. They just spend money out, they do something with training, but not really strategically. There are of course exceptions... I need other ways. Someone whose last school experience dates back 20 years, and who had a negative learn experience there, I cannot just put him in a training initiative with someone who just came out from university. I need new ways... We need new models, being ready to move differently." (ID 1)

Many training providers are directly or indirectly linked to trade unions and employers' organizations:

"Communication is needed, strategic competencies. This (of training provision) is a process which needs to be shaped together with the trade unions... If this discourse is not going on at the meta-level, then it cannot trickle down to the training providers." (ID 6)

This section is concluded by reporting on categories which did not raise evidence during the data collection, despite being expected on theoretical basis.

Contact and coordination with **other companies** was not reported often, in none of the countries. When asked about the possibility and opportunity of working with other companies, it was replied mainly in terms of sharing resources for certain training interventions or designing of concepts, for instance at local level (see Illustration 1 in Chapter 5). Other interviewees reported that engaging with other companies on items which were particularly company-specific was not seen as an option, and therefore refused. In other cases, working with others was deemed risky because of having to discuss and give praise possible sensitive information to others.

"I tried, but the reaction (from the management) was that I should keep my role, it was not appropriate to reach out to other companies for a common project." (ID 16)

Finally, **budget** availability was not reported as a constraint for the type of companies investigated in this sample. They all had a sufficient corporate budget or due to their size had relatively easy access to training funds.

#### 4.4.2 Company-internal elements

This section presents findings along the following variables: HR managers, other management, work councils.

##### *Key findings:*

1. In large organizations, with high division of labor, the role and authority that HR managers enjoy in front of the rest of the leadership has an impact on implementing quality and innovation in training;
2. Other management plays a role in HR (even if they do not explicitly belong to that function) in that they can support or not the HR initiatives, and can take decisions which impact the employability and training of their reportees;
3. Work councils could play a crucial role, but often do not consider training and employability a priority and/or do not have the expertise to negotiate it properly, compared to the expertise that the HR management can bring to the table;
4. From the above follows that the quality of a collective bargaining agreement on training is only as good as the company-internal actors which then negotiate and sign it. An agreement is by far not a guarantee for initiatives and cooperation.

The role of the **HR director** is particularly important in the sample of companies considered due to the segmentation and division of labor in such large organizations. As pointed out in the beginning, the sample for this analysis stands for companies with highly professionalized HR departments, often divided between departments and corporate functions, and with different levels of leadership who also bears part of HR responsibility. As an intervening variable in the mechanism described above, it is therefore pertinent to describe more in detail the scope of their management and how they can intervene in the interactions and make a decision on training.

The scope of the responsibility in large organizations implies that the HR director has to deal and take decisions within a broad and complex network of actors, interactions and priorities. The processes that he or she supervises stretch along big part of the organization and have different responsible people at different moments. Main interactions are with the other management, both supervisors and from other units/functions, with the representatives of the workers and with the potential participants themselves. They are hardly in charge of the whole process; rather, they are in charge of managing those complex interactions and processes.

"There is a mismatch, mostly naïveté and a splitting out the activities so that the left hand does not know what the right hand is doing. We've invented large corporations as a way of division of labor. Companies are just big division of labor machines. This is just too complex, let's give this to other people, we atomize work. And then we forget that we all have to put it back together. As a business person you think I need people, with certain skills level, I have heard that people need to learn something, bring them up, and I see they don't know this, they need to learn that, ah ah hhhmmm they need training [imitates]. So basically the model used by a lot of business people it's they tame the problem, they make this problem simple. They don't say I have responsibility, as a master who has apprentices, I should become owner of their learning process. They rather say: Who can I give this problem to? I want this monkey off. It's a training problem, wissshhhh off it goes to them, the HR people." (ID 1)

How tasks and responsibilities are distributed and taken care of are then a function of the acceptance and room to maneuver that the HR director can enjoy with her power position in respect to others. Managers in other units, such as production, might tend to see HR as a pot from which to take services, but not as partners. This attitude has an impact on the type of programs and activities that HR can successfully implement.

"(The problem is) that the training department which takes care of these things does not have a coercing power on the production managers. The managers in the production consider the training department as a referent or a service provider, and so the HR department does the personnel management, and the mandatory training, but I am the manager who produces revenue and I tell you what you do." (ID 12)

"We (HR managers) still have of course this stigma, we are seen as those of the soft skill training. I hate the expression alone of 'soft' skills, it's so demeaning, disrespectful. Because what it wants to say is that it's 'nice-to-have' – it's nice to know if I am a psycho, but in the end it does not impact on my job performance. This is of course not true, but it takes a while to change this attitude." (ID 8)

Interviewees referred to this range of potential relationships using two images: that of the business partner "who sits at the adults' table," and that of the "secretary." This relates to the proactivity and attitude with which the manager approaches the topics and the other roles in the organization.

"We (HR managers) need to sit early at the adults' table. This happens only if I am involved in the process early from the above. This means for instance, a change is planned and it has to develop in a professional way. Then I cannot be called in the end when everything has already been set, I need to be involved early so I can raise my hand, look at it from my perspective and say have you looked at this already, at this and at this. To be able to do this I need to be involved early enough, I need to find acceptance. I need to convince personally. [...] If you look at modern enterprises, they often have in HR people who had been 20 years in sales, they were heads of units. Then also the other says: I accept you. Because you understand my problem." (ID 5)

"HR has been fighting ever since... 'they are only bureaucrats,' others are the real productive people. This idea of the HR business model for instance, it was supposed exactly to mean... HR always has to proof that it contributes to the overall value creation. It has to sit at the same level as others. If you ask me, I see it also this way. What can I be, what can I not be. I will never be the one who knows the unit better than the unit head. I don't even want to be this. But I say, I support you in your important topics." (ID 9)

"...it has to do with the fact that I know the company very well, have been here for 20 years, I have a substantial knowledge of the company of the role and of the organization. And this allows me understanding what the company really needs. ...I do training but I feel very close to the business. I have to say... when I took up this role I thought training and people development was a void role, a soft one... perhaps because I saw my predecessors doing it like that. Then I realized that the training activity is one of the more innovative and strategic within HR, I mean, if you know the company well then you know what it needs. When I started in this role, you know... The other colleagues previously in this role would receive emails from the other managers, like 'please sign Mr X up for this class on this day,' and I was thinking, what are they crazy? What am I, the secretary?" (ID 17)

The relationship among different departments and the background of the HR director have an impact on the outcomes of the decisions of training. In the cases analyzed, managers with higher authority and sovereignty were able to set forth project for relatively marginal groups or innovative approaches as opposed to managers who did not enjoy the same level of authority and the



same attitude, and who were confined to more standard activities. They were aware of the relevance that both authority and being trusted played in negotiating internally time for training, typologies of training, and being held accountable for the results.

One of the main instances of interaction for HR managers internally are the **other managers** in the company. In their leadership function, they do take up part of the HR function for their own direct reportees. The ability to develop the personnel and understand the type of development needs they have arguably belongs to the role of leadership. This also implies evaluate and coach the personnel and provide them with the next career step, enabling them further.

"We try to do this via leadership development. Which requests do we set to leadership? What must they know? Then we try via initiatives, individual programs... Clarify roles. Which role do you have as leader? Ours is a typical technical enterprise. Leading management has too little time for leading because they are still involved in the technical part. We need to create free rooms so that they can lead." (ID 5)

In large organizations thus, where HR often takes up a corporate function role, HR expertise is required also in the different leaders:

"In the end human resource is leadership responsibility. I have the responsibility of selecting personnel. In which direction we are going, with which tasks. Whom do I want to develop further. Or should we part ways? I need to ensure that the employee develops further. The real HR responsibility is in the hands of the manager, from my perspective. HR can only support. I can coach the manager, give him feedback, if he does not have the right leadership skills. But actually a bit of HR should be done by all leaders... Each of them wears a small HR hat. He has to consider compensation. I can only prepare a system. A salary structure, a benefit structure, whatever. I can give systems and structures. How to use it should be decided by the leadership." (ID 9)

In this respect, the image and priorities that leadership has is reflected in the qualification and training decisions that they take.

"Managers decide often who is sent to training and who is not, and as long as the dominant image is that with 50 years you don't learn anything new anyway, then... this is also decisive for choices in training. If they really think that someone of 50 years does not learn anything new, then they will not send this people to training." (ID 5)

Even internally thus, the "owner" of the learning and development process is a diffuse one.

Given the size of the organizations analyzed in this study, employees have some form of work representation (**work councils**). These representatives have a saying on the training and qualification agenda and a role in discussing and

negotiating employability and training measures. This is the case in Italy, where the signature of the workers representatives is mandatory to sign off plans and interventions in the Italian system with the financing funds, and similarly in the German system training plans need to be signed by the councils.

From what was displayed above under trade unions findings, a first element which impacts the type of interactions with the representatives of the workers is, on the one side, how high a priority the topic is for them, and subsequently how their expertise in negotiating these topics, for all employees, can be established.

"So what happens is... training is in the hands of the entrepreneur, of the management, the standard workers' representatives are not able to negotiate a training plan, they do not understand it, the financing funds foresee that both sides sign but the agreement often is given to the union rep who signs it off, there is no negotiation. As you must have read in the surveys, training keeps on being given to those who have higher qualifications, university degrees, also in factories. It means that nothing gets negotiated." (ID 14)

"Work councils do not think that long-term, first of all. Secondly, they don't have the potential...you know... they come from the production line. They are normal employees, they don't have a tertiary degree, nothing. So... to think in these categories, strategically, they are more operational... they look 3-5 years ahead. But even there – I say, work council, you could do more. I am happy you don't, because you could make our lives hell." (ID 4)

In some cases, training is reportedly used within negotiations to put pressure on some decisions, since both sides have to agree on the plans and sign them off.

"...if the workers representatives do not sign, well then of course they have to explain back to their members why that decision was taken..." (ID 12)

The positions of the work councils can be very diverse and support rather than not cooperation with the managerial side. Also here plays a role the overall tradition of industry relation and the personality of the workers representatives. How items are negotiated does have an impact on future interactions and creates patterns of expected behaviors in the other side:

"...sometimes there are positions and statements which are too 'clear-cut' – it's necessary that everybody participates in further training [imitates], says the workers rep. Well, I absolutely agree. But where are we going if we only stick to these statements, to these positions of principle, how do we solve this?" (ID 12)

"But I witness more and more often, and not only in our company, a certain demanding attitude. You are the company, do something. Well, you need to look at this from different perspectives. I have framework conditions that I need to comply with. I need to deliver a good performance on the stock market, otherwise I have a problem. The management of the company needs to weight out different aspects.

Of course I wish that employees are satisfied, but not at any costs – I need to reduce costs, I need to deliver a result. I have witnessed work councils which are too one-dimensional sometimes. I miss the other perspective... But I often witness a representation of employers which is too one-dimensional as well, not always, but often. This also because, it must be said, because the management is too bold and provokes a reaction. But for me it's important to look at both dimensions. Sometimes the work councils requests things where you think, man how is this going to happen." (ID 5)

"Well, in the life of a work council there are more important things (than training). For instance, respecting the legislation of the work council, working shifts, maintaining the status quo, labor conflicts, etc., all these things play a more important role. This was for a long time the most essential part... The problem is that training is not so highly seen. This starts in the commissions, a work council is elected every four years. In bigger work councils there is sort of a division of tasks, like in the federal government... the most important job is the chancellor, then you have the secretary of State, then finance, economy at some point. Training is not highly ranked within the work council... and then of course if the three most important people in the work council are not interested, then, well if you talk about it... the attitude is... I don't care." (ID 4)

Both expertise and agendas thus have an impact on the way the internal dialectics of training and employability requests unfold. The same learning process happening centrally at trade unions happens at the council level. Similar patterns apply, at micro-level, to what happens at national level: a history of cooperation creates the basis for a future of cooperation in the firm.

"You can think of this as a thematic evolution... there is a peculiar contemporaneity, some companies are still fighting the fight of the 19th century, because they don't get recognized internally. Some topics are trust topics. You tackle them much better if you have the work councils on your side. Because they bring trust capital of the employees. This is the top of modern age so to say. There are companies which are still in the 19th century, then there are many which are in the 1950s, and then there are a couple, a few, which have arrived in the contemporary age." (ID 6)

This section concludes by pointing out categories which were not as relevant as expected. In particular, interactions with potential **participants**, considered *ex ante* one of the relevant categories, did not turn out to be so relevant for deciding and strategizing on training and employability. For the sample of companies considered in our sample, interactions are mediated primarily through representatives of the potential training participants.

## 4.5 Interpretation of Findings

### 4.5.1 Introduction

Section 4.4 reconstructed findings along the categories developed in the content analysis. The section discussed actors involved in training provision and their impact on training decisions in companies; for each actor, preferences and strategies were reconstructed together with their influence on decision making. Such findings provided the empirical evidence to now answer the research question of the empirical investigation:

RQ: *Which incentives and strategies are in place, and which behavioral expectations do they create, which eventually lead to investments in employability-supporting training (or not)?*

This section is dedicated to the interpretation of findings and answers the research question. It does so by generalizing and aggregating findings, and by clarifying how actors and dynamics influence training decisions, and with which type of effect. The mechanisms mediating between incentive-setting dynamics/actors and training decisions are explained by referring to two categories from interaction theory, namely (1) incentive-compatibility between training decisions and systems analyzed, and (2) behavioral expectations raised by other actors' actions and the impact of such expectations on successive interactions.

In terms of validity scope, findings and their interpretation cover two groups of elements, that is, (a) intervening variables at both company-external and company-internal level, and (b) independent variables (primarily macro-economic variables). The variety of findings and cases analyzed allows for a distinction among enabling and less enabling elements, in particular – relevant from the perspective of the overall business-ethics question attended here – in their influence at company level.

The function and contribution of these findings and their interpretation is twofold. First, they provide the necessary insights within this investigation to develop the heuristic of dilemma structures and the responsibility demands in Chapter 5. Second, answering the above research question contributes to existing literatures on further training and adult education by adding an important discipline dimension, namely the one provided by interaction theory. The addition through this theory can help designing incentive-compatible policies which do not fall deadweight or are even counterproductive, but that take into due account the conditions under which actors decide and act.<sup>86</sup>

---

86 A primary insight from interaction theory is namely that non incentive-compatible rules and institutions are likely to be undermined, at best ignored. An addition to this is to be found in

This section of interpretation of findings is composed of three parts along the three different groups of elements mentioned above (i.e. intervening, company-external elements; intervening, company-internal elements; independent elements). The three parts corresponds each to (1) an analysis of how the structure of the market for training provision impacts training decisions, (2) an analysis of how different internal elements in the organization and its management can assist training decisions, and (3) an analysis of how training decisions are a function of overall, human capital and economic dynamics.

#### 4.5.2 Company-external elements: Structure of the market for training provision

This section analyzes the impact that market-structure elements can have on training decisions. The term "market" refers here to the whole financing and provision system considered in the empirical investigation and encompasses training-buyers (companies), training-distributors (companies, but also training funds and trade unions), and training-providers (companies selling and delivering the training). In both Germany and Italy, emphasis was then set on that part of the total amount of training which sees next to traditional buyers and sellers also bilateral institutions which collect the funds and redistribute them in the form of training bought from providers (the so-called training funds). Because of the existence of these funds, the market for training provision can be considered a *hybrid* market which includes both decentralized and centralized elements.

In concrete terms, such hybridity implies that training provision occurs partially in the form of transactions on a marketplace, and partially in the form of grants without a marketplace competition and price-discovery mechanism. The training that can be allocated through the intermediate, bilateral bodies mentioned above is in principle accessible to all employees of those companies which have paid into the funds. The budget for training investments is created *ex lege* through a levy-grant scheme. Tenders with different specifics are used to allocate training participation and to procure training providers.

Within this hybrid market, access to capital to pay for training was not reported to be an issue (see Finding 6).<sup>87</sup> The class of companies analyzed (large-

---

Section 5.4, where (corporate and) policy recommendations are suggested. The double orientation of prevention and therapy mentioned in Chapter 1 can be applied also here at empirical level: findings from this section can support both the design of new, incentive compatible rules and schemes, and the improvement of existing ones.

87 The category of financing, be it liquidity or other sources, has never been mentioned as an obstacle from the interviewees. Also other sources (Brunello & De Paola, 2004) report that financial constraints are only one possible dimension (of underinvestment).

size) usually has an allocated internal budget for training, or has started to use the training funds. In both cases, structural elements such as the size and the participation in training funds (higher for this type of enterprises compared to others) indirectly confirms that financial constraints do not play a fundamental role in making or breaking the decision to invest in training. Rather, these funds seem to create the conditions for automatically having an internal fund devoted to training, thus partially removing the internal debate on where and how to find financing for the training. The budget is independent from internal allocation (though dependent on fluctuations in number and wage of employees from which training funds draw their money).

Being removed the question of whether to spend on training, the more critical question is on whom and on which type of training to spend it. At least in these cases, the question of investment is not related to input constraints but rather to output priorities. Concerning the original matter of how the incentives and strategies work and support companies in dealing with investments, creating a fund for each company lessens the constraints on the input side, but there is no evidence that it helps on the output end of the problem. Having a budget does not remove the disincentives to not invest in the most difficult groups of employees, or to provide additional support for higher quality and more general skills. This tendency is confirmed by the expenditure distribution within the funds. Interviewees did not mention specific criteria set by the funds in selecting training participants and reported in some cases of using these funds as a good instrument for the own internal needs. The incentive-compatibility for trying out or doing additional things is arguably low.<sup>88</sup>

Evidence from the interviews (e.g., Finding 5) suggests further that availability of budget coupled with low awareness, strategic vision and expertise lead to a *supply-push* rather than demand-pull type of market. Low and low-quality

---

88 This is indirectly confirmed by ISFOL (2013, p. 121–124) which shows a break-down of employees reached through the funds. For instance: permanently employed (full-time and part-time) 88%, temporary 8%, other atypical contracts approx. 4%; 25-34 yrs: 28,2%; 35-44 yrs: 38,2%; 45-54 yrs: 22,4%; +55 yrs: 5,7%. The distribution of access to training, based on these data, does not coincide with the employment risks (and employability outlooks) of the different categories, and with the relative weights of these categories in the overall employed population. Moreover, when reading these data it has to be taken into account that, increasingly, funds are being used for income support due to the crisis and thus their effectiveness for training is unclear. Other indicators are interesting to be looked at: the topic of the "training" is in 40% of the training plans safety, with debatable impact on skills and adaptability (p. 139). Almost 50% of the employees reached participated in training which last up to 8 hours, so for rather short and specific schemes. Almost 85% of training was carried out in seminars (as opposed to other types of teaching) and 98% included only standard training, without orientation, needs analysis or other services. The traditionalism of the training offer suggests that funds only limitedly have a marginal, additional function to what overall training patterns for employees are and also confirms the observations on the rather low quality of training offer.

demand for skills does not encourage competition among training providers (see on this also Illustration 2 in Chapter 5). In other words, as long as quality is low incentive-compatibility for more sophisticated offerings is not triggered. Interviewees spoke of "an upside world" in which training providers go to companies offering training rather than the other way around. The incentive is in acquiring companies and shares in the training market, but not necessarily in providing high quality or differentiated offerings. Moreover, there are few incentives in providing new concepts and training for groups which are difficult to reach, thus reinforcing the patterns described above.<sup>89</sup>

There is another element which contributes to the low awareness and quality, and to the distribution of resources: the absence or limited presence of a counterpart (either at central or at decentralized level) which is able to negotiate on the training and to put forward requests (see Findings 1, 3). Companies do not have incentives to acquire a certain behavior in their training decisions because pressure from social partners to reach out to certain groups is on average quite low. Structural reasons for this, identified through the interviews, are historical and motivated by the still low expertise and different agendas, and in many cases the details and the expertise needed to develop a coherent training plan which satisfies needs of both sides are not available. This information asymmetry in negotiating the training (and other qualitative aspects of collective coverage) leaves an important voice and representation out of the negotiation, and does not lead to a better solution and allocation of the resources.

The absence of reported, structured interactions among companies in terms of planning and strategizing (and coordination of the two) arguably exacerbates the above-sketched trends because of behavioral expectations. Not only are there no direct incentives to train or invest in certain groups; each company has the reasonable expectation (reasonable because it is aware of the incentive situation in which other companies are) that others would not change their typical behavior. To not be left at a disadvantage compared to others, by spending the funds available on more difficult or uncertain training projects and individuals, the most rational strategy in absence of extra incentives is to keep on behaving as everybody else does (see dominant strategy and deflecting in Chapter 2). This thinking applies also to the side of the providers, where there is no reason to engage in more compelling training as long as everybody else in the market is expected not to do so as well (for an exception, see Illustration 2 in Chapter 5).

---

89 In addition to this, reportedly, the net effect brought about by the incentive of having money through the funds is in some cases that of shifting internal budget to fund budget, rather than that of using the external, fund budget for additional goals. Further research, of quantitative nature, might be able to further analyze these dynamics.

These dynamics might account for path-dependencies in training choices which would otherwise not be accounted for by financial or technical constraints. It becomes apparent how rules and institutions leave room for decisions and freedom (and in their openness can be used for different goals). Potentially good systems reinforce negative spirals and disincentives.

The incentive-setting systems for training tend to support training-as-usual without providing particular incentives for changes from the status quo. Despite the possibility to a universal inclusion, not everybody effectually has the opportunity to participate (in the market; in the training). Thinking in terms of incentive-compatibility and behavioral expectations helps create a first understanding of the empirical conditions under which companies act and of the potential (or limitation) for decision they have available. In the next section, this understanding is deepened by considering company-internal elements.

### **4.5.3 Company-internal elements: Enabling factors**

Most literature on interactions among companies and employees on human capital issues considers the company as a point, an individual actor without internal differences. A similar situation is encountered in literature on the game-theory and the organizational perspective on human capital – internal logics are not addressed. This absence is remarkable because in particular in large companies, with strong internal division of labor and segmented decision chains, not devoting enough attention to internal logics may lead to overlooking important elements.

Findings from this investigation suggest that multiple elements should be considered in a company as intervening elements on the HR and the decisions for training. This section analyzes primary elements in their function of setting positive incentives, or disincentives, to training decisions.

*Position of HR: authority and expertise.* Fieldwork carried out for this investigation suggests that different relations between HR and other management influence training decisions. The HR department, in the person of the manager who has the last word on signing or not for the training, can be in very different positions and this has an impact on the type of training and interventions which are carried out.

Whether the HR department is considered a mere service provider by the management or a fully functional unit in its own value makes a difference when it comes to training. To a certain extent, it is the difference between a proactive department, which seeks to offer solutions across different types of employees and their goals, and reactive department which follows the instructions received without much room to maneuver. This last type is more dependent on the man-



agement and the business units and less prone to suggest new solutions. It is sometimes used as sort of an administrative desk to deal with for organizational matters, but not for strategic ones.

Managers who prided themselves with being "HR business partners" showed a different and more faceted understanding of the business, either because they started in some of the core functions of the company (production, for instance), or because they spent some time learning the processes and knew how to work with them and use them. HR managers with a more limited knowledge of the work organization were less innovative and proactive in their solutions, and tended to fall back on more common models. Quality of training, how strategically organized it is, and who it reaches, are all elements which benefits from HR in a position of authority. Incentive-compatibility to pursue new avenues is lower for weaker HR managers have many more disincentives to push new solutions or to discuss with other management new training programs, and have less probability of implementing their plan.<sup>90</sup>

*HR and coordination of leadership.* The absence of coordination and expertise between the general management and leadership on one side, and the HR on the other side, can give rise to issues in determining the goal and the allocation of resources. For the leadership, the loss of a resource through training is more evident and quantifiable than for the HR, and it has to be differently justified. An HR working with other managers needs to account for these different factors. The leadership also has information about the part of people who report to it, and not of the overall needs of the workforce.

While managers might take care of the individual development of the employees, overall workforce and organizational development is a function that corporate HR cannot decentralize. Lack of coordination might be a disincentive to train outside of usual patterns, and behavioral expectations create again a potential disadvantage for those who take the risk and train differently.

Findings show that trust and cooperation opportunities with other actors involved (managers, but also work councils) play a relevant role in making training and employability support happen. This trust is built on previous exchanges and cooperations, if existing, and on the expectations of how others would behave. It is therefore dependent on the particular history of interactions and expectations which each group of actors builds up over time.

Exchanges and cooperation with unions, both at central and at collective bargaining/industry level, are much dependent on the history of these relationships. Trust and the identification of a cooperation gain in agreements and initi-

---

90 In this respect, the work of Will (2012) can be applied to this case conceptualizing the implementation of new training formats as instances of change management which create risks and resistances.

atives (such as certification, training etc.), might help towards working on these issues.

#### **4.5.4 Independent elements: Training and overall economic dynamics**

The previous two sections discussed intervening elements which impact companies in their decisions. In those cases, companies usually could interact and decide among different options, even though not all of them would be equally incentive-compatible. There are elements though which create incentives and disincentives, and are not in control of companies. Interviewees mentioned some of these elements and in this section a structuring of them is provided to complement the previous elements.

Several macro-elements can have an impact on training decisions, in particular in terms of the possible return. Following the theoretical model provided in Ederer et al. (2012), three dimensions are presented which constitute the backbone of macro-incentive systems in different countries. These three dimensions refer to endowment of human capital, its usage, and its productivity.<sup>91</sup> Through different mechanisms, they provide incentives or disincentives on the provision of human capital and training.

*Endowment.* The first dimension considers a series of elements on the availability of workforce and skills. Population, stock of degrees and competences, availability of human capital through immigration policies, and easiness of receiving training and education are all elements which impact how companies look at training and employability. This impact can happen for instance by influencing the decision whether to increase internal competences, or buying them from the market, and at which price this is possible. This can increase the willingness to train certain groups, in certain topics.

*Usage.* The second dimension helps structuring incentive structures along the idea of utilization of the existing stock and how considerable the pressure is to create or reach out to new one. Decisions to invest in training and its marginal return are a function of the situation of the labor market and of local attractiveness of the company. Tightness of labor market creates difficulties for employers to fill out jobs, thus potentially reducing the risk of poaching. High unemployment has similar effects by reducing the risk of trained employees leaving

---

91 While the model looks at dimensions contributing to GDP creation, for this section sub-indicators and dimensions relevant for impact on training and employability support were selected.

the firm (as there are not many jobs available; of course, dependent also on matching of skills).

*Productivity.* Another aspect which incentivizes rather than not the investments is the productivity of the skilled acquired. In economics, productivity is reflected in the wages pay and in the returns of skills and training. Hanushek, Schwerdt, Wiederhold, and Wössmann (2013) show in their study on PIAAC data how returns on skills strongly vary across countries. These returns are a proxy for different elements, namely how much employers value (and pay for) skills, how rare and difficult it is to create such skills, but also of how equal an economy is by redistributing returns across its population, of the unionization level and of the influence of other labor market institutions. It is not easy to disentangle the different sources of returns to skills, and it is also complex to estimate how much these skills have cost in the first place.<sup>92</sup>

#### **4.6 Preliminary Conclusions: The Role of Empirical Conditions for Responsibility**

Chapter 3 described the logical construction of this work as an abductive inference from *explanandum* (the presence/absence of investments in training and the support to employability) to *explanantes* (action- and interaction-theory elements preventing responsibility from being implemented). A first part of the analysis was carried out in this Chapter 4, corresponding to Premise 2 of the practical syllogism. The empirical analysis reconstructed in a methodologically systematic manner incentives and disincentives which might prevent companies from investing in training, and through which mechanisms this would happen. Particular emphasis was given to incentive-compatibility and behavioral expectations as heuristic categories for understanding the drivers of decision making and behaviors, and the empirical conditions under which actors behave.

This section now draws some preliminary conclusions on the role played by empirical conditions in the argument structure of this investigation and for its specific context. The section highlights how taking into account such conditions prevents a normative or empirical fallacy. These conclusions are then the starting point for informing the construction of dilemmas and the understanding of responsibility scope and limits in the next, concluding chapter.

Two elements of empirical conditions emerged from the analysis and are particularly relevant from a business-ethics perspective. The first element

---

92 Returns on training are possibly even more complex to be determined; among other reasons, because of selection bias issues and, again, labor market institutions. See for instance Görlitz (2011); Oosterbeek (2014).

emerging is the high fragmentation of the process which leads to training investments and support to employability. Each of the different interactions analyzed creates risks of exploitation, intransparency, misaligned interests, and makes the management of the training decisions more complex. This is true both externally, where a company faces different actors and institutions, but also internally, where decisions about training and personal development are shared among functions with different agendas and incentives. There is no direct action-reaction mechanism or linear structure of actors involved, but it is rather a more complex texture of interactions and interpretations where no single actor is in charge of the whole process. In absence of coordination and of clear ownership of the process, solutions for responsibility and investments in conditions are to be searched for in a context where nobody is in charge of everything. For this reason also, hierarchical one-to-one decisions would have only limited effectiveness, as showed later in Chapter 5.

A further element is that some tendencies and path-dependencies are difficult to counterbalance by (individual) actors and to do so is, in most of the cases, not incentive-compatible. Interactions within a company and its work council, within employers and unions, within companies and training providers are always embedded in a set of historical experiences which consistently shape expectations. Not only do some of these experiences do not support positive reinforcements and cooperation, in some cases they further destroy and weaken possible future instances of collective gains. Abandoning these self-reinforcing negative spirals of distrust and preventive defense is difficult, and possibly more than what it can be asked for to a single actor.

Considering the two overall features mentioned here, together with the more detailed reconstruction of empirical conditions carried out in the previous sections, is a pivotal point of the argument structure of economic ethics, and of this investigation. Ignoring or underestimating the impact of such conditions on companies' decision making would potentially lead to a normative fallacy (see Section 3.1). It would be equivalent to demanding actors to implement an absolute understanding of morality (Premise 1 in the argument structure) by directly and single-handedly acting according to requests (3), despite the presence of empirical conditions (2).

On the other hand, considering empirical conditions is needed to not fall in the opposite fallacy, namely, the empirical one. The presence of possibly adverse empirical conditions under which each actor (individual or corporate) acts cannot be a justification to release actors from potential duties. The presence of empirical conditions does not lead in fact automatically to determinism – as highlighted in the theoretical framework, due to openness of contracts and institutions, and to the contingency of futures, there is always room for decision making and thus for ethics.

The aspiration of economic ethics is to find the right balance between taking empirical conditions into account and realizing cooperation gains despite them. The paragraphs here below discuss in greater detail how empirical conditions in the form of the two groups (1) company-external elements, and (2) company-internal elements (see Section 4.5) can be taken into account for this consideration.

1. *Market-structure elements.* The market for training provision is hybrid and offers – at best – mixed incentives to its members. It seems to have difficulties in promoting innovation, quality and inclusion. Actors such as companies or HR managers are confronted with strong disincentives to train toward employability and to reach out to difficult groups. In particular, acting alone to realize a cooperation gain could put them at disadvantage (because of costs and risks) compared to other actors who decide to behave as usual. While funds are in most cases available to companies, evidence suggests that behavioral expectations lead to a reinforcement of path-dependencies and negative incentive spirals. However, the presence of strong disincentives does not imply that actors do not have room to decide and act differently. The space set for instance by training funds can be used in different ways, more or less incentive-compatible. The demands for responsible action developed in this investigation need to take these conditions into account when mediating between normative orientation and practical execution.
2. *Internal elements.* The analysis showed the relevance of internal dynamics for the decision making. An HR manager who wants to promote a certain training scheme needs to come to terms with the room to maneuver and possibilities she has within her specific organization, and with possible resistances. The conditions with which HR managers need to come to terms are complex. It would be an illegitimate request to exact from them going against such conditions irrespective of potential repercussions. Rather, a responsibility scope needs to be worked out which takes them duly into account – without either ignoring them or considering them absolute constraints. Also here ethical behavior is always possible, and there are no mechanical reactions to incentives.

All these elements have as a similar implication that it would not be possible to just request to companies "to train more," or to "train more a certain group." From the above it does not follow in fact that they had any particular incentive to do so. Why and how (without incurring in a competitiveness disadvantage compared to competitors) should they train more older employees, if trade unions are not asking it, money can be spent on other groups anyway, older employees are not always interested in further training either, and other compa-

nies are not doing it? Why and how (without incurring in a competitiveness disadvantage compared to competitors) should an HR manager explicitly support employability-supporting training when her management colleagues want concrete job-related skills to keep the employee and do not want to risk of losing the resource? Why, finally, and how (without incurring in a competitiveness disadvantage compared to competitors) should they try to reach learn-distant employees in risky positions when trade unions prefer to have them paid subsidies, training providers have little to no specific schemes for them and do not want to run the risk of incurring in unsuccessful participants by taking up some marginal problematic case?

That people can invest is one of the principles – probably one of the more important and fruitful – of economic ethics (Suchanek, 2007, p. 48). People, and actors in general, can invest (in cooperation, in conditions, in trust) and should do so to realize cooperation gains for collective benefit. *How* they can do this is the focus of Chapter 5.

## Chapter 5. *Conclusio*

### 5.1 Introduction

The previous chapter analyzed and reconstructed empirical conditions under which companies act when they take decisions and strategize on training-related matters. As showed in the preliminary conclusions, the complexity of the system and the number of actors involved leads to low-incentive compatibility and to reinforcing negative path-dependencies due to behavioral expectations. Such complexity though, still leaves room for ethical behavior. This chapter draws conclusions and requests from combining the overall ethical orientation under Premise 1 with the limitations and opportunities provided by the empirical constellations under Chapter 4.

Methodologically, these strategies for responsibility implementation represent the development of step 3 of the practical syllogism: the focal points discussed in Premise 1 are linked to the empirical conditions investigated in the empirical analysis in Premise 2. This linkage happens via the reconstruction of dilemma structure and conflicts which play out as heuristic for incentive-compatible responsible strategies. By doing this, the initial *explanandum* is linked with potential *explanantes* (construction of dilemma situations based on the reconstructed empirical conditions) and thus the abductive inference is completed.

The chapter is structured as follows: Section 5.2 conceptually reconstructs the basic dilemma linked to employability and explains why it is heuristically fruitful to design it as a prisoner's dilemma. The concept of 'commons' is then introduced as useful analogy, and the strengths and limits of this analogy are assessed. Overarching guidance for responsibly managing employability is given. Then, Section 5.3 looks closer at training as a driver of employability, and the initial question of which conditions it should be invested in, and how, is answered. Three key conditions and corresponding strategies to align interests are identified and discussed, and additional illustrative material from the empiric analysis is presented. A section (5.4) with conclusions and an overview of recommendations ends the chapter.

## 5.2 Employability

### 5.2.1 Employability dilemma: Origin and structure

Drawing on the definition of employability discussed in Chapter 1, and on the different dynamics and interactions reconstructed empirically on the topic of training, a prisoner's dilemma is reconstructed here. This dilemma situation revolves around the option of investing in employability. The reconstruction helps understand possible misalignments in the interests of the actors and the incentives not provided by the system. Thus, it helps to search for solutions to the dilemma by pointing toward possible cooperation gains, so that destructive conflicts and misplaced incentives can be overcome. This method sheds light on the reason why companies and individuals are caught in the midst of conflicts while trying to implement this concept, and where solutions are.<sup>93</sup>

The strategies of the actors can be conceptualized in the form of "conflicting and converging interests." Most literature dealing with employability and its implementation focuses on conflicts and gains between employer and employee. However, the *stone guests* who are usually not considered are the other companies and potential employers in the labor market, and the potential conflicts. Even though, as the findings show, direct interactions among companies are rare, the expectations of the behavior of others play a crucial role.

The first step in understanding potential conflicts in the employability support is to distinguish between those interests shared by all companies and those interests which are not aligned and might clash:

- There are *converging interests* among companies, in that all companies might benefit from investing and having a more skilled, autonomous and employable workforce from which to hire. This is true both for their current, individual HR needs, and for future, unpredictable hiring needs as well. A more skilled, more adaptable and more able to learn workforce

---

93 This first part of the chapter proceeds more conceptually than empirically for two reasons. First, the aim of this section is to represent only one possible type of conflict situation – i.e. the one from the perspective of the company/companies, since this is the perspective taken in this work. The presence and impact of other actors such as employees and public officers is consciously not considered, as they would not contribute to the clarification but rather add to the complexity. This reconstruction does not strive for a realistic depiction of the situation – the intent is mainly heuristic. Second, it would be imprecise to talk about "(direct) investments in employability." The support to employability – and the related conflicts – happens via investments into its different drivers (see Chapter 1), and on top of this only some of them are in control of the company (macroeconomic situation is not subject of management, for instance, but it is still a fundamental driver of employability and an empirical condition to be taken into account). This first, conceptually-driven dilemma thus helps set the frame for a more concrete and practice-related analysis of dilemma structure situations linked to training, which is handled afterwards.



(i.e. a workforce with a higher endowment in general skills) has an easier time adjusting to the changes which are likely to continue to occur in production and value creation in advanced economies. To realize these converging interests, all companies should invest and provide their share of employability to the overall labor market.<sup>94</sup>

- But there are also *conflicting interests*, in that those employers who decide to invest in employability are not sure whether others will do the same. The formers do not want to lose the investment to another company if the resource leaves. Moreover, if other companies do not invest, then the pool of employable workforce is not maintained. Costs would accrue only to those who invest, but potentially every other company would have access to it. Conflicting interests take the form of free-ride opportunities, rather than actors contributing their part.

The presence of both converging and conflicting interests and the potential for cooperation gains is best visualized with a dilemma structure rather than with a zero-sum type of game.

The dilemma structure here constructed simplifies the labor market and assumes it consists of two companies, which do not communicate and have not communicated so far. Each company has two alternatives: (1) invest in employability or (2) not invest. Such investments can take different forms: skills, health, work-life balance, personality development, information, etc. Focus is on employability through training here. By investing in employability ( $i > 0$ ), and thus cooperating with the other, company A makes itself potentially exploitable by company B because it creates a good which is usable by others. Others can use the better workforce by paying them more, but still less than what developing internally from scratch would cost (employee and new employer would share the economic rent).

The first, exploited company would be twice worse off – for having invested in the resource, and for being at a disadvantage compared to the other one which now has both the return on the investments and did not have to bear the costs for it. Besides being worse off twice for having invested and lost, if the other company has not provided its share of investment for the employability pool, in the future the number of skilled workers would diminish. Company B has the same two options.

Under the payout structure depicted in Figure 3, both companies are better off by not investing and thus not running the risk of being exploited (rather than having invested and lost). This payout structure leads to a status quo (0, 0)

---

94 While increased productivity can be an outcome of increased employability, this is not always necessarily the case (depends both of the type of employability measure and on the type of demand present), so that it is not listed here.

which fairly depicts rather common dynamics: low long-term and group-overarching investments in employability and training. Communication and coordination, and history of past interactions, are too weak to protect the single companies from the risk of being exploited by others.<sup>95</sup>

Figure 3: Employability and dilemma structure between companies

		Company B	
		$i>0$	$i=0$
Company A	$i>0$	1      1	-1     2
	$i=0$	2      -1	0      0

Source: Adapted from Suchanek (2007)

In this framework, it is clear that no appeal to a single company to support the employability of the own workforce will be successful because of missing incentive-compatibility. Chances are that other companies would not provide their part of the cooperation in fact. In the structure depicted there are disincentives against investing in employability due to the risk of being exploited by others, and there are non-aligned interests due to different interaction-theory elements. The next section discusses some of these elements and draws implications for the coordination of behaviors and the implementation of responsibility.

### 5.2.2 Employability dilemma: Coordination of behaviors and cooperation gains

The interests discussed in the previous section are converging and conflicting, but not aligned because of different interaction-theory elements.<sup>96</sup> Concepts such as hidden features and information, incentive problems and risk of exploi-

<sup>95</sup> In the construction of the dilemma structure the difference between parametric and strategic behavior becomes apparent (see also previous Footnote 40).

<sup>96</sup> Categories based on Homann and Suchanek (2005, p. 80 ff).

tation help understand some of the hold-up issues related to employability, and why neither a company alone nor an individual alone can solve it. Some categories and some possible interpretations of what these interaction-theory elements could be are exemplified here below:

- *Problems of hidden features and hidden actions.* A company is not fully informed about either the intentions of its employees, or the intentions of other companies. It can assume, based on labor market situation, policies in place, signals and history of interactions, that employees with higher employability might go to another company. Even if the risk is difficult to quantify, the fear of having to face the problem could be enough to prevent leaders from acting in this direction. Moreover, after having invested, the risk is related to other companies actively trying to hire people from company B.
- *Incentive problems/problems of missing incentive-compatibility.* In the two countries analyzed, incentives are not high enough or properly set to support investments in employability. There is next to no real incentive in investing as there is no institutional arrangement making this behavior attractive (i.e. incentive-compatible) for others as well, thus reducing the exposure that a single company might afford.
- *Exploitation of specific investments.* A company might expect that the other company hires one of the employees in which it has invested, realizing an economic rent from saving from the investment and possibly raising the wage of the employee (the incentive being the difference – as it is still higher than investing and bearing the risk itself).
- *Cooperation gains.* If companies would cooperate and thus invest in employability, a labor market with higher skilled workforce could be achieved. This gain can be realized only if actors cooperate.
- *Strategic interdependencies and reciprocal expectations of behaviors.* As showed in Chapter 4 for training and as applicable here for employability as well, the behavior of the actors is supposed to be strategic and takes into account what others might do. Given the absence of coordination and communication, there is no reason why the other actor should behave differently from the first one, i.e. would exploit the investment. The expectation of a possible exploitation is enough to prevent the cooperation and thus the gain.

Due to the exploitation risk and expectations of opportunistic behavior, beneficial investments are not undertaken, thus depriving the possibility of building up the employability capital and the resources. Investments in training and in employability are undertaken only in a group of cases, which as showed in the beginning of this work accounts to the people with already higher employabil-

ity, qualification and skills, while groups with lower employability are less bound to have access to training. Any ethical demand, or policy intervention for that matter, which aims at increasing and supporting employability needs to take into account these conflicting interests and strategic interdependencies if it wants to be successful. If everyone in the game behaves rationally, then the socially desirable cooperation gain cannot be achieved under the conditions considered.

An important implication of this reconstruction is related to the failed coordination among actors. As discussed under Chapter 2, one of the most important reasons why the prisoner's dilemma is relevant for ethics is that it shows how in some cases a single actor cannot realize the alignment of profit and moral by itself. Rather, a joint action is needed of several actors together. Thinking of employability as being subject to a dilemma structure helps to realize that the action of a single company can bear little contribution to improve the framework and thus support the investments in employability. Asking a single company to behave responsibly and invest in cooperation irrespective of risks and of the expected behaviors of others would be a normative fallacy. A single company would have no incentive to do so. (More likely, the single company would try to adjust conditions in the relationship with its own employees as long as a direct incentive-compatibility is ensured. See Section 5.3.2.a later).

Thinking of employability as a relationship between one employer and one employee (that is, *one* company investing in the employability of *its* own workforce) inevitably creates those tensions and conflicts that prevent responsible investments. Such tensions are to a certain extent intrinsic in the idea itself of employability though. Employability contains a reference to a future (and thus unsure) relationship in a job, for a potentially different employer or in a potentially different job – this being exactly the point of the whole concept. This reference to the future and to the exterior of the set up in which the investment should take place breaks the possibility of direct incentive-compatibility (of direct, fast, clear returns) and thus willingness to invest which could support companies. Employability projects the return in the future, and possibly for someone else, in a form not linked to productivity in a traditional fashion, but rather to adaptability.

For these reasons, rather than at the level of *psychological* contract between one employer and its workforce, a successful coordination of behaviors which support employability should be placed at the level of *social* contract, i.e. involving companies in a collective relationship with workforce at large. The realization of such social contract also has to be incentive-compatible.<sup>97</sup>

---

97 Social contract is considered here an equivalent of shared understanding, in this case of shared understanding of the game in the labor market.

In this case, if employability is a "good" or a "capital" to be preserved, then it proves useful to reconsider the presence of conflicts on the investors' side, i.e. on the employers' side. Conversely, the question arises of whether and how different conditions for the framework can support the creation and increase of this good. In other words – it could be useful to rethink the terms of the social contract not in their focal point (which was briefly discussed under Premise 1 in Chapter 3), but rather in the implementation to reduce some of the hold-ups and the untapped cooperation gains. To this question is dedicated the next section.

### 5.2.3 Employability as commons? Strengths and limits of an analogy

As showed under Chapter 2, and discussed in the previous subsection, conflicts are not *per se* to be avoided. In case cooperation is better than competition for social/collective purposes (because of the presence of a socially undesirable dilemma structure), the concept of commons (*Gemeingut*) and corresponding institutional arrangements for its preservation can be used (Hardin, 1968; Homann & Suchanek, 2005). The idea of employability as a commons is developed here – not as much as a representation of reality, but as functional to looking later at responsibility and the support of interaction conditions.

A commons can be defined as a "resource or a capital to which several actors have access, and whose usage is competitive" (Homann & Suchanek, 2005, p. 120). The resource is shared, or used as a common pool of resource, and has the potential to create returns in the long run. However, this usage can be realized if the resource is not overused and if it is continuously replenished and maintained. Examples are seas and rivers, land, quality of atmosphere.<sup>98</sup>

A commons is also characterized by the presence of several potential elements of dilemma structures. A first one can lead to overusage, since each actor and user will behave according to the dominant strategy of using as much as possible before someone else does. Since everyone behaves this way, it can come very fast to an overusage of the resource. A second element of conflict is then that the resource needs to be taken care of (*gepflegt*), to allow replenishing and to prevent it from disappearing. Also in this dimension there is potential free-ride/moral hazard since the costs of replenishing would accrue to those actors who look after it, but the positive externality to everyone.<sup>99</sup>

Employability has similar features to the commons just described. Actors tend to be willing to use the skills and adaptability of individuals already available in the labor market as market conditions change. When new skills become

---

98 To a certain extent, also trust and institutions can be considered commons.

99 Known as the "tragedy of the commons." See Hardin (1968).

necessary, actors might be searching for cheaper options than producing internally and short-term the competences required. At the same time, the investment in employability represents from the rational perspective of a single actor a rather uninteresting deal, given the possibility of free-riding of others and risk that the resource will go to another company. There are few incentives for investing in the preservation of the commons resource.

Thinking about employability as commons helps understanding its character as a shared good, and also of good which works and functions only as long as enough actors contribute to it. Similarly to a network, it gathers strength from having enough members which contribute to it and do not free-ride. From the prisoner's dilemma above it follows that if most companies defect, they will keep on using skills and capital provided by others when hiring, but will not replenish it in the same measure – especially if people are locked in due to firm-specificity of skills. Or, they will keep on hiring comparably low skilled people, keeping the overall level of productivity low.<sup>100</sup>

There are however also some differences compared to commons like the ones mentioned above. The most relevant concerns the fact that skills and employability are inevitably linked to the individual possessing them. As banal as this may seem, this has profound implications on the possibility to (perfectly) trade and transfer human capital and renders the application of property rights – one possible institutional device to commons problem – rather useless.<sup>101</sup> While other goods can be preserved by implementing a reasonable system of property rights with limits and sanctions on how much the good can be used (and so on how much it should be preserved), this is not possible for human capital.<sup>102</sup>

Another limit in the analogy is that, as discussed under Chapter 1, companies are only one actor (even though an important one) in the system which can increase or diminish employability. Individuals also play an important role, as

---

100 This is admittedly a rather extreme scenario in practice, since certain groups of individuals also invest themselves in employability. See later in this section. The scenario is useful conceptually though.

101 Human capital cannot be separated from individuals and be deployed somewhere else, as other types of capitals (for instance physical or financial capital) allow. For this reason, human capital cannot be "sold" or "kept" against the will of the individuals endowed with it.

102 In practice, contractual arrangements between employer and employee exist (for instance, payback arrangements). Such contracts are used, with varying frequency across countries, especially in cases of higher education and qualifications, mainly for rather longer and expensive training. However, contractual arrangements (formal or informal) *among* companies on not trading human capital, in terms of not hiring from each other, are considered illegal in most countries in the framework of antitrust legislation. Such a case in the Silicon Valley, US, made it into the headlines in early 2014. Allegedly, tech corporates had informal agreements of non-actively hiring from each other. This spurred a wave of indignation (and a class action) because such non-hiring agreements have potentially the effect of reducing the scope of wage negotiations, and thus wage increases. This is a type of cooperation among companies which is (illegal) and detrimental to trust and competition frameworks.

do macroeconomic conditions independent from companies and organizations. The overall level of employability of a workforce, if it could be measured, would be a function of several elements and not only of what companies do with them. So the commons administration would have to take into account more elements than just what companies do (and become correspondingly complex and costly).

Thinking in terms of commons and of a common pool of resources does not only clarify the incentive structure and the fundamental dilemma existing, but also informs the design of potential arrangements to overcome this issue in the 'production' of employability. The next section analyzes some elements of how the social contract could be structured to support investments in employability, coordinating actors and their expectations.

#### 5.2.4 Improved status quo through distribution of competition and cooperation

The concepts of social contract and commons previously introduced can be further specified considering the idea of socially desirable conflicts and cooperation. These elements can add to the structure of the social contract and support the discussion, in the next part of the chapter, of the conditions into which companies can invest as part of their responsibility.<sup>103</sup>

A way to reduce the impasse on the employability policies and investments could be the rethinking of which conflicts are productive and should be kept, and which conflicts are destructive and their framework of origin should be rethought. This is related to the balance of competition and cooperation. As showed in the theoretical framework chapter, conflicts are not undesirable *per se*. However, there is a distinction on when they are to be supported (*Leistungswettbewerb* – competition) and when they are to be solved (because prevent from collective gain). Is the conflict productive, or destructive? As showed under Chapter 2, the conflict is defined as between two actors on the same side of the (labor) market.

The question of competition versus cooperation can also be framed in terms of: where do we (society) want to have prisoner's dilemmas happening

---

103 The natural institutional arrangement to align strategies in the case of prisoner's dilemma is a collective action to change the framework (the rules of the game) and leave the suboptimal status. This requires cooperation. The idea of collective commitment – which will be relevant in the next section – is not applied here yet, because it is very difficult to design such a functional system in case of employability at this abstract level, as it would create a normative fallacy. Cooperation is considered as the orientation toward which companies can act and within which more concrete initiatives can be taken – such as those discussed in the next section, with reference to training.

and where not? Positive and fruitful competition can be conceptualized as a game with positive externalities and which benefits the consumer and society. In some cases however, this competition might not bear fruits because of the type of good that has to be produced – as it was the case for employability. The conflict on employability in its current form is destructive, because it prevents companies from investing and improving workforce and its potential.<sup>104</sup>

In the prisoner's dilemma of Figure 3 – and, arguably, in practice – there is socially undesirable competition in trying to use employability (without wanting to produce it, which leads to low investments. *The prisoner's dilemma exists and is not solved*). And there are possibly (not frequently though) instances of socially undesirable cooperation in retaining it (for instance through non-legal non-hiring agreements. *The prisoner's dilemma is solved through a cooperation which damages third parties*).

The balance of cooperation and competition could be rethought in the following way to support investments. Cooperation does not mean concretely to cooperate on creating employability, or training and developing activities together. It means to act as if everyone else would do this since the strength of the labor market proceeds in terms of employability from the aggregation of the single individual actions. Trust or systems of rules could support this ambition on the generation/production side of employability– be it related to skills and training, as in our case, or also to other elements such as health, work-life balance, etc.<sup>105</sup>

While the production of employability in a cooperation (trustworthy) modulus helps raising it for a collective benefit, it is still functional on the other side

---

104 The structure of the conflict is also related to the fact that the conflict (and the possibility for a superior collective benefit) is usually not seen on the same side of the market (two companies working to support employability in the labor market they also source from), but rather on two different sides of the market, so that the conflict is created between the employer and its employee (see again benefits and threats on the two sides, Chapter 1). Again, psychological versus social contract. Moreover, since every instance of conflict sets the basis for future interactions and decisions, dilemmas such the one displayed above have an inherent tendency to decrease the availability of engaging in cooperation in future instances. Good examples are not given and companies and managers involved keep on pursuing strictly rational behavior by looking at the immediate intended effects (diminish risk, prevent employees leaving, etc.), but do not take into account the unintended effects that the aggregated actions bring about – diminishing the likelihood of cooperation and of employability, perpetuation of non-investments in key areas of personnel and organizational development as defensive move to exploitation, and so on.

105 It is argued from the perspective of economic ethics that a negative heuristic is better than a positive one – refraining from destroying employability and removing obstacles and path-dependencies is more advisable (not to fall in a normative fallacy) than actively trying to support employability against empirical conditions. Cooperation could mean to reduce the loss of employability due to health and very specific skills, and try to remove obstacles toward more investments and support.



of the market that competition is enforced in a fine balance of retention and turnover. Even if cooperation helps supporting more investments on the supply side, each company is under strong incentives to keep the resource it has contributed to. While as showed earlier property rights are categorically difficult to apply to human capital, and contractual arrangements only among companies are not allowed, other initiatives and orientations can be pursued. Although it is not possible (nor always desirable) to prevent people from going to other companies, it is possible to increase at least for a while the interest in the current companies and use the investment for supporting the own, company-specific labor market.

To retain the investment, "retention policies" can be discussed – make the vacancies so interesting and the labor conditions such that people would want to remain in the organization, but possibly with other roles and tasks. This scenario would result in having socially desirable cooperation when investing, and socially desirable competition when trying to keep the investment. One interviewee, asked on how to deal with employability and related risks, thus replied:

"We deal with this in a very open way. We talk about internal and external employability. Of course we do want that our employees proceed and progress on their career paths, and if he is not here anymore, then at a partner company, or a big customer, it's still better than when people leave for a competitor. But this also does happen. And of course we are aware of the fact that if someone leaves for the competition, then the investment in development also leaves. The return in this case is not only not given, but it's lost twice, because what you gave out will be used against you via competition. In this sense retention is a correspondingly important topic. How to keep employees in the company.

But it will not happen that we do not develop them because we do not want them to go later. We rather want to support employability, of course with the intention to support internal employability. What I want to say is that the training offer is organized in such a way that we do not provide only company-specific knowledge, but also knowledge which is applicable in general, and that brings to people attractive vacancies. Whether they will use it internally or externally it's another question. Then there are efforts to raise retention. But we are not prejudicial. We support employees in their complete professional spectrum. Not as holistically as we used to do some years ago, but still in his complete professional spectrum." (ID 8)

The higher collective benefit is achieved not by restricting hiring, but by ensuring that both (all) companies invest and improve workforce, and then "fight" to keep the resources.<sup>106</sup>

---

106 There are in the literature clues that indicate a thinking in this direction. Müller-Christ (2001) develops a paradigm for ecologic management ('eco' as in: *oikos*, household) – managing to preserve the resources. He applies his framework also to the idea of personal management considering labor market a pool of resources similar to natural resources.

At this first level, the conditions in which companies should invest relate to the overall organization of competition in the labor market, with a shift toward more cooperation to increase investments, and more competition to retain them. Since employability is a still abstract concept with many different drivers and actors, no implementation indications are given yet. The goal of this section was to work out conceptually the fundamental conflicts and strategies. Framing as a prisoner's dilemma shows that one single company will rationally not invest; a new social contract should thus be the framework, in which employability is treated as a commons. With this heuristic, realization of cooperation gains could occur by supporting a better balance of socially desirable cooperation and competition. Figure 4 below summarizes the observations of this section.

Figure 4: Overview of conceptual findings: distribution of cooperation and competition

<b>Employability and psychological contract:</b> between employer and employee	<b>Employability and social contract:</b> among companies
<b>Status quo</b>	<b>Improved status quo</b>
<ul style="list-style-type: none"> <li>• Socially <i>undesirable competition</i> (on the production side of employability, leading to low investments because of the commons elements)</li> </ul>	<ul style="list-style-type: none"> <li>• Socially <i>desirable cooperation</i> (companies manage and invest in the pool of employability as if everybody would do the same)</li> </ul>
<ul style="list-style-type: none"> <li>• Socially <i>undesirable cooperation</i> (in some cases, if companies agree on not hiring from each other)</li> </ul>	<ul style="list-style-type: none"> <li>• Socially <i>desirable competition</i> (for instance in the form of retention policies and increased internal employability)</li> </ul>

Source: Author's elaboration

Responsible action could help realize the improved social contract, i.e. the improved status quo, and its potential cooperation gains. The next part of the chapter thus looks, in a more concrete way, at responsibility and at conditions useful for the enforcement of a social contract in which employability is treated as a commons and training is supported for different groups.

## 5.3 Training

### 5.3.1 Introduction

The previous section of this chapter analyzed how coordination issues can account for some of the difficulties enterprises have in supporting employability, if employability is conceptualized as a one-to-one relationship between employer and employee (as basis of a psychological contract). From an interaction-theory perspective such difficulties are related to strategic interdependencies and behavioral expectations created among employers and between employers and employees. New insights can be gained by conceptualizing employability as a "commons" and thus stressing investment and cooperation elements. Rethinking the frame and distribution of cooperation and competition can lead to additional, socially desirable cooperation gains.

The implementation of employability relies on a bundle of different enabling factors and some of these elements are directly steerable by companies. The previous section was dedicated to employability and to a more conceptual assessment of how cooperation gains can be realized; in this section, the focus is on training and some incentive-compatible strategies to support it in the framework of a "responsible" enterprise action. In particular, this section looks at which conditions can support the idea of social contract and commons developed earlier (and summarized in Figure 4 as "improved status quo").

The empirical investigation identified several types of interactions, among different actors and on different topics: interactions between company and training providers, between company and work council, between companies and trade unions, with the existing policy framework and macroeconomic situation, with the situation in the labor market; on temporary workers, on certification, on schemes for particular groups. Each of these interactions has different outcomes in the final investment decision: in some cases an agreement can be reached, in other cases incentives and disincentives are set in such a way that companies cannot overcome obstacles. In other cases, not only a cooperation gain is not achieved – conditions for future interactions are harmed.

How can responsibility be identified based on focal points and empirical conditions, i.e. on Premises 1 and 2 of the syllogism? From the perspective of economic ethics, asking about responsibility means asking about investment into the conditions which support cooperation for a mutual advantage which does not put third parties at disadvantage. It means applying the heuristic of prisoner's dilemma and of conflicts and incentives to understand the structure of the situation analyzed, and to search for spaces of investment and cooperation gains while preserving incentive-compatibility and freedom of actors to ensure

implementability. The previous part of the chapter (on employability) identified an overall framework. Now, more concrete guidance is provided.

In Chapter 2, possible strategies of investments were mentioned. All such strategies refer to aligning different interests in a way which is incentive-compatible for the actors involved and which supports the usage and preservation of conditions for mutual advantage. Such investments usually take the form of restricting alternatives and freedom in the short-run, knowing that this voluntary restriction will result in a broadening of alternatives in subsequent interactions. Examples of strategies are institutional arrangements such as self-bindings, but also investments into product, productivity, location, reputation and relations can help expanding alternatives and support incentive-compatible responsible choices (Suchanek, 2007, p. 137 ff.).

For the context "training," three main ways to align interests in conflict situations are reconstructed in this Section 5.3, drawing from the different types of interactions and incentive issues identified in the empirical part. The three strategies analyzed are (1) investment in the "products" labor and training, in the form of employer branding; (2) investment in relations (with particular attention to trade unions and other companies), in the form of an individual self-binding; (3) investment in conditions of competition, in the form of collective self-binding, both on the demand side (companies buying training) and on the supply side (companies providing training). The first one has a more limited effectiveness and lower ethical relevance and is briefly discussed under 5.3.2.a. The other two strategies, which correspond to the idea of investing in conditions for mutual advantage and have a heavier ethical load, are more elaborately discussed under 5.3.2.b. and 5.3.2.c, and are presented each with an illustration from the practice.

### **5.3.2 Exemplary strategies of responsible action: Potential and limits**

#### *1. Investment in the "products" labor and training through employer branding*

The strategy of investing in product characteristics can be a way to align interests in case of conflicts (raised for instance by public opinion or consumers' associations). For example, a company can develop a product which fulfills certain sustainability or production criteria; incentive-compatibility of these initiatives is possible through reputation and image gains; brand activation; a premium paid by customers on the market; a first-mover pressure exerted on other producers to respect similar criteria (and thus spread the costs of adaptation to the new standard and make it competition-neutral; Suchanek, 2007, p. 137).

The charm of a direct competition strategy is that from a Golden Rule perspective it is rather straightforward and low-risk: it is incentive-compatible, it aligns moral requests and market-conformed behavior, it supports the license to operate and increases reputation and image eliminating the possibility of free-riding (reputation gains accrue only to the enterprise implementing the strategy, i.e. selling the product). Through this strategy companies can bring to market new features, new products, new and improved services, and reconcile with the expectations of customers.

In the case of employability and training, the market of reference is the labor market and the products offered from companies are "jobs" and "employment" at different quality degrees and with different features.<sup>107</sup> Examples of how this strategy can play out are initiatives where companies advertise the role of employer with the learning and training possibilities offered, and with other employability-supporting actions such as health management, work-life balance and learning and development. In other cases, different but similar to this type of strategy, companies decide to target the employment of particular groups of employees, for instance disabled people or older people with a particular occupation.<sup>108</sup>

Investing in training (the final product) can be interpreted as a benefit associated to the job. A good training offer, personnel development and similar initiatives for the own employees can be of interest for the single employee, if part of that group; and also of other employees, who recognize the company for its engagement and offering. Employer branding thus becomes employee binding. There is a potential gain tapped by investing in the alignment of moral and profit which might result in increased training and access.

The opportunity of pursuing this avenue depends on a series of factors which can be considered in costs and benefits categories to gauge incentive-compatibility. Costs are driven by setting up the initiative and promoting it; setting up systems for training and employing certain groups of employees; opportunity-costs of not employing or training other workforce. Benefits result in reputational gains; possibly stronger motivation and stronger binding to the company, thus lowering turnover and associated transaction costs. Reputational gains accrue only to the company and it can receive publicity also for other transactions, not necessarily related to the labor market. Offering employment and training to specific groups translates into gaining image and branding as a benefit, closeness to a particular pool of people which values these initiatives

---

107 Incidentally, this shows that the concept "employability" is not linked only to training and personal development strategies, but is included in a more complex and broad texture of markets and dynamics, which range from skills and competences to hiring procedures, retention policies, employer positioning and similar.

108 See for instance the German company AfB Group GmbH, which employs in the IT sector people with disability.

(leading in some cases to the creation of a true "social enterprise" label), motivation and low turnover. These are all elements which can possibly support the license to operate of the enterprise.

Some considerations can be made on this type of strategy. First, on the demand side, it assumes that certain groups are interested in this offer and will be attracted by it. On the supply side, it assumes that the company is in the condition to offer this training and manage its consequences, among which the need to support the organization in changing structures to for instance having +60 engineers doing knowledge transfer with younger people, having an organization able to deal with disabled people in an appropriate manner, and similar. While the possibility of the alignment of moral and market is in principle there, most companies will have to come to terms with empirical conditions (organizational, macroeconomic) when evaluating whether this strategy makes sense. Moreover, this helps only limitedly in the attempt to reach groups of employees which are traditionally further from training and education, because they will have an intrinsically low preference for this type of offering, and the branding will not reach them. The success of the strategy is inherently dependent on the existing interest in the labor market for such elements and brands. It is reactive to existing awareness and conditions, but does not contribute to eliminating existing obstacles.

For this reason, from an ethical perspective this strategy does not impact on a fundamental level the conditions of cooperation or competition. Rather, by offering the product to those who already value it, it might reinforce selection and access bias, because it pays more attention to those groups who are already interested in training and employability. It is also questionable whether it creates any pressure on other labor market actors because given the differences in the type of workforce needed other companies might just not need to tap in the same type of human resources and be incentivized to invest further. This strategy works as long as there is a direct demand and appreciation for training; it does not specifically address a conflict situation, but rather a generic request possibly moved by some groups of showing awareness and attention for this topic.

As a consequence of this, given that the strategy is played out mainly between one company and its own actual or potential workforce, it limitedly supports cooperation gains and does little to support coordination of action among companies and thus to remove those interaction difficulties which are displayed under Section 5.2 and which constitute from interaction-theoretical perspective the real issue in the support of employability and training. By deploying responsibility on a one-to-one dimension it does not remove the interaction problems existing among companies. This strategy supports the psychological contract, but not the social one.

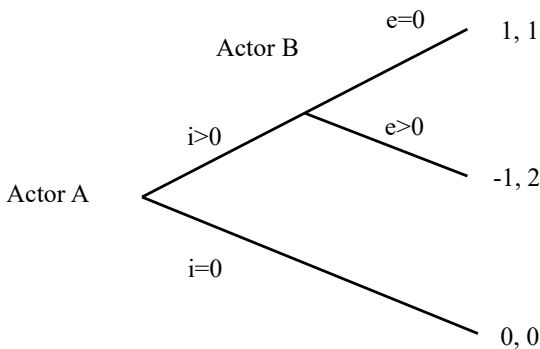
All strategies for responsibility which link product attributes and incentive suffer from similar limitations – not addressing the underlying coordination problem and the interactions among actors. In the next sections, two strategies which have a potentially higher impact are considered.

## 2. Investing in relations through individual self-binding

This section analyzes the possibility of investing in relations as a way to implement responsible behavior in an incentive-compatible manner. The investment in relations can take place via an individual self-binding.

The type of dilemma structure considered here, which is slightly different from the prisoner's dilemma and is visualized in figure 5, is the asymmetrical or one-sided type of dilemma.<sup>109</sup> In this game the structure of the strategies and of the incentives is such that one of the players has good reasons to believe that the other one will exploit the investment; where the second actor (differently from the prisoner's dilemma) can exploit, but cannot be exploited. The dilemma is called asymmetrical because the two actors are in different and unbalanced positions: the exploitable actor needs to pre-invest and to trust/expect that the other will do the same, if cooperation gains are to be tapped. The collective benefit in fact can be seized only if the second actor invests and does not exploit the pre-investment of the first one.

Figure 5: Asymmetrical dilemma structure



Source: Adapted from Suchanek (2007)

<sup>109</sup> See also Section 2.3.3 and the form of the "trust game."

The first actor is exposed to the possibility of being exploited, and could decide not to invest at all (in Figure 5, 'i' corresponds to invest, and 'e' to exploit). To solve this situation, the second actor could act and invest in behaviors which signal that it will not exploit but rather will honor the investment done by the first one and thus will help reaching the cooperation gain. Similarly to the prisoner's dilemma, also in this situation investments in the conditions for cooperation could help actors achieve the final cooperation gain. Differently from the prisoner's dilemma though, in this case the dilemma can be solved by one person alone under improved payout structure.

A way to solve this situation is an arrangement called *individual self-binding*: the second actor (who has the two alternatives of cooperating or defecting) shows in a credible way through formal and informal arrangements that it will not exploit the potential, easy gain offered by the other. By doing so, it invites the first actor to pre-invest to then honor the investment done and realize the cooperation gain. Investments into these arrangements represent the conditions to achieve the gain.

In the context of training and training investments, this dilemma structure exemplifies a series of cases where companies, for different reasons, have intrinsically more information and power than the partners they work with. Fundamental partners in these instances are trade unions' representatives and work councils (see findings in Chapter 4): in both countries analyzed employers and employees are brought together through institutional arrangements at firm-level to work on the training and competences.<sup>110</sup> The overall institution though is extremely open to the implementation in the single enterprises, and depends on the individuals and their understanding of this initiative. In general, in both countries trade union organizations recognize that training and competences are not top priority and are not fields where representatives are particularly well trained themselves – be it because in large organizations other topics are more conflict-loaded and take priority, be it because this topic is still rather new and requires learning on the trade union side. On average, work council representatives also have lower qualifications and skills than their managerial counterpart. Employers' side has had a longer history of dealing with human resources. Findings showed the fact that the allocation of budget does not reach difficult groups, even when work councils are included in the negotiations. This can suggest that the parties involved have different abilities in setting through their agendas.

---

110 In Germany, further training programs are *mitbestimmungspflichtig*, that is, approval of the work council is needed. In Italy, the training plans need to be signed by both parties to receive financing.



An asymmetrical dilemma structure can be constructed considering representatives of the workforce as the first actor in the diagram, the one that has to pre-invest if the cooperation gain is to be reached. The management represents the second actor, the one that after the investment can – or does not want to – exploit the investment done by the other. In the two countries considered both management and trade unions/workforce need to sign to the training investment, making it a good case of converging and conflicting interests: the first actor takes the alternative of investing (it cannot do differently), and the second one has the two options of behaving opportunistically or not.<sup>111</sup>

When trade union representatives sign an agreement or a plan for training, details include the goal of the training, the participants, the format, the costs. In many cases the company is in a position of force: it knows better how to organize these projects, training plans, and the required financing. In general, the way the company can exploit the investment (i.e. the agreement to a certain scheme) is by not considering the whole workforce, ignoring older workers, production, by considering normal certification and very specific training as an employability-raising training and similar. They have intrinsically more information, and the pressure from social partners is low. This can create tensions in the definition of the details: participation reserved to certain groups, rent productivity gains which are not shared, detachment between the two parties and feeling of distrust which are not conducive for cooperation.

At stake, as a potential cooperation gain to be realized in this game, is not only the single agreement on training and its details, but also and most importantly the trust among the partners and the opportunity of working together on issues. Both sides could strive for a partnership where relevant items are discussed and the weak position is not systematically exploited. Individual self-binding could mean in this case, from the perspective of a company, that the management will not exploit its power position – even if it could. By doing so, it would support the social capital and the relations in the organization. Companies' responsibility in this case would be to not exploit the situational advantage,<sup>112</sup> but rather to search for solutions and create a climate where both partners can bring in the type of knowledge they have. By doing so, also com-

---

111 As representatives of organizations that need to be accountable to their members, both do have an interest that an agreement is achieved. Otherwise, one side or the other would have to explain internally why the investment was not done. In this case thus, it is not a matter of whether the investment is done, but rather what is its quality, under which conditions was it done, how it takes into account the contribution of both sides and how it contributes to future negotiation instances. Because of its characteristics, the fact that there is "training" written *on* an agreement does not mean that there is training *in* the agreement. See also Illustration 2 later in the chapter.

112 See Suchanek on trust in Section 2.3.3.

panies can benefit from the better relations, for instance in the form of reduced internal conflicts and higher motivation.

Going back to the issues displayed in the previous section on employability, the investments in relations – be they with trade unions partners, or other companies as discussed below, or other institutional representatives – helps to increase the cooperation and trust within the system. In terms of the issues outlined under Chapter 1, this can reflect both in increased trust in the system and in direct support to problems related to path dependencies and restricted access. In terms of Golden Rule, this strategy is an investment in conditions and is incentive-compatible, because supports the realization of cooperation gains, interaction after interaction.

A similar asymmetrical structure can be found in relations between companies and training providers. The company might not be precisely knowledgeable about the content or effectiveness of the training (because of quality uncertainty), and the training provider might not provide all the relevant information for a proper assessment. The training provider could exploit situationally the better position it is in, as the company does not have many viable alternatives other than trusting the offer of the trainer (or trainers in general). This is true in particular in companies with low expertise and low experience in organizing training. By deciding to exploit the trust given (and, for instance, to underdeliver on what promised or contractually agreed upon, or otherwise *expected*), the training provider is preventing cooperation gains in the form of a proper service and of a proper customer satisfaction, in the form of proper training and effectiveness delivered, and in the form of possible future gains through enhanced reputation. As showed also later in Illustration 2, the effect of such situational exploitations of trust is the reduced reputation of the sector and the rather low-value market it has created.

Finally, exploitation and thus destruction of trust and undermining of cooperation and relations is possible also when several companies work together on a certain issue. The following illustration displays a real case of how a company can pursue a self-binding strategy and support conditions for cooperation. In this case, actors involved are a company and other companies in its supply chain. The first company achieves several cooperation gains by not exploiting the other companies, but by signaling to be a reliable partner.

### **Illustration 1 | Gucci and the support of a joint training program**

#### *Enterprise profile*

Gucci was founded in 1921 in Florence, Italy, and is today part of the French group Kering with approx. USD 4.7 bn revenues reached in 2014. The company is active (production and distribution) in different luxury fashion segments – prêt-à-porter, leather handbags and luggage, accessories and jewelry. Production takes place in Italy as Gucci as of today has not delocalized the manufacturing part of the business.

In terms of structure, production is organized around different "industrial operations" located mainly in Tuscany, Marche and other central Italian areas. In total, there are three leather goods factories, four shoe factories, four tanneries, two jewelry companies. The production chain is composed of main clusters in a complex system of first and second order suppliers, some of them have almost a partner status. Up until the early 2000s many suppliers had an exclusivity relationship with the *maison*, exclusivity which got progressively loosened until the point today where most of the suppliers have high degrees of autonomy and supply different customers.

#### *Cross-company training projects: Origin and development*

Changes in the profile of the organization and its strategy required changes in the type of profiles and skills required – not only in the company itself, but also in the supply chain. Around 2005 the group was getting a more and more international profile and needed to improve processes and technologies. In the chain most of the actors have an origin in craftsmanship and had never an idea of "process" the way Gucci, due to the size and exposure, had and needed.

To raise the overall skills and competences level in the chain, Gucci took the lead in 2005 and promoted several cross-company projects in the region. Here key data on three main projects:

1. 2005, Training Fashion project: 80 enterprises, 990 hours of training, 315 participants.
2. 2011, Chain Value project (*filiera valore*): 42 enterprises, 3,150 hours of training, 640 participants.
3. 2012, Chain Value project (*filiera valore*): 63 enterprises, 3,150 hours of training, 236 participants.

All projects were financed through a national training fund. Main topics developed during the training courses were production processes and

production efficiency, lean management and production, cost-controlling, access to credit and financing, communication and conflict management. Main goal of the training activity was to align the development of the chain with the overall global development of Gucci, and provide innovative inputs to the suppliers.

Nicoletta Benigni, Learning and Development Manager, explains how the project came about:

"In my function I have been in charge of developing human resources both in our company and in the chain at large. This is because of a long-lasting philosophy that we have here of integrating not only in the production, but also in the development. We pay attention to the region and the location, to the development of the suppliers and their expertise.

When working on these topics however, I cannot do everything by myself. For the cross-company projects, we have several technical directors from the different businesses who got involved. We won the bet of these projects by raising awareness also internally, by committing ourselves and involving other people. Because in the end... if the chain is an asset – and it is an asset for us, we have never delocalized – then if it's an asset we need to invest in it and maintain it."

Next to involving business partners internally, the challenge was to involve other companies in the chain. Many of these had a craftsmanship origin – strongly involved in the production, close to the working desk, and not used to participating in classes and learning. In many cases, the owners of these small companies did not have a high opinion of training and considered it more a holiday, a "break from production."

This was achieved first of all involving the technical directors as *trait d'union*, as trusted partners of the suppliers, with whom they had a close relation. The technical directors acted in this case as sort of "ambassadors" and facilitators, showing the benefits of the project to the possible participants, and reducing their doubts and worries. The direct contacts relied on the technical colleagues to understand the needs and wishes of the suppliers. Over time, thanks to the involvement of these technical experts, the other companies were able to understand the potential benefit from participating in the initiative, they understood that a process was needed to improve and stay competitive, and that they could see in Gucci a reliable partner for this.

The training projects focused on delivering skills to improve processes and make the owners and employers of the suppliers internationally more competitive. However, relevant were also the indirect effects of the projects: in particular, reflecting on the own processes and structures and creating bonds with other actors which could and would be leveraged later on.

"I took part in all projects, I sat there with these people, so I had the opportunity to see how they would react. In the beginning, there was a certain skepticism, but as time went by people started to notice differences and changes, and first of all they started to talk and exchange with other people. These people had never had a chance to discuss with others, with suppliers from different sectors for instance. Despite being in different product areas, there were elements and opinions which could be shared and from which they could benefit and learn.

One thing that surprised me a lot was the development of networks, of consortia. From the discussions and exchange moments other initiatives were founded, which also now some years later are in place and are important for the region. We are proud of having contributed to this development."

Gucci used the funding available through the Italian training fund system to promote a project which went beyond the boundaries of the own enterprise and involved a sizeable number of enterprises in the supply chain. By doing so, Gucci was able to remove some of the obstacles which were holding the other companies back from investing and participating in training, thus taking up a position of responsible leadership.

#### *Theoretical relevance and implications*

The original situation of the chain is characterized by elements which can limit investments in training. The fragmentation of the industrial texture and the craft-production orientation has led to many and small companies, very specialized, which do not have alone the resources to invest in training. Not only they would not have the resources, they also would not have the expertise to realize what type of skills and competences are needed in the global marketplace.

Different was the position of Gucci, which had the means and the expertise to understand the need for a conjunct action. According to interviewees, the logic of working in the chain with the different levels of suppliers has always been part of the strategic orientation of Gucci. More than this, the company felt the need for the suppliers to upgrade some of the competences and bring it at a level which could compete globally in terms of costs and efficiency, without compromising on quality and manufacturing precision.

1. *Signals of non-opportunistic behavior.* The projects carried out in the region benefited from the already available funding paid into the training fund by several companies. The projects helped to redistribute the findings from the larger companies, which uses them over proportionally, to the smaller ones, which have more difficulties accessing the training opportunities (despite often paying for them). The initiative

created a benefit for the participating companies by raising their competitiveness and competences. All companies had to invest something and overcome the initial obstacles – they had to invest resources in the form of employees' time, and run the risk of leaving business-as-usual, allowing for disruptions in their processes and facing empowered employees.

On the other hand, Gucci supported this by signaling that the projects were meant for a shared benefit and not for selecting out some of the suppliers. They used a position of potential force and market power as an opportunity for inclusion and development in an incentive-compatible manner. They signaled to be a trustworthy partner which was investing in the competitiveness of the chain as key strategic asset and would not exploit access to information and processes in other companies.

Moreover, given the small size, the impact of interrupting production is not to be underrated. Not wanting to be put worse off than other manufacturers in the chain, they refrain from organizing and pursuing the training. By pulling several companies of the chain together, Gucci removed one of the main obstacles: the fear of being put at a disadvantage and incur in competitiveness losses due to being the only one who stops production for participating in training.

In the terminology of the asymmetrical dilemma structure described earlier in the chapter, the smaller companies are the first actor, the one who has to pre-invest (in this case, participate in the training). Gucci was the second actor: the one which could honor the investment and do not exploit (the information, the access, the selection) but rather complement the first part of the investment by keeping the suppliers in the chain and sharing with them knowledge, processes and techniques information.

2. *Coordination role.* Next to the structure of the solution, fundamental for the functioning of the initiative was the coordination role taken up by Gucci as chain leader. They worked on several edges, both internally and externally, to create and improve the conditions for realizing the projects. Even if the financing was available in fact (as it is the case in many instances), first of all the decision had to be taken to invest in this type of project. The potential cooperation gain had to be realized yet though, finding ways to go against a potentially unattractive and suspicious solution to participants.

Gucci realized this in the first place by signaling in a convincing manner that the initiative was an opportunity for the participants. They

did so by supporting the dialogue with the companies, by indicating that there would not be any consequence in their business relations, by being present at all the courses and reflecting with the participants on what was happening. Also in terms of logistics they worked together with the companies trying to reach them in a form which would not disrupt their production processes.

Gucci invested in relations with the companies in the chain and in two main conditions for future actions: both market competitiveness and trust. By raising the competences and skills of the suppliers, it allowed them to remain part of the globalized production chains, to raise standards and competitiveness levels. Since suppliers are not bounded through exclusivity agreements anymore, the positive effects of training transformed into a positive externality which will benefit other purchasers as well.

Moreover, the creation of a common platform through the physical proximity of the training courses allowed for exchange, development of relationships and knowledge, discussions and development of trust signals. Also supported through the experience of the training, years later the region developed systems of networks, especially structured for micro and small enterprises, often very craftsmanship oriented, which worked on credit access and competences by pulling together resources and working through the logic of the consortium and of the resource pooling.

Gucci considers these projects to be part of their corporate involvement in the location and in the region, and has further developed its corporate social responsibility activities across the whole chain, which has become a "certified chain." The training initiatives were related to competitiveness and preservation of strategic assets. From the perspective of this framework and of the Golden Rule, this is an example of "corporate responsibility." Gucci had a particular position deriving from its size and image; it could have used differently, but decided to invest in the competences of the chain and use exactly that dominant position to provide what the chain was missing: coordination of efforts.

They provided innovative elements to the status quo by proposing a project not done before in the region, by bringing together actors which had never met before, and by stimulating to think beyond usual processes. Actions undertaken raised the overall competitiveness, but more importantly supported the creation of improved conditions for future actions on the marketplace: trust among actors, confidence in dealing with the globalized ways of production, improved products and processes. These initiatives are good

examples of using freedom spaces and market position for initiatives of cooperation for a mutual advantage, for investment in relations with other actors and the improvement of future conditions of production and exchange.

### 3. *Investing in organization of competition through collective self-binding*

This section explores possibilities to invest in conditions of competitions in the form of a collective self-binding (see Chapter 2 on this type of institutional arrangement). While conflicts in the form discussed previously can be solved by one person alone signaling the own intention not to exploit, there are other types of instances which structurally do not allow for such a solution. Such conflicts, called symmetrical conflicts and having the form of a prisoner's dilemma – for the way the payouts are structured – need the commitment of both parties in changing the framework. Both actors decide on ways to "bind their behaviors" in a way which is neutral to competition, because it applies to all actors equally (Suchanek, 2007, p. 144).

It is in these conflicts where mostly becomes evident what it means to invest in future conditions of actions. It is not limited to a certain behavior, product, transaction and interaction (as in the previous two cases), but it rather addresses future conditions and aims at not undermining them. In this respect, collective self-binding as arrangement "has systematically a particular importance" (Suchanek, 2007, p. 144).<sup>113</sup> Looking back at the Golden Rule and the definition of responsibility used in this work, it complies with it by considering both the mutual advantage and the conditions in a structural way. While there are different conditions for cooperation in which it can be invested (and the choice depends on the individual situation), the conditions themselves of a fair and functioning competition system (with spaces for both cooperation and conflict) represent a capital into which is worth investing.

In this type of conflicts, actors are on the same side of the market. This section considers therefore a possible instance on the demand side (companies providing training to the own workforce) and one on the supply side (training providers which sell training services to other companies), and focus each on one possible topic and solution mechanism.

---

113 Such arrangement provides incentives to its members to modify their behavior and comply with its standard without defecting. At the same time, the benefit has the form of a cooperation gains and cannot be achieved by a single members, i.e. several actors need to comply with it. Lastly, the benefits accrue only to the members of the arrangements, thus limiting opportunities for freeriding, which would weaken the binding.



- Agreeing on conditions on the demand side

A case to be considered here is the situation of temporary workers. Especially in their case, a collective self-binding scheme could provide the necessary incentives to support their employability and labor market integrity.<sup>114</sup> Looking at this case also clarifies how training is a function of other elements such as working contracts and employment biographies.

For temporary workers the main obstacle in receiving training (both specific and general) is the short time horizon and to a certain extent the shorter seniority in the organization which usually comes along. Investments into the employability of this group could mean a cost and loss of competitiveness compared to other companies who do not do this.<sup>115</sup>

In this case, it is looked closer at the possibility of agreeing on longer training or other employability support instruments for people with short contracts. Case in point are interns and young people, especially Southern Europe (where labor markets have supported the usage of such short-term contracts and employment forms). The agreement could consist in creating a pool of resources to train temporary people irrespective of the company they will go to. By preparing them for the next employment step, companies also prepare their future workforce. Immediate benefits for the company are motivation, reputation, possibly lower turnover, more skilled employees. Via a system of naming and shaming, or through particular contracts and a mix of general and specific skills,<sup>116</sup> it can be ensured that only those partaking in this initiative will reap the benefits of reputation and image improvement and that those not investing will be excluded.

The initiative is, as mentioned, very much dependent on external conditions. First of all, depending on the structure of labor markets and its tightness, it can be more or less interesting to compete for workers. Success would also depend on regulatory framework on contracts and wages, and on how much reputation in this type of support would be valued. In countries where internships are structurally misused as instrument for cheap labor, and no formative path is offered, the case for an agreement on this on large-scale could be still not interesting enough. However, it can be interesting on the margin, for specif-

---

114 Atypical workers who are employed by an external company and temporarily employed at other companies are not considered here.

115 A first, rather direct way to remove the main obstacle would be to demand that companies invest in longer contracts and keep people longer, through this already giving an incentive for training and employability. These requests, moved rather often by social partners, are likely not to raise any reaction because are not incentive-compatible under current conditions. Moreover, temporary contracts might be beneficial in certain cases to both employers and employees.

116 Such mix of general and specific skills is at the basis of the German vocational training system (*Ausbildung*).

ic industries or roles – or in specific areas. It could also be a way to increase skills relevant to job which are not provided in enough quantity during school education.

A possible example of arrangements supporting this thinking are platforms such as Great Place To Work. In their core, they work by creating a series of members who comply with certain standards and practices, and who receive the option of being named as a company where it is "great to work." The platform, to be successful, needs a sufficient number of members and a third party certification actor, and this removes the option of one company to rip the benefit of the improved behavior by itself. Several companies are needed to create the reputational gain and provide some credibility to the initiative. Moreover, freeriding (and thus the expectation of someone exploiting the agreement) is practically impossible because only those participating and complying will receive the badge of the initiative.

One of the main benefits from this type of platforms is the increased reputation and, also, the increased visibility of its members in the labor market. Irrespective of the effectiveness of this or similar platforms in their current form, an extension of them or a similar setup could be used to support training for temporary workers as a "commons," and leverages the platform for cooperation gains.

Based on a similar structure, it could also be possible to create an agreement on group-specific certifications to make skills and competences more transparent. What might lack at national level could be introduced and experimented with at lower level – industrial, regional, local, creating a pool of certified and skilled individuals from which companies can source.

- Agreeing on conditions on the supply side

Also on the side of companies as training providers a collective commitment could help realize cooperation gains. The empirical investigation focused on instances with low competitive pressure, caused by low demand, low information and awareness, low interest. The investigation also focused on particularly complex chains where the training is financed by both companies and public hand at the same time, as this increases the diffusion of responsibility and the discretionary elements in the process (and thus the relevance of responsibility reflection).

As showed in the empirical section, enterprises do not always have the expertise to autonomously deal with training requests and use providers as consultants on this. This is coupled with the fact that in some countries with a levy-grant scheme this might translate into fake demand. An intrinsic reason why some groups are not reached is thus that incentives are low. Even in cases of

mandatory group contingences (subsidies happen only if a certain percentage of older individuals is reached) the incentive to deliver causes underchallenged participants. Specific schemes for these groups are often missing, so that it remains open whether the training does provide any benefit at all.

There is evidence that some groups (such as older employees, or disabled etc.) are not reached because consulting and concepts on this end are missing. As an effect, there is an intrinsic incentive to provide training to people and in formats which are more risk-proof – i.e. where it is easier. There are no incentives for training providers to provide better concepts at cost-effective level because for a single one that would mean incur in a possible competitiveness loss against the others. This concerns both the reaching out to difficult groups mentioned above, and in general the quality of training and of the concepts in instances where more complex skills or processes would be required. When the company is not correctly advised about its needs, or (as it is often the case with training, there are difficulties in measuring the benefit brought about) there is potential for shirking and for "lemons" – thus, for underdelivering on quality.<sup>117</sup>

A way to conceptualize this situation is again to think in terms of conflicting and converging interests, among training providers. Conflicting interests arise from the fact that no company has an interest to be the first one to provide more costly (but not necessarily higher priced) services to reach certain groups, nor the possibility to develop schemes in-house by paying for them, bearing the risks and then being used by someone else too. However, there are also converging interests – better services would increase reputation of an industry too often under the label of being useless and intransparent, and would raise demand for certain services which right now cannot be provided (one think only at the services for older or temporary workers, which make up a consistent part of the workforce but are not fully served yet). Again, a dilemma structure is faced which leaves each single company in the position of choosing between two alternatives. The first one ( $i > 0$ ) is to bear the risk and costs of starting something new, thus raising standards while possibly being exploited by others. The second option ( $i = 0$ ) is to continue with business-as-usual.

Improving the standards and the competition level (pressure) in some areas of the training market would have important effects on the quality of training provided, and on the level of employability they would be able to support. In this case, instead of having part of the training providers in a situation of func-

---

117 This underdelivering is in some cases criminal. The analysis carried out for the OLAF office of the EU (PWC, Ecorys, 2013) considers training one of five key areas of possible corruption and misuse of public funds. On p. 26 the report states that "in relative terms, the highest direct public losses due to inferior performance are encountered in training projects, followed by urban/utility construction." This estimation refers to 'grey' cases, i.e. cases where corruption could not be detected formally, but where probability was high that some sort of loss to the public had happened.

tional agreement on not raising quality (they all silently agree on not changing their offer, but rather compete on costs and prices), more productive conflicts would be welcome, i.e. more constructive competition to innovate and increase quality.<sup>118</sup>

In this case, investments in the conditions of competition could take the form of investing in a Code of Conduct as a way to clarify and bind signing members into this initiative. This Code would work by binding immediate freedom (freedom – used at the expenses of others – to underdeliver, to ignore certain segments of the market, etc.) into reducing this behavior and potentially raising reputation in the industry (also local), reaching out to certain groups with more effective training and thus increasing market volume.

The Code of Conduct would have the form of a collective self-binding. Only those participating in the Code would gain the benefit, because are put in a better position of negotiating with partners or institutions, would have more visibility, and similar.<sup>119</sup> The agreement would be collective: such potential benefits at reputational level would be reached only through the effort of several companies, the action of a single actor would not be enough to seize the benefit.

The following illustration from the practice displays the initiative of a training provider to increase the quality of his own work and of that of his partner through the instrument of a Code of Conduct.

### **Illustration 2 | Evolvere and the Code of Conduct for training providers**

#### *Enterprise profile*

Evolvere Srl is an Italian company based in Cagliari, Sardinia, which offers training and consulting services at regional level on a broad range of topics. The founding partners come from previous experiences in commercial enterprises and training institutions linked to unions or employees' organizations.

Based on this experience, they decided in the beginning of the 2000s to found a company offering training services with a different and more independent logic. They offer training and consulting services to enterprises as well as regional and local administration entities; such services are financed via regional, EU or national training funds, and in other cases are also paid

118 It is reminded here of the reconstruction, in Section 5.2, of where cooperation and competition are socially desirable or undesirable. The low level of quality of the sector can be thought of as a missing productive conflict on the side of the training suppliers.

119 Even though a positive spill-over effect on the reputation of the whole industry cannot be eliminated, also on the reputation of those who have not directly invested.

exclusively by the customer company.

### *Code of Conduct: details*

The Code of Conduct is an agreement which includes different criteria on good and fair behavior toward all the stakeholders involved in the training process: individual customers, enterprises, institutions, employees and competitors. The Code is an own elaboration of Evolvere Srl within the services it offers and is an instrument to guarantee customers and suppliers.

Later on, the Code has become binding for Evolvere Srl as an instrument to guarantee a good collaboration within so-called temporary enterprise groups (i.e. consortia), whenever the company enters a bid or a services' offer with other partners as a potential consortium. Before working together on a certain project, an ethical memorandum of understanding is developed with a focus on quality and partners' relations. This agreement becomes the basis for the cooperation of the companies involved. If needed, the agreement is signed in front of a lawyer. All partners involved enjoy transparency and better working conditions, and present themselves better in front of customers and institutions. The managing director Mario Argentero explains:

"This agreement allows us working under higher transparency on who we are and how we plan to behave in the things we do. We want to distinguish ourselves in our work by improving the training offer and putting the learner back at the center of the learning process. It is important that companies learn to recognize the value of training, and this is possible only by increasing the level of the offer.

The agreement allows us to give more strength and transparency to all these aspects and also to clarify behavioral rules and standards accepted with our partners for the services we want to offer. This all helps us in our internal relations, it helps prevent diverging behaviors and it helps develop a solid system among trainers, but still taking into account the specificities of each partner."

### *Background of the Code*

In the 2010s the company created a Code of Conduct which covers both the relationship with customers and employees, and the relationship with partners and competitors. Argentero mentions different reasons behind the decision to create the agreement. In general, they all go back to the intention to offer a training of high quality which is different from the training usually available on the market. This had the aim of clarifying to customer companies and institutions that training is a fundamental instrument for the development of a person, for the growth of enterprises and of the socio-economic texture of a region.

Mario Argentero explains:

"The elaboration of the Code wanted to be an answer to the way in which companies often, unfortunately, perceive training. Training providers are in fact often considered not able to deliver, companies think that training is residual to other industrial processes, as if it were a nuisance. In the case of publicly-financed training, companies think that it is assistentialism, that it is useful only to those who offer it, and that it does not really have an impact. There is a wrong understanding that training is financed to create employment, or that training is sort of a technical, very specific vocational type of learning. This is not the type of training we are interested into,"

the Director explains. He further notes how the training system is not always appreciated by companies, and that this is the effect of different dynamics. Parts of them are inherent in the way training works, in particular the difficulty of evaluating and quantifying the effectiveness of the training delivered. Results usually start to emerge only after some time. Moreover, the fact that some training providers delivered training with low quality and low impact has damaged the image and the reputation of many in the sector in the country. For this reason, a code of self-regulation is an instrument to overcome the absence of effective controls by the public bodies, which usually are limited to a bureaucratic check and do not take into account the timing of organizational processes in companies.

Another element which has negatively impacted the situation has to do with one of the policy schemes for training and its financing, and with the incentives it sets. In 2009 State and regions signed an agreement on linking passive and active labor market policies. The agreement, developed in the wake of the crisis, foresees that subsidies (passive labor market policies) paid to individuals in difficult job situations be linked to active labor market interventions: cash is paid out if the person also participates in a training which should supposedly increase her employability. This has determined an increase in the demand for training. Such training was not always coupled with an adequate individual process of orientation and of creation of a professional project.<sup>120</sup> This has further depressed the quality of demand and the expectations that companies have on the value that training can bring. Training has become in fact often merely an instrument to receive financial support.

Mario Argentero thus reconstructs the steps which have led to the commitment taken in the Code of Conduct.

---

<sup>120</sup> Another good example of the openness of institutions and how they can be exploited.

"We wanted to give dignity back to the system, to our work and our employees. This Code of Conduct governs the relationships with the customers, be they enterprises or the final "consumer" – our training participants.

Such low dignity and expectations are unfortunately the consequence of situations that indeed have been happening in the sector and which badly reflect on the whole system. Some providers in our sector worked in a way far from being excellent and proper. We do not work together as a system, as an industry, but rather each of the providers works alone, sometimes even trying to compete against others in an unfair manner. This has created some real damages to our sector and work. We wanted to clarify the rules of the game and stop harming ourselves as industry.

If on top of this you add the fact that training effectiveness, by itself, is far from being easy to measure, it is not surprising that enterprises see investments in training as returnless. But again – also because some of the providers have not done a good job."

As mentioned, a partial contributor in form of disincentive to quality of training was the policy-framework itself.

"After the coupling of passive and active interventions many complain that training and active policies are not helpful. I do not agree. I rather say: the training which is not helpful is the training done only for the sake of justifying and receiving cash support, yes. Central element of any decision and planning has to be the learner. The learning process has to be shared among the partners involved and the public services should be able to provide guidance and verify personal motivation. Then, the trainer has to adapt to the needs of the learner, not the other way around."

Competitors have been slowly changing and improving their offer, also because of a generational change – younger people in the sector, with higher degrees and less oriented to the offer of the traditional, lower quality training providers. In the region, they are reacting positively to increasing their quality and offer, even though there is still potential for improvement.

Argentero continues:

"Institutions seem to prefer a more fragmented industry, competition and hard confrontation instead of collaborating and increasing quality. They seem to be paying more attention to the bureaucratic monitoring. This is detrimental to the control of the quality of the training provided, which is what is perceived by the final customers, and their satisfaction level."

### *Theoretical relevance and implications*

In the categories of interaction theory used earlier in this research, this type of Code corresponds to a collective self-binding and to an investment in the conditions for better cooperation. Communication and signaling of commitment, together with the incentive of reliable partners and increased

reputation with quality, stabilize the system. Transparency is created, trust and social capital. It is an investment into intangible resources which does not create directly a "responsible training offer," but supports the conditions in order for them to happen – because it raises standards and stops the unproductive conflict in which competition is driven by diminishing quality rather than providing value.

It also illustrates, from a perspective complementary to what discussed under Chapter 5.2, that support to constructive cooperation can lead to collective benefit, and that destructive competition (or the cooperation on *not* competing) has detrimental results to the quality and the reputation of a market.

To a certain extent, together with the reputation and the improved quality, such a Code of Conduct has the benefit of supporting the *integrity* of the actors involved in terms of who they are and what kind of service they want to provide to the customers. In this case, it supported the integrity of the own understanding of what learning and training can be, in a context where quality spirals down.

## 5.4 Conclusions and Assessment

Chapter 5 has addressed the last part of the practical syllogism, i.e. the question of the scope of company's responsibility when dealing with employability and training. Bringing together the normative focal points of Premise 1 in Section 3.2 and the analysis of the empirical conditions of Premise 2 in Chapter 4, *Conclusio* in this Chapter 5 has clarified the nature of moral demands and has given indications on their implementability.

The definition of responsibility used in this research refers to the investments in conditions which support the realization of cooperation gains. Such investments are oriented toward increasing, rather than reducing, the overall good usage of freedom, namely the type of options available to actors. The analysis of responsibility can work both preventively and therapeutically, depending on the status quo.

Following the scheme of *Erklärung zwecks Gestaltung* (to explain in order to design), this concluding section is structured in two parts. The first part outlines the main findings of this investigation related to the explanation side of the question, namely why certain investments (in employability, in training) are not pursued, even if there are potential cooperation gains for the actors involved. The second part summarizes which solutions can possibly be designed and outlines the findings of the investigation in this direction. Recommenda-



tions for companies and policy makers conclude the chapter, drawing on both the empirical and conceptual findings.

### *Erklärung.*

The empirical findings and the heuristic of the dilemma structures delivered evidence for clarifying why investments which would potentially lead to a mutual advantage are not pursued. Non-aligned interests and behavioral expectations are the main reasons behind this, according to the interaction-theory analysis done in this research. In particular:

- Overall investments and support to employability are missing because of negative behavioral expectations and the possibility of opportunistic behaviors (Section 4.5.2). It can be showed that supporting employability can raise loss of returns and of competition, and that can lead to exploitation by other companies. Arguably, this phenomenon is largely due to the lack of coordination of actions and to the fact that each individual and each company engage in a direct strategy of investments (Section 5.2). This structure though cannot counteract the powerful disincentives and risks. Important potential cooperation gains (which would be achieved if companies decided to cooperate, rather than "defect") are the creation of a more flexible and adaptable workforce and thus more flexible and adaptable organizations, and the reduction of labor-market and employment risks.
- Interactions with social partners and with other companies could potentially lead to cooperation gains such as higher social capital, constructive negotiations and lower conflicts, usage of information for topics such as training and for their better design, increased effectiveness and efficiency of training schemes by tapping into the support and the information of other actors involved. This could also lead to improved realization of training schemes for marginal groups difficult to be achieved (Section 5.3.2.b). Findings show that there are few structural instances of interaction and even less of cooperation among these actors, due to misaligned interests and different agendas, fear of exploitation, limited track record of successful interactions (Section 4.4.2). Under these conditions, cooperation gains are rarely realized.
- Some cooperation gains such as reduced turnover, better skilled workforce, lower employment risks are not realized because of other issues. For instance, they are due to a competition framework in the training industry which does not structurally encourage value creation and attention to the learner and the learning process (Sections 4.5.2 and 5.3.2.c). In particular on the sellers' side, some of the policies in place might support a

type of competition which not only does not deliver value, but also destroys the industry reputation. Resources are not efficiently used and training delivered loses effectiveness.

### *Gestaltung.*

The previous "explanation" of the status quo is needed to provide indications on possible "design" measures, namely arrangements and investments which can support the realization of socially-desirable cooperation gains. Because of the always different empirical conditions with which companies are confronted, and of the always heterogeneous understanding with which companies deal with such conditions (Suchanek, 2007, p. 45), design indications have the form of a "form," of a heuristic or rule to prove whether a certain behavior and investment would comply with the responsibility definition. The "content" of such form is actor-specific and can only be developed taking into account the specificity of the (responsible) decision maker.

- With regard to employability, the reconstruction provided earlier in terms of "commons" helps giving guidance on how improved coordination can be achieved (Section 5.2.1). Thinking about employability as a commons that should be nurtured, and as the own workforce in terms of a good which should be managed sustainably, creates a useful heuristic to search for cooperation gains and to both preventively as well as therapeutically adjust incentives. The type of work content and the type of training content become important variables in understanding whether the "good" employability is supported or destroyed. Retention policies become an element to increase incentive-compatibility (Section 5.2.4). However, coordination can only be achieved by starting to think in terms of social contract among companies, rather than psychological contract between a company and its employees (Section 5.2.2).
- More specifically and concretely, a way to support responsibility and invest in conditions is related to investments in relations with social partners and other companies (Section 5.3.2.b). Through an individual self-binding one company can signal its will to not exploit situational advantages in a relationship (for instance, power or information), and to invest in becoming a trustworthy partner. This behavior can unlock cooperation gains by increasing the support of other partners and the usage of resources in a more effective way.
- From an ethical perspective, institutional arrangements such as collective self-bindings have then the highest relevance and impact (Section 5.3.2.c). By investing in the active improvement of the competition framework, companies can realize their responsibility in the true form of supporting

and improving usage of (economic, institutional) freedom in the future, thus having a productive impact on conditions of future action. Such collective self-binding arrangements can have the form of a code of conduct, of a platform with standards or of other sectoral/local agreements which creates incentives for better competition.

Table 5 provides an overview of the explanation and design elements here outlined.

*Table 5: Overview of conflicts, conditions of investment and implementation strategies*

<b>Type of conflict</b>	<b>Conditions in which to invest</b>	<b>Strategy to implement responsibility</b>	<b>Actors involved</b>	<b>Empirical examples of investment</b>
<b>Asymmetrical conflict</b>	Relations, social capital	<i>Individual self-binding</i> to signal non-opportunism, no situational exploitation of weaknesses and information asymmetries	Companies and their social partners; companies and other companies at regional, local or sectoral level	In negotiations among unions/work councils and companies: signaling trustworthiness; transparency and communication; non exploitation  Cooperation among companies: initiation of roundtables and exchanges, of shared projects to jointly develop human resources on selected topics.
<b>Symmetrical conflict</b>	Competition framework, quality of competition	<i>Collective self-binding</i> , of companies at local or industry-level; of training providers	Companies; training providers	Development of standards of employment and training for a certain industry, initiation of platforms and certifications.  Creation of initiatives for reputation and fair competition, of codes of conduct and standard of action in the industry.

*Source: Author's elaboration*

From the heuristics and guidelines given above some examples and more concrete recommendations can be derived, which can then be adjusted to specific situations and companies. Table 6 provides an overview of such recommendations based on the empirical findings and the reconstruction of dilemma struc-

tures. Even if the perspective of this work was aimed at clarifying the responsibility of one actor in particular, namely companies, given the relevance of the policy framework for companies' decisions and behaviors, recommendations are derived also for policy officers.

*Table 6: Overview of corporate and policy recommendations*

---

### **Corporate recommendations**

---

- Create internal conditions which enable HR managers to innovate and try different paths to support training and reach out to more difficult groups.
  - Engage social partners and employees in transparent discussions on the goals of employability and its benefits.
  - Engage leadership and diverse managers in their HR function instead of setting a major focus on HR only: each leadership role has among others an HR function of developing and retaining employees, also through training.
  - Refrain from exploiting situational advantages such as power in negotiations and availability of information.
  - Support retention policies to increase investments in training and employability by reducing risks related to loss of resource. Be careful with potential segmentation and adverse selection.
  - Initiate formal and informal institutional arrangements in the form of individual self-binding to support relations and trust development.
  - Initiate formal and informal institutional arrangements in the form of collective self-binding to support better competition conditions.
  - Invest in the conditions of cooperation for realizing socially desirable cooperation gains in the labor market!
- 

### **Policy recommendations**

---

#### At EU/discourse level

---

- Raise awareness concerning the behavioral interdependencies inherent in implementing employability.
  - Shift the discourse to that of a renewed social contract, creating enabling conditions for it and relaxing the focus on individual responsibility.
- 

#### At national level

---

- Training is difficult to measure in its quality. Double-check policies and the setup of training funds for incentive-compatibility at company-level and take into account (culture-; legality-) specificities in the country.
  - Support constructive interactions between companies and other actors such as work councils' representatives. E.g., improve expertise and negotiation ability of qualitative items in collective agreements.
-

- 
- Increase "good" cooperation among enterprises on delivering training and innovative schemes, and increase "good" competition on reaching out to skills, training schemes and innovative actions. E.g., create special parts of budget dedicated to developing and implementing schemes for particular groups.
  - Support constructive interactions among companies. E.g., joint training programs at sectoral level, within a supply chain, within a region.
  - Create stronger incentives for the usage and transferability of skills (impact), instead of focusing on delivery of training (input). More focus on impact can help raise quality of demand.
- 

At regional/local level

---

- Raise quality on the supply side: support cooperation of training providers to deliver higher quality by creating consortia and other constructive agreements.
  - Support pre-competitive agreements at local, regional or sectoral level to increase the bar of quality and access to training;
- 

*Source: Author's elaboration*

## Chapter 6. Conclusions and Outlook on Further Research

This investigation has pursued the question of the responsibility of companies in dealing with employability and training. Based on emerging trends and on the increasing relevance that concepts such as employability and training have gained, there is a need to investigate in a precise manner and in a scientifically grounded way the role and responsibility of companies in one of their fundamental function, namely their being employers.

Among all the possible questions raised around the role (so far rather neglected in the CSR literature compared to other enterprise functions) of enterprises as employers and buyers of labor in the market, this research focused on the concept of employability. Employability is a key determinant of today's labor interactions and as an implicit element of the new social contract in which job security is substituted by the possibility to be employable over time.

In the terminology of the economic ethics, the framework chosen for this work, the research asked the following question: In which conditions and how can companies invest to support the employability of their own workforce, and of workforce at large – with a particular attention for training dynamics and initiatives?

Based on conceptual work and on an empirical investigation in two countries, this research showed that the concept itself of employability is flawed as long as it is constructed as a psychological contract between a single employer and a single employee – it takes the form of a prisoner's dilemma and cannot be solved by one party alone. Much more constructive would be to consider employability as a social contract among companies and their workforce (potential and at large), and by working toward increasing cooperation on the same side of the market, as if employability had some features of commons good. At the same time, companies could engage in more fierce competition when trying to retain the employees they have invested in.

Companies can realize the Golden Rule by realizing cooperation gains and increasing freedom possibilities. The Golden Rule, for the specific context of this investigation, can be implemented in the following ways:

- Companies should treat employability as a commons, thus investing in its sustainable usage without overusing or freeriding. This can be achieved by developing better retention policies and improving the framework for cooperation.

- To realize the idea of employability as commons, and support a new social contract, companies can invest in relations through individual self-binding. This way, they would raise trust and trustworthiness. This self-binding would be incentive-compatible as it allows tapping cooperation gains if properly arranged.
- Companies can also invest in the framework for (good) competition through collective self-binding, for instance at sectoral or occupational level. In particular among training providers this could be a way to increase reputation and quality of the offer.

Implications of this work are relevant for all the actors involved in the chain. Companies, in their different functions dealing with HR, training and personal/organizational development; training providers; trade unions at both central and decentralized level (work council); employers' associations and bilateral bodies; policy officers at different levels designing and implementing policies for the labor market. Last but not least – employees, in their pursuit for better opportunities in the labor market, and a better relationship with its institutions at large. Again, one of the maxims of the economic ethics holds true here: *Erklärung zwecks Gestaltung (der Arbeit, des Arbeitsmarktes)*, understanding and reconstructing dynamics and interactions to better design institutional arrangements and relationships for labor relations and the labor market.

Some limitations apply to this work. A first one is methodological: while the definition of employability is rather stable in literature and could be operationalized in a straightforward manner, definitions of training abound and suffer under some non-transparency. Despite a definition of the scope and the type of training considered in this work, some ambiguity remains as in the empirical investigation emerged that different organizations and people work with very different definitions and understanding of what training is and what it is for.

A second limitation is of theoretical fashion, and is a potential *"Anmaßung des Sollens,"* that is, normativity fallacy. The requests of acting in a responsible way by supporting relations and frameworks of competition need to be embedded in a variety of systems of empirical conditions, where each company has the legitimation to clarify for itself how much it wants to invest in the direction of the focal point identified. Exactly for the reason that implementability was a major concern in this research, it has to come to terms with the fact that some companies might interpret their empirical conditions as too tough to allow for the investments suggested here. The balance is delicate and the interpretation of conditions is always subjective to a certain actor. However, the main orientation of investments and improving of future conditions remain, and it is the role of other actors in society – for instance, employees and their representatives, civil society at large – to keep companies accountable for it.

A third limitation is related to the geographical focus of this work. To conduct in-depth research, a sample of two countries was selected. While some of the findings and of the dynamics are transferable to other EU countries with similar economies and labor markets, further similar in-depth research would be needed to gain the same precise understanding of cooperation gains and potential investments that was achieved in this investigation for the two sample countries.

This work has focused on a limited geographic and conceptual framework, but has potentially raised a series of further questions about the role of companies as labor providers which have so far been rather neglected in the literature. Addressed here below are some of the questions proceeding from this research, for future work.

A first element raised during the investigation, which was not addressed in the conclusions but that proceeds from the empirical results, is the role of the HR function in the support of employability. As described in the findings, the function of the HR and possible interaction conflicts within it are structurally understated in research when it comes to design and implement training interventions. However, it should not be forgotten that while the company is an entity in itself and can be considered an entity of action, within it different functions and individuals pursue the own agenda and can support or not decisions about training.

A further investigation could therefore look at the internal conflicts among different functions, at the possible resistance to change and risk in addressing new groups or topics, in addressing the psychological contract and the organization from broader perspective of being one actor in a large market of labor buyers.

A corollary of this investigation would look at the role of leadership as decentralized HR function. The empirical investigation showed that much of the decisions about training, development of a resource, are taken by or together with the respective superior in the hierarchy. The leadership can be more or less expert and aware of HR issues and tools, more or less aware and interested in coordinating the development of its resources with that of others. In other words, also leadership can contribute (or not) toward tapping cooperation gains and supporting employability and training. An interesting avenue to pursue would be to look deeper into what responsible leadership could mean from the perspective of the support to personal and workforce development.

The findings of this research can also help clarify the dynamics in some particular industries which have arguably tackled the "commons" of both employability and skills with advanced institutions and arrangements. They have managed to do so without compromising their competitiveness. Examples could include the employment markets for soccer players, fashion models,



actors, accountants and aircraft pilots. These occupations typically require very occupation-specific skills that need to be formed in early years with large upfront investments in the skill formation. Studying these markets with the framework developed in this research is likely to reveal further instruments and practical implementations of individual and collective self-binding which can improve labor markets in general, and support companies in maintaining their "license to operate."

As production modes and labor relations change, the question of the role of enterprises in dealing with labor and with their function as employer is bound to receive different answers as time proceeds. How has the license to operate of enterprises changed over time when it comes to employment, and how will it change in the future due to new and unexpected ways of "working for" a company?

What will not change, when it comes to realizing the conditions of mutual advantage and in the structuring the social order (among which also the labor market belongs), is the possibility of actors to invest, to reject unsatisfying institutions and setups and to support the creation of new ones. As showed in this investigation, implementation of such improvements and investments will unlikely happen based only on moral appeals, or purely technical and financial solutions, but will require a thorough look at the incentives, interactions and empirical conditions under which actors act, so that better coordination of behaviors and thus improved realization of socially desirable cooperation gains can be achieved.

## Annex

### Example of questions asked in the interviews (*Leitfaden*)

*Items asked during interview with HR/Training Manager (adaptable during the interview, as per the methodology used)*

Interviewee and trends in the last twenty years:

- What is your role here? What is your biggest challenge at the moment?
- Which trends would you identify in your experience here in terms of length and type of training, goals, participation etc.?
- Which were the causes of these changes?

Actors involved in the decision-making process:

- Which internal actors are involved in the definition of the training strategies?
- How does the internal decision-making process look like, from defining the strategies to actually having someone participating in the training?
- Which external actors are involved in the definition of the training strategies?

Actors' strategies:

- In the relationship with the other stakeholders, where do you identify a convergence of strategies, and where do you see diverging expectations? Can you make an example?
- How explicitly do you work toward realizing the win-win potential? Which instruments do you have in place?
- If you were to change any aspect of your Learning and Development strategy to reach more ambitious goals, with whom would you talk? Would you need the expertise of trade unions in your country, organizations, public officers, other companies/HR partners?

Understanding of the role of further training:

- How would you define the role played by further training for your company? And for the individuals? And for society as a whole?
- What would you say might be strategic conflicts among the actors involved? For instance?
- How do you signal that training is important? What can an employee await after they have participated in training?

Selection of participants:

- When it comes to selecting participants, what is your strategy?
- Which formal and informal incentives and restrictions can you think of when it comes to selecting target groups? (laws, tax deductions, partnerships, training providers offer, special methods, etc.)
- How do you deal with elder people? How do you encourage their participation?
- Where do you see the potential for investing into more education-distant people?
- What do you think is the missing incentive to invest more into elderly, temporary workers etc.?

Selection of goals:

- What is your strategy in terms of goals of training? Which time-horizon do you have in mind for your investment, and how does that fit with the needs of the individuals in terms of job-security?
- How do you conceptualize the need of individuals to receive training in a long-term perspective?
- Which formal and informal incentives and restrictions can you think of when it comes to selecting goals and terms? (laws, training providers offer, partnerships etc.)
- How do your cooperations with external training providers look like? Which control mechanisms do you have in place?
- What do you think is the missing incentive to invest more into meta-skills, long-term horizon, in the region, etc.?

Closing question:

- Have you thought about these issues in terms of responsibility? What do you think is your responsibility as a company toward the employment chances of individuals?

## References

- Aberbach, J. D., & Rockman, B. A. (2002). Conducting and coding elite interviews. *Political Science and Politics*, 35(4), 673–676. doi:10.1017/S1049096502001142
- Acemoglu, D. (1997). Training and innovation in an imperfect labour market. *The Review of Economic Studies*, 64(3), 445–464. doi:10.2307/2971723
- Acemoglu, D., & Autor, D. (2010). Skills, tasks and technologies: Implications for employment and earnings. *Handbook of Labor Economics*, 4. doi:10.3386/w16082
- Acemoglu, D., & Pischke, J.-S. (1998). Why do firms train? Theory and evidence. *The Quarterly Journal of Economics*, 113(1), 79–119. doi:10.1162/003355398555531
- Acemoglu, D., & Pischke, J.-S. (1999). Beyond Becker: Training in imperfect labour markets. *The Economic Journal*, 109(453), 112–142. doi:10.1111/1468-0297.00405
- Acemoglu, D., & Robinson, J. A. (2012). *Why nations fail. The origin of power, prosperity, and poverty*. New York, NY: Random House.
- Agamben, G., Badiou, A., Bensaïd, D., Brown, W., Nancy, J.-L., Rancière, J., Ross, K., Žižek, S. (2012). *Demokratie? Eine Debatte. Mit Beiträgen von Giorgio Agamben, Alain Badiou, Daniel Bensaïd, Wendy Brown, Jean-Luc Nancy, Jacques Rancière, Kristin Ross, Slavoj Žižek*. Berlin, Germany: Suhrkamp.
- Akerlof, G. A. (1970). The market for "lemons": Quality uncertainty and the market mechanism. *The Quarterly Journal of Economics*, 84(3), 488–500. doi:10.2307/1879431
- Akerlof, G. A., & Kranton, R. E. (2000). Economics and identity. *The Quarterly Journal of Economics*, 115(3), 715–753. doi:10.1162/003355300554881
- Allaart, P., Bellmann, L., & Leber, U. (2009). Company-provided further training in Germany and the Netherlands. *Empirical Research in Vocational Education and Training*, 1(2), 103–121.
- Alvesson, M. (2003). Beyond neopositivists, romantics, and localists: A reflexive approach to interviews in organizational research. *The Academy of Management Review*, 28(1), 13–33. Stable URL: <http://www.jstor.org/stable/30040687>
- Apolte, T., & Vollmer, U. (2002). Institutionenökonomik von Arbeitsmärkten und sozialen Sicherungssystemen: Fragestellungen, Methoden und Forschungsaufgaben. In T. Apolte & U. Vollmer (Eds.), *Arbeitsmärkte und soziale Sicherungssysteme unter Reformdruck: Fehlentwicklungen und Lösungsansätze aus institutionenökonomischer Sicht* (pp. 7–23). Stuttgart, Germany: Lucius & Lucius.

- Arendt, H. (1958/2002). *Vita activa oder Vom tätigen Leben*. Munich, Germany: Piper.
- Arendt, H. (2003). *Responsibility and judgment*. (J. Kohn, Ed.). New York, NY: Schocken.
- Aristoteles. (2011). *Etica nicomachea*. (C. Mazzarelli, Trans.) (7th ed.). Milan, Italy: Bompiani.
- Attleslander, P. (2006). *Methoden der empirischen Sozialforschung* (11th ed.). Berlin, Germany: Erich Schmidt.
- Autor, D. H., Levy, F., & Murnane, R. J. (2003). The skill content of recent technological change: An empirical exploration. *The Quarterly Journal of Economics*, 118(4), 1279-1333. doi:10.3386/w8337
- Baethge, M. (2011). Neue soziale Segmentationsmuster in der beruflichen Bildung. In H.-H. Krüger, U. Rabe-Kleberg, R.-T. Kramer, & J. Budde (Eds.), *Bildungsgleichheit revisited. Bildung und soziale Ungleichheit vom Kindergarten bis zur Hochschule* (2nd ed., pp. 277–300). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.  
doi:10.1007/978-3-531-92201-0\_15
- Bagshaw, M. (1997). Employability – creating a contract of mutual investment. *Industrial and Commercial Training*, 29(6), 187–189. doi:10.1108/00197859710177468
- Bannwitz, J. (2008). *Ältere Beschäftigte und betriebliche Weiterbildung. Ergebnisse des CVTS3* (BIBB discussion paper, No. 104). Retrieved from:  
<http://www.bibb.de/veroeffentlichungen/en/publication/show/id/2081>
- Baruch, Y. (2001). Employability: A substitute for loyalty? *Human Resource Development International*, 4(4), 543–566. doi:10.1080/13678860010024518
- Bassen, A., Jastram, S., & Mayer, K. (2005). Corporate Social Responsibility. Eine Begriffserläuterung. *Zeitschrift für Wirtschafts- und Unternehmensethik*, 6(2), 231–236.
- Bauernschuster, S., Falck, O., & Heblich, S. (2008). *The impact of continuous training on a firm's innovations* (CESifo working paper, No. 2258). Retrieved from:  
[http://www.cesifo-group.de/ifoHome/publications/working-papers/CESifoWP/CESifoWPdetails?wp\\_id=14557233](http://www.cesifo-group.de/ifoHome/publications/working-papers/CESifoWP/CESifoWPdetails?wp_id=14557233)
- Bayer, M., & Jaich, R. (2004). "Marktismus" oder öffentliche Verantwortung in der Weiterbildung? In D. Haubner, E. Mezger, & H. Schwengel (Eds.), *Wissensgesellschaft, Verteilungskonflikte und strategische Akteure* (pp. 1–18). Marburg, Germany: Metropolis.
- Becker, G. S. (1962). Investment in human capital: A theoretical analysis. *The Journal of Political Economy*, 70(5/2), 9–49. doi:10.1086/258724

- Becker, G. S. (1964/1993). *Human capital: A theoretical and empirical analysis, with special reference to education* (3rd ed.). Chicago, IL: University of Chicago Press.
- Becker, G. S. (1976/2008). *The economic approach to human behavior*. Chicago, IL: University of Chicago Press.
- Beckmann, M. (2007). *Corporate Social Responsibility und Corporate Citizenship. Eine empirische Bestandsaufnahme der aktuellen Diskussion über die gesellschaftliche Verantwortung von Unternehmen* (Halle Universität, Wirtschaftsethik-Studie, No. 2007-1).
- Beckmann, M., Hielscher, S., & Pies, I. (2010). Ordnungsverantwortung: Ein strategisches Konzept für Corporate Citizenship. In H. Backhaus-Maul, C. Biedermann, S. Nährlich, & J. Polterauer (Eds.), *Corporate Citizenship in Deutschland. Gesellschaftliches Engagement von Unternehmen. Bilanz und Perspektiven* (2nd ed., pp. 147–156). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Behringer, F. (2011). Betriebliche Weiterbildung in Europa. *Wirtschaftsdienst*, 91(Sonderheft 13), 15–19.  
doi:10.1007/s10273-011-1178-x
- Behringer, F., & Schönfeld, G. (2010). *Betriebliche Weiterbildung in Deutschland. Ein Vergleich mit den EU-Mitgliedstaaten auf der Grundlage der vier Kernindikatoren aus CVTS3* (BIBB Fachbeiträge). Retrieved from:  
<http://www.bibb.de/de/16249.php>
- Bellmann, L., Grunau, P., Leber, U., & Noack, M. (2013). *Weiterbildung atypisch Beschäftigter*. Gütersloh, Germany: Bertelsmann Stiftung.
- Berninghaus, S. K., Ehrhart, K.-M., & Güth, W. (2006). *Strategische Spiele. Eine Einführung in die Spieltheorie* (2nd ed.). Berlin, Germany: Springer.
- Berry, J. M. (2002). Validity and reliability issues in elite interviewing. *Political Science and Politics*, 35(4), 679–682. doi:10.1017/S1049096502001166
- Bertelsmann Stiftung. (2012). *Beschäftigungsformen in Deutschland*. Unpublished report.
- Bildungsberichterstattung. (2010). *Bildung in Deutschland 2010. Ein indikatorengestützter Bericht mit einer Analyse zu Perspektiven des Bildungswesens im demografischen Wandel*. Bielefeld, Germany: W. Bertelsmann. Retrieved from  
[http://www.bildungsbericht.de/daten2014/bb\\_2014.pdf](http://www.bildungsbericht.de/daten2014/bb_2014.pdf)
- Bildungsberichterstattung. (2014). *Bildung in Deutschland 2014. Ein indikatorengestützter Bericht mit einer Analyse zur Bildung von Menschen mit Behinderungen*. Bielefeld, Germany: W. Bertelsmann. Retrieved from  
[http://www.bildungsbericht.de/daten2010/bb\\_2010.pdf](http://www.bildungsbericht.de/daten2010/bb_2010.pdf)

- Bogner, A., & Menz, W. (2009a). Das theoriegenerierende Experteninterview. Erkenntnisinteresse, Wissensformen, Interaktion. In A. Bogner, B. Littig, & W. Menz (Eds.), *Experteninterviews. Theorien, Methoden, Anwendungsfelder* (3rd ed., pp. 61–98). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Bogner, A., & Menz, W. (2009b). Experteninterviews in der qualitativen Sozialforschung. Zur Einführung in eine sich intensivierende Methodendebatte. In A. Bogner, B. Littig, & W. Menz (Eds.), *Experteninterviews. Theorien, Methoden, Anwendungsfelder* (3rd ed., pp. 7-31). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Brine, J. (2006). Lifelong learning and the knowledge economy: Those that know and those that do not – the discourse of the European Union. *British Educational Research Journal*, 32(5), 649–665. doi:10.1080/01411920600895676
- Brunello, G., & De Paola, M. (2004). *Market failures and the underprovision of training* (CESifo working paper, No. 1286). Retrieved from <http://ssrn.com/abstract=608944>
- Bundesinstitut für Berufsbildung [BIBB]. (2009). *Datenreport zum Berufsbildungsbericht 2009. Informationen und Analysen zur Entwicklung der beruflichen Bildung*. Retrieved from [http://datenreport.bibb.de/media2009/datenreport\\_bbb\\_090525\\_screen.pdf](http://datenreport.bibb.de/media2009/datenreport_bbb_090525_screen.pdf)
- BIBB. (2014). *Datenreport zum Berufsbildungsbericht 2014. Informationen und Analysen zur Entwicklung der beruflichen Bildung*. Retrieved from [http://datenreport.bibb.de/media2014/BIBB\\_Datenreport\\_2014.pdf](http://datenreport.bibb.de/media2014/BIBB_Datenreport_2014.pdf)
- Bundesministerium für Bildung und Forschung [BMBF]. (2006). *Berichtssystem Weiterbildung IX. Integrierter Gesamtbericht zur Weiterbildungssituation in Deutschland*. Retrieved from [https://www.bmbf.de/pub/berichtssystem\\_weiterbildung\\_neun.pdf](https://www.bmbf.de/pub/berichtssystem_weiterbildung_neun.pdf)
- BMBF. (2011a). *Bestandsaufnahme und Konsistenzprüfung beruflicher Weiterbildungsförderung auf Bundes- und Länderebene* (Berufsbildungsforschungsreihe, No. 12). Retrieved from [http://www.bmbf.de/pub/band\\_zwoelf\\_berufsbildungsforschung.pdf](http://www.bmbf.de/pub/band_zwoelf_berufsbildungsforschung.pdf)
- BMBF. (2011b). *Weiterbildungsverhalten in Deutschland. AES 2010 Trendbericht*. Retrieved from [http://www.bmbf.de/pub/trendbericht\\_weiterbildungsverhalten\\_in\\_deutschland.pdf](http://www.bmbf.de/pub/trendbericht_weiterbildungsverhalten_in_deutschland.pdf)
- BMBF. (2012). *Weiterbildungsverhalten in Deutschland. AES 2012 Trendbericht*. Retrieved from [http://www.bmbf.de/pub/trendbericht\\_weiterbildungsverhalten\\_2012.pdf](http://www.bmbf.de/pub/trendbericht_weiterbildungsverhalten_2012.pdf)
- BMBF. (2013a). *Berufsbildungsbericht 2013*. Retrieved from [http://www.bmbf.de/pub/bbb\\_2013.pdf](http://www.bmbf.de/pub/bbb_2013.pdf)
- BMBF. (2013b). *Zukunftsbild "Industrie 4.0."* Retrieved from [http://www.bmbf.de/pubRD/Zukunftsbild\\_Industrie\\_40.pdf](http://www.bmbf.de/pubRD/Zukunftsbild_Industrie_40.pdf)

- BMBF. (2014). *Berufsbildungsbericht 2014*. Retrieved from [http://www.bmbf.de/pub/bbb\\_2014.pdf](http://www.bmbf.de/pub/bbb_2014.pdf)
- Bundesministerium für Inneres [BMI]. (2012). *Jedes Alter zählt*. Retrieved from [http://www.bmi.bund.de/SharedDocs/Downloads/DE/Broschueren/2012/demografiestrategie.pdf?\\_\\_blob=publicationFile](http://www.bmi.bund.de/SharedDocs/Downloads/DE/Broschueren/2012/demografiestrategie.pdf?__blob=publicationFile)
- Busemeyer, M. R., & Trampusch, C. (2011). The comparative political economy of collective skill formation. In M. R. Busemeyer & C. Trampusch (Eds.), *The political economy of collective skill formation* (pp. 3–39). Oxford, UK: Oxford University Press.
- Buttler, F. (1994). Berufliche Weiterbildung als öffentliche Aufgabe. *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*, 27(1), 33–42.
- Campbell, J. L. (2006). Institutional analysis and the paradox of corporate social responsibility. *American Behavioral Scientist*, 49(7), 925–938. doi:10.1177/0002764205285172
- Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *The Academy of Management Review*, 32(3), 946–967. doi:10.5465/AMR.2007.25275684
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39–48. doi:10.1016/0007-6813(91)90005-G
- Carroll, A. B., & Shabana, K. M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews*, 12(1), 85–105. doi:10.1111/j.1468-2370.2009.00275.x
- Cedefop. (2008a). *Sectoral training funds in Europe* (Panorama series, No. 156). Retrieved from: [www.cedefop.europa.eu/files/5189\\_en.pdf](http://www.cedefop.europa.eu/files/5189_en.pdf)
- Cedefop. (2008b). *Terminology of European education and training policy. A selection of 100 key terms*. Retrieved from: [www.cedefop.europa.eu/files/4064\\_en.pdf](http://www.cedefop.europa.eu/files/4064_en.pdf)
- Cedefop. (2011). *Italy. VET in Europe – Country Report 2011*. Retrieved from: <http://www.cedefop.europa.eu/en/publications-and-resources/country-reports/italy-vet-europe-country-report-2011>
- Cedefop. (2012). *Germany. VET in Europe – Country report 2012*. Retrieved from: <http://www.cedefop.europa.eu/en/publications-and-resources/country-reports/germany-vet-europe-country-report-2012>
- Chambel, M. J., & Fontinha, R. (2009). Contingencies of contingent employment: Psychological contract, job insecurity and employability of contracted workers. *Revista de Psicología del Trabajo y de las Organizaciones*, 25(3), 207–217. doi:10.4321/S1576-59622009000300002



- Chaudhuri, S., & Bartlett, K. R. (2014). The relationship between training outsourcing and employee commitment to organization. *Human Resource Development International*, 17(2), 145–163. doi:10.1080/13678868.2014.886444
- Clarke, M., & Patrickson, M. (2008). The new covenant of employability. *Employee Relations*, 30(2), 121–141. doi:10.1108/01425450810843320
- Coase, R. H. (1937). The nature of the firm. *Economica*, 4(16), 386–405. doi:10.1111/j.1468-0335.1937.tb00002.x
- Coase, R. H. (1960). The problem of social cost. *The Journal of Law and Economics*, 3, 1–44. doi:10.1002/sres.3850090105
- Confederazione italiana sindacato lavoratori [CISL]. (2012). *1° Rapporto sulla contrattazione di secondo livello*.
- Cortellazzi, S. (Ed.). (2007). *La formazione continua. Cultura norme organizzazione*. Milan, Italy: FrancoAngeli.
- Deeke, A. (1995). Experteninterviews – ein methodologisches und forschungspraktisches Problem. Einleitende Bemerkungen und Fragen zum Workshop. In C. Brinkmann, A. Deeke, & B. Völkel (Eds.), *Experteninterviews in der Arbeitsmarktforschung. Diskussionsbeiträge zu methodischen Fragen und praktischen Erfahrungen* (Beiträge zur Arbeitsmarkt- und Berufsforschung, pp. 7–22). Nuremberg, Germany: IAB.
- Dietrich, S. (2007). Institutionalstruktur von allgemeiner und beruflicher Weiterbildung in Deutschland. *REPORT Zeitschrift für Weiterbildungsforschung*, 4, 32–41.
- Dietrich, S., Schade, H.-J., & Behrendorf, B. (2008). *Ergebnisbericht. Projekt Weiterbildungskataster* (Report of DIE-BIBB research project). Bonn, Germany: BIBB.
- Dohmen, D. (2005). *Ökonomisierung und Angebotsentwicklung in der (öffentlichen) Weiterbildung* (DIE report).
- Düll, H., & Bellmann, L. (1998). Betriebliche Weiterbildungsaktivitäten in West- und Ostdeutschland. Eine theoretische und empirische Analyse mit den Daten des IAB-Betriebspanels 1997. *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*, 31(2), 205–225.
- Düll, H., & Bellmann, L. (1999). Der unterschiedliche Zugang zur betrieblichen Weiterbildung nach Qualifikation und Berufsstatus. Eine Analyse auf der Basis des IAB-Betriebspanels 1997 für West- und Ostdeutschland. *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*, 32(1), 70–83.
- Eco, U. (1977). *Come si fa una tesi di laurea*. Milan, Italy: Bompiani.

- Ederer, P., Schuller, P., Willms, S. (2008). *Geschäftsplan Deutschland: Zukunft gewinnen mit Investitionen in Humanvermögen*. Stuttgart, Germany: Schäffer-Poeschel.
- Ederer, P., Schuller, P., Willms, S. (2011). *Human Capital Index for European Regions for the Purpose of Economic Advancement and Social Cohesion* (Lisbon Council Policy Brief).
- Edwards, J. C., & Karau, S. J. (2007). Psychological contract or social contract? Development of the employment contracts scale. *Journal of Leadership & Organizational Studies*, 13(3), 67–78. doi:10.1177/10717919070130030601
- Einaudi, L. (1958/2004). *Lezioni di politica sociale*. Turin, Italy: Einaudi.
- Ellig, B. R. (1998). Employment and employability: Foundation of the new social contract. *Human Resource Management*, 37(2), 173–175. doi:10.1002/(SICI)1099-050X(199822)37:2<173::AID-HRM7>3.0.CO;2-T
- Eurobarometer (2013). *Flash Eurobarometer 363. How companies influence our society: citizens' view*. Retrieved from: [http://ec.europa.eu/public\\_opinion/flash/fl\\_363\\_sum\\_en.pdf](http://ec.europa.eu/public_opinion/flash/fl_363_sum_en.pdf)
- EUROFOND. (2007). *Impact of training on people's employability*. Retrieved from: <http://eurofound.europa.eu/observatories/eurwork/articles/other-labour-market/impact-of-training-on-peoples-employability>
- EUROFOND. (2009). *Contribution of collective bargaining to continuing vocational training*. Retrieved from <http://eurofound.europa.eu/publications/report/2009/other/contribution-of-collective-bargaining-to-continuing-vocational-training>
- European Commission [EC]. (2002). *"The Copenhagen Declaration"* (Declaration of the European Ministers of Vocational Education and Training, and the European Commission, convened in Copenhagen on 29 and 30 November 2002, on enhanced European cooperation in vocational education and training). Retrieved from [http://ec.europa.eu/education/policy/vocational-policy/doc/copenhagen-declaration\\_en.pdf](http://ec.europa.eu/education/policy/vocational-policy/doc/copenhagen-declaration_en.pdf)
- EC. (2011). *A renewed EU strategy 2011-2014 for corporate social responsibility* (COM(2011) 681 final).
- Eurostat. (2012). *Continuing Vocational Training Survey 4 (CVTS4), Version 6* (Manual).
- Fabbrichesi Leo, R. (1993). *Introduzione a Peirce*. Rome, Italy: Laterza.
- Fejes, A. (2010). Discourses on employability: Constituting the responsible citizen. *Studies in Continuing Education*, 32(2), 89–102. doi:10.1080/0158037X.2010.488353

- Flick, U. (2007). *Qualitative Sozialforschung: Eine Einführung*. Reinbek, Germany: Rowohlt.
- Flick, U., von Kardorff, E., & Steinke, I. (Eds.). (2002). *Qualitative Forschung: Ein Handbuch*. Reinbek, Germany: Rowohlt.
- Formatemp. (2009). *Rapporto di attività Formatemp 2009*. Retrieved from <http://www.formatemp.it/AR/doc/FormaRapp09.pdf>
- Formatemp. (2011). *Rapporto di attività Formatemp 2010/2011*. Retrieved from <http://www.formatemp.it/AR/doc/Rapporto.pdf>
- Forrier, A., & Sels, L. (2003). Temporary employment and employability: Training opportunities and efforts of temporary and permanent employees in Belgium. *Work, Employment & Society, 17*(4), 641–666. doi:10.1177/0950017003174003
- Franz, H.-W., & Kopp, R. (2004). Betriebliche Experteninterviews. *Sozialwissenschaften und Berufspraxis, 27*(1), 51–61.
- Freeman, R. B. (1980). The exit-voice tradeoff in the labor market: Unionism, job tenure, quits, and separations. *The Quarterly Journal of Economics, 64*(4), 643–673. doi:10.3386/w0242
- Freeman, R. E. (1984/2010). *Strategic management: A stakeholder approach*. Cambridge, England: Cambridge University Press.
- Freeman, R. E. (2004). The stakeholder approach revisited. *Zeitschrift für Wirtschafts- und Unternehmensethik, 5*(3), 228–241.
- Freeman, R. E., & Gilbert, D. R. J. (1988). *Corporate strategy and the search for ethics*. Englewood Cliffs, NJ: Prentice Hall.
- Freeman, R. E., & McVea, J. (2001). A stakeholder approach to strategic management. In M. A. Hitt, R. E. Freeman, & J. S. Harrison (Eds.), *The Blackwell Handbook of Strategic Management* (pp. 189–207). Oxford, England: Blackwell.
- Frey, C. (2003). Gerechtigkeit in wirtschaftlicher Perspektive. *Zeitschrift für Wirtschafts- und Unternehmensethik, 4*(3), 262–286.
- Friedman, M. (1962/2002). *Capitalism and freedom*. Chicago, IL: University of Chicago Press.
- Friedman, M. (1970). The social responsibility of business is to increase its profits. *The New York Times Magazine*, 32–33, 122–126.
- Frigo, F., Angotti, R., & Bernardini, A. (2006). Gli investimenti in formazione continua e la partecipazione dei lavoratori over 45. Un confronto fra dipendenti pubblici e privati. In Scuola Superiore della Pubblica Amministrazione [SSPA], *10° Rapporto sulla formazione nella pubblica amministrazione* (pp. 295–310). Retrieved from <http://portaledellaformazione.sspa.it/?p=552>

- Gainey, T. W., & Klaas, B. S. (2003). The outsourcing of training and development: Factors impacting client satisfaction. *Journal of Management*, 29(2), 207-229. doi:10.1177/014920630302900205
- Gainey, T. W., & Klaas, B. S. (2005). Outsourcing relationships between firms and their training providers: The role of trust. *Human Resource Development Quarterly*, 16(1), 7-25. doi:10.1002/hrdq.1121
- Gazier, B. (Ed.). (1999). *Employability: Concepts and policies*. Berlin, Germany: IAS, Inst. for Applied Socio-Economics.
- Gephart, R. P. J. (2004). Qualitative research and the Academy of Management Journal. *The Academy of Management Journal*, 47(4), 454-462.
- GiGroup. (2012). *Employee Labour Trust Index (Report)*. Retrieved from <http://www.gigroup.com/en/media-corner/elti.aspx>
- Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2012). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational Research Methods*, 16(1), 15-31. doi:10.1177/1094428112452151
- Gläser, J., & Laudel, G. (2010). *Experteninterviews und qualitative Inhaltsanalyse* (4th ed.). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Global Reporting Initiative [GRI]. (2013). G4. Sustainability reporting guidelines. Implementation manual. Retrieved from <http://www.globalreporting.org/resource/library/GRIG4-Part2-ImplementationManual.pdf>
- Görgens, E., & Pfahler, T. (2002). Adverse Selektion, moralisches Risiko und Tarifvertragsrecht: Beeinflusst das Vertragsrecht die Ausgestaltung anreizkompatibler Verträge? In T. Apolte, U. Vollmer, A. Belte, R. Fehn, & L. P. Feld (Eds.), *Arbeitsmärkte und soziale Sicherungssysteme unter Reformdruck: Fehlentwicklungen und Lösungsansätze aus institutionenökonomischer Sicht* (pp. 85-111). Stuttgart, Germany: Lucius & Lucius.
- Görlitz, K. (2011). Continuous training and wages: An empirical analysis using a comparison-group approach. *Economics of Education Review*, 30(4), 691-701. doi:10.1016/j.econedurev.2011.02.008
- Hanushek, E. A., Schwerdt, G., Wiederhold, S., & Wössmann, L. (2013). *Returns to skills around the world: Evidence from PIAAC* (NBER working paper, No. 19762). doi:10.3386/w19762
- Hardin, G. (1968). The tragedy of the commons. *Science*, 162(3859), 1243-1248. doi:10.1126/science.162.3859.1243
- Hartung, S. (2012). *Betriebliche Berufsausbildung und Weiterbildung in Deutschland* (IAB report). Retrieved from: <http://www.iab.de/en/publikationen/weitere-publikationen/weitere-publikationen-details.aspx/Publikation/k120706301>

- Heuer, U. (2010). *Betriebliche Weiterbildungsentscheidungen: Aushandlungsprozesse und Bildungscontrolling* (BIBB discussion paper, No. 115).
- Hillage, J., & Pollard, E. (1998). *Employability: Developing a framework for policy analysis* (DfEE research brief, No. 85). Retrieved from <http://webarchive.nationalarchives.gov.uk/20130401151715/http://www.education.gov.uk/publications/eOrderingDownload/RB85.pdf>
- Hippach-Schneider, U., & Woll, C. (Eds.). (2008). *Fortschritt in politischen Schwerpunktgebieten auf dem Gebiet der Berufsbildung* (ReferNet report; Germany). Bonn, Germany: BIBB.
- Homann, K. (1990). Wettbewerb und Moral. In Homann, K. (2002), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 23–44). Tübingen, Germany: Mohr Siebeck.
- Homann, K. (1993). Wider die Erosion der Moral durch Moralisieren. In Homann, K. (2002), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 3–20). Tübingen, Germany: Mohr Siebeck.
- Homann, K. (1994). Ethik und Ökonomik: Zur Theoriestrategie der Wirtschaftsethik. In Homann, K. (2002), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 45–66). Tübingen, Germany: Mohr Siebeck.
- Homann, K. (1997a). Die Bedeutung von Anreizen in der Ethik. In Homann, K. (2002), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 187–210). Tübingen, Germany: Mohr Siebeck.
- Homann, K. (1997b). Sinn und Grenze der ökonomischen Methode in der Wirtschaftsethik. In Homann, K. (2002), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 107–135). Tübingen, Germany: Mohr Siebeck.
- Homann, K. (1999a). Moralität und Vorteil. In Homann, K. (2002), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 176–186). Tübingen, Germany: Mohr Siebeck.
- Homann, K. (1999b). Zur Grundlegung einer modernen Gesellschafts- und Sozialpolitik. Das Problem der sozialen Ordnung. In Homann, K. (2002), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 211–239). Tübingen, Germany: Mohr Siebeck.
- Homann, K. (2000a). Die Bedeutung von Dilemmastrukturen für die Ethik. In Homann, K. (2002), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 94–106). Tübingen, Germany: Mohr Siebeck.
- Homann, K. (2000b). Taugt die abendländisch-christliche Ethik noch für das 21. Jahrhundert? In Homann, K. (2003), C. Lütge (Ed.), *Anreize und Moral. Gesellschaftstheorie – Ethik – Anwendungen* (pp. 3–25). Münster, Germany: LIT.

- Homann, K. (2001a). Die Funktion von Werten in der modernen Gesellschaft. In Homann, K. (2003), C. Lütge (Ed.), *Anreize und Moral. Gesellschaftstheorie – Ethik – Anwendungen* (pp. 69–85). Münster, Germany: LIT.
- Homann, K. (2001b). Ökonomik: Fortsetzung der Ethik mit anderen Mitteln. In Homann, K. (2003), C. Lütge (Ed.), *Vorteile und Anreize. Zur Grundlegung einer Ethik der Zukunft* (pp. 243–266). Tübingen, Germany: LIT.
- Homann, K. (2001c). Wirtschaftsethik: Dient die Moral dem eigenen Vorteil? In Homann, K. (2003), C. Lütge (Ed.), *Anreize und Moral. Gesellschaftstheorie – Ethik – Anwendungen* (pp. 167–180). Münster, Germany: LIT.
- Homann, K. (2002). Fakten und Normen: Der Fall der Wirtschaftsethik. In Homann, K. (2003), C. Lütge (Ed.), *Anreize und Moral. Gesellschaftstheorie – Ethik – Anwendungen* (pp. 181–196). Münster, Germany: LIT.
- Homann, K. (2012). *Theoriestrategien der Wirtschaftsethik* (WCGE discussion paper, No. 2012-4).
- Homann, K., & Blome-Drees, F. (1992). *Wirtschafts- und Unternehmensethik*. Göttingen, Germany: UTB.
- Homann, K., & Kirchner, C. (1995). Ordnungsethik. In Homann, K. (2003), C. Lütge (Ed.), *Anreize und Moral. Gesellschaftstheorie – Ethik – Anwendungen* (pp. 137–165). Münster, Germany: LIT.
- Homann, K., & Suchanek, A. (2005). *Ökonomik. Eine Einführung* (2nd ed.). Tübingen, Germany: Mohr Siebeck.
- Imdorf, C. (2011). Wie Ausbildungsbetriebe soziale Ungleichheit reproduzieren: Der Ausschluss von Migrantenjugendlichen bei der Lehrlingsselektion. In H.-H. Krüger, U. Rabe-Kleberg, R.-T. Kramer, & J. Budde (Eds.), *Bildungsungleichheit revisited. Bildung und soziale Ungleichheit vom Kindergarten bis zur Hochschule* (2nd ed., pp. 261–276). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Isabella, L. A. (1990). Evolving interpretations as a change unfolds: How managers construe key organizational events. *Academy of Management Journal*, 33(1), 7–41. doi:10.2307/256350
- Istituto per lo sviluppo della formazione professionale dei lavoratori [ISFOL]. (2003). *Formazione continua e politiche di sostegno per le micro-imprese* (Series "I libri del Fondo Sociale Europeo"). Retrieved from: <http://www.labeuropeolingue.it/guida/biblioteca/micro.pdf>
- ISFOL. (2004). *La formazione continua nella contrattazione collettiva* (Series "I libri del Fondo Sociale Europeo"). Retrieved from: <http://programmaleonardo.net/llp/cd/cd2/dati/documenti/Formazione%20Continua%20nella%20contrattazione%20collettiva.pdf>

- ISFOL. (2007). *Investimenti in formazione e performance aziendali nelle strategie delle grandi imprese in Italia* (Series "Temi e Ricerche", No. 46).
- ISFOL. (2008a). *La formazione dei rappresentanti delle parti sociali per lo sviluppo della formazione continua* (Series "I libri del Fondo Sociale Europeo").
- ISFOL. (2008b). *Progress in the policy priority areas for vocational education and training* (ReferNet report, Italy).
- ISFOL. (2012a). *Rapporto ISFOL 2012. Le competenze per l'occupazione e la crescita*. Retrieved from: <http://www.isfol.it/news/notizie-2012/rapporto-isfol-2012>
- ISFOL. (2012b). *XII Rapporto sulla formazione continua. Annualità 2010-2011*. Retrieved from: <http://bw5.cilea.it/bw5ne2/opac.aspx?WEB=ISFL&IDS=18572>
- ISFOL. (2012c). *XIII Rapporto sulla formazione continua. Annualità 2011-2012*. Retrieved from: [http://www.foncoop.coop/attachments/045\\_XIIIRapporto-Isfol-2013.pdf](http://www.foncoop.coop/attachments/045_XIIIRapporto-Isfol-2013.pdf)
- ISFOL. (2013). *XIV Rapporto sulla formazione continua. Annualità 2012-2013*. Retrieved from: <http://sbnlo2.cilea.it/bw5ne2/opac.aspx?WEB=ISFL&IDS=19686>
- Istituto nazionale di statistica [ISTAT]. (2008). *La formazione del personale nelle imprese italiane. Anno 2005*.
- Jaeger, B. (2004). *Humankapital und Unternehmenskultur. Ordnungspolitik für Unternehmen*. Wiesbaden, Germany: Gabler.
- Jensen, M. C. (2002). Value maximization, stakeholder theory, and the corporate objective function. *Business Ethics Quarterly*, 12(2), 235–256. doi:10.2307/3857812
- Kant, I. (2005). *Grundlegung zur Methaphysik der Sitten* (F. Gonnelli Ed.) (4th ed.). Rome, Italy: Laterza.
- Karmasin, M., & Weder, F. (2011). CSR nachgefragt: Kann man Ethik messen? In J. Raupp, S. Jarolimek, & F. Schultz (Eds.), *Handbuch CSR. Kommunikationswissenschaftliche Grundlagen, disziplinäre Zugänge und methodische Herausforderungen* (pp. 463–479). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Kerr, S. (1995). On the folly of rewarding A, while hoping for B. *The Academy of Management Executive*, 9(1), 7–14. doi:10.5465/AME.1995.9503133466
- Klein, N. (2010). *No logo* (3rd ed.). New York, NY: Picador.
- Klein, P. G. (1998). *New institutional economics* (SSRN working paper). doi:10.2139/ssrn.115811

- Koscheck, S., & Schade, H.-J. (2011). *wbmonitor Umfrage 2011: Weiterbildungsanbieter im demografischen Wandel* (BIBB report).
- Kruppe, T. (2012). Organisation und Finanzierung von Qualifizierung und Weiterbildung im Lebensverlauf. *WISO Direkt*.
- Kühnlein, G. (1997). "Verbetrieblichung" von Weiterbildung als Zukunftstrend? Anmerkungen zum Bedeutungswandel von beruflicher Weiterbildung und Konsequenzen für Bildungsforschung. *Arbeit*, 6(3), 267–281.
- Kühnlein, G. (2001). Vermarktlichung und Verbetrieblichung der beruflichen Weiterbildung. In *Grundlagen der Weiterbildung Praxishilfen (GdW-Ph)*, 41 (pp. 1–23).
- Küpper, H.-U. (2007). Business ethics in Germany. Problems, concepts, and functions. *Zeitschrift für Wirtschafts- und Unternehmensethik*, 8(3), 250–269.
- Kurtz, T. (2002). Weiterbildung zwischen Beruf und Betrieb. Zum Verhältnis von Person, Organisation und Wissen. *Zeitschrift für Pädagogik*, 48(6), 879–897.
- Lassnigg, L. (2003). *Bildungspolitik zwischen Ökonomisierung und öffentlichem Gut? Fakten, Widersprüche, Kontroversen* (IHS working paper). URN: <http://nbn-resolving.de/urn:nbn:de:0168-ssoar-220676>
- Lauria, F. (2011). *Le 150 ore per il diritto allo studio*. Rome, Italy: Edizioni Lavoro.
- Lindbeck, A., & Snower, D. (1988). *The insider-outsider theory of employment and unemployment*. Cambridge, MA: The MIT Press.
- Lin-Hi, N. (2009). *Eine Theorie der Unternehmensverantwortung. Die Verknüpfung von Gewinnerzielung und gesellschaftlichen Interessen*. Berlin, Germany: Erich Schmidt.
- Lin-Hi, N. (2010). The problem with a narrow-minded interpretation of CSR: Why CSR has nothing to do with philanthropy. *Ramon Llull Journal of Applied Ethics*, 1(1), 79–95.
- Lin-Hi, N., & Blumberg, I. (2011). The relationship between corporate governance, global governance, and sustainable profits: Lessons learned from BP. *Corporate Governance*, 11(5), 571–584. doi:10.1108/14720701111176984
- Lin-Hi, N., & Blumberg, I. (2012). The link between self- and societal interests in theory and practice. *European Management Review*, 9(1), 19–30. doi:10.1111/j.1740-4762.2012.01025.x
- Lin-Hi, N., & Müller, K. (2011). Corporate Social Responsibility und Vertrauenswürdigkeit: Das wechselseitige Bedingungsverhältnis von ganzheitlicher Verantwortungsübernahme und authentischer Kommunikation. *UmweltWirtschaftsForum*, 19(3-4), 193–198. doi:10.1007/s00550-011-0222-z



- Lin-Hi, N., & Suchanek, A. (2009). Eine wirtschaftsethische Kommentierung der Finanzkrise. *Forum Wirtschaftsethik*, (1), 20–27.
- Lin-Hi, N., & Suchanek, A. (2011). Corporate Social Responsibility als Integrationsherausforderung: Zum systematischen Umgang mit Konflikten zwischen Gewinn und Moral. *Zeitschrift für Betriebswirtschaft*, 81(1), 63–91. doi:10.1007/s11573-010-0413-z
- Littig, B. (2002). Interviews mit Experten und Expertinnen. Überlegungen aus geschlechtertheoretischer Sicht. In A. Bogner, B. Littig, & W. Menz (Eds.), *Experteninterviews. Theorien, Methoden, Anwendungsfelder* (3rd ed., pp. 181–196). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Littig, B. (2009). Interviews mit Eliten – Interviews mit ExpertInnen: Gibt es Unterschiede? In A. Bogner, B. Littig, & W. Menz (Eds.), *Experteninterviews. Theorien, Methoden, Anwendungsfelder* (3rd ed., pp. 117–133). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Locke, J. (2002). *The second treatise of government and a letter concerning toleration*. (T. Crawford, Ed.). Mineola, NY: Dover Thrift.
- Luhmann, N. (1993). Wirtschaftsethik – als Ethik? In J. Wieland (Ed.), *Wirtschaftsethik und Theorie der Gesellschaft* (pp. 137–147). Frankfurt/Main, Germany: Suhrkamp.
- Matten, D., Crane, A., & Chapple, W. (2003). Behind the mask: Revealing the true face of corporate citizenship. *The Journal of Business Ethics*, 45(1/2), 109–120. doi:10.1023/A:1024128730308
- McGrath, S. (2000). *What is employability?* (UNESCO center at Nottingham University, England). Retrieved from [https://www.nottingham.ac.uk/shared/shared\\_uccer/epa\\_docs/what\\_is\\_employability.pdf](https://www.nottingham.ac.uk/shared/shared_uccer/epa_docs/what_is_employability.pdf)
- McQuaid, R. W., & Lindsay, C. (2005). The concept of employability. *Urban Studies*, 42(2), 197–219. doi:10.1080/0042098042000316100
- Meuser, M., & Nagel, U. (1991). ExpertInneninterviews – vielfach erprobt, wenig beachtet. Ein Beitrag zur qualitativen Methodendiskussion. In D. Garz & K. Kraimer (Eds.), *Qualitativ-empirische Sozialforschung: Konzepte, Methoden, Analysen* (pp. 441–471). Wiesbaden, Germany: Westdeutscher.
- Meuser, M., & Nagel, U. (2009). Experteninterviews und der Wandel der Wissensproduktion. In A. Bogner, B. Littig, & W. Menz (Eds.), *Experteninterviews. Theorien, Methoden, Anwendungsfelder* (3rd ed., pp. 35–60). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Mill, J. S., & Bentham, J. (2004). *Utilitarianism and other essays*. A. Ryan (Ed.). London, England: Penguin Classics.

- Ministero del Lavoro e delle Politiche Sociali. (2011). Invecchiamento attivo: Integrazione lavorativa e sociale della popolazione anziana. *Formazione e Orientamento Professionale*, 11(6).
- Müller, N., Moraal, D., Azeez, U., Berger, K., Lemmermann, H., & Walter, M. (2013). *Berufliche Weiterbildung: Ursachen möglicher Unterinvestitionen und Anreize für Betriebe und Beschäftigte* (BIBB study). Retrieved from: [http://www.bibb.de/dokumente/pdf/so\\_23301\\_0\\_Kurzzusammenfassung.pdf](http://www.bibb.de/dokumente/pdf/so_23301_0_Kurzzusammenfassung.pdf)
- Müller-Christ, G. (2001). *Nachhaltiges Ressourcenmanagement*. Marburg, Germany: Metropolis.
- National Institute of Adult Continuing Education [NIACE]. (2006). *Study on adult education providers. Final report* (Contract number DG EAC 21/05). Retrieved from <http://ec.europa.eu/education/doc/reports/doc/adulteducation.pdf>
- OECD. (2012a). *Education at a glance 2012. OECD indicators* (OECD report). doi:10.1787/eag-2012-en
- OECD. (2012b). *Education at a glance: OECD indicators 2012. Germany country note* (OECD report). Retrieved from <http://www.oecd.org/germany/EAG2012%20-%20Country%20note%20-%20Germany.pdf>
- OECD. (2012c). *Education at a glance: OECD indicators 2012. Italy country note* (OECD report). Retrieved from <http://www.oecd.org/italy/EAG2012%20-%20Country%20note%20-%20Italy.pdf>
- Oh, J.-Y. & Kim, Y. S. (2013). Galileo's discovery of the moons orbiting Jupiter based on abductive inference strategies. In L. Magnani (Ed.), *Model-based reasoning in science and technology. Studies in applied philosophy, epistemology and rational ethics* (Vol. 8). (pp. 281–299). Berlin, Germany: Springer.
- Oosterbeek, H. (2014). Unravelling supply and demand factors in work-related training. *Oxford Economic Papers*, 50(2), 266–283. doi:10.1093/oxfordjournals.oep.a028645
- Pais, I. (Ed.). (2011). *Valutare i Fondi paritetici interprofessionali per la formazione continua*. Milan, Italy: FrancoAngeli.
- Pfadenhauer, M. (2002). Auf gleicher Augenhöhe. Das Experteninterview – ein Gespräch zwischen Experte und Quasi-Experte. In A. Bogner, B. Littig, & W. Menz (Eds.), *Experteninterviews. Theorien, Methoden, Anwendungsfelder* (3rd ed., pp. 99–116). Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.

- Pfeifer, H. (2008). Weiterbildungsteilnahme in Deutschland und dem Vereinigten Königreich – eine Frage des individuellen Nutzens? *Berufsbildung in Wissenschaft und Praxis*, 5, 25–29. Retrieved from <http://www.bibb.de/veroeffentlichungen/de/bwp/show/id/1389>
- Pies, I. (2001). Transaktion versus Interaktion, Spezifität versus Brisanz und die raison d'être korporativer Akteure – Zur konzeptionellen Neuausrichtung der Organisationsökonomik. In I. Pies & M. Leschke (Eds.), *Oliver Williamsons Organisationsökonomik*. Tübingen, Germany: Mohr Siebeck.
- Pies, I. (2008). Markt und Organisation. Programmatische Überlegungen zur Wirtschaftsführungs- und Unternehmensethik. In W. Kersting (Ed.), *Moral und Kapital. Grundfragen der Wirtschafts- und Unternehmensethik* (pp. 27–59). Paderborn, Germany: Mentis.
- Pies, I., von Winning, A., Sardison, M., & Girlich, K. (2010). *Sustainability in the petroleum industry: Theory and practice of voluntary self-commitments* (Business ethics discussion paper, No. 2010-1). Retrieved from <http://wcms.uzi.uni-halle.de/download.php?down=14466&elem=2278964>
- Porter, M. E., & Kramer, M. R. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, 80(12), 56–68.
- Porter, M. E., & Kramer, M. R. (2011). Creating shared value. How to reinvent capitalism – and unleash a wave of innovation and growth. *Harvard Business Review*, 89(1/2), 62–77.
- Priddat, B. P. (2000). *Arbeit an der Arbeit. Verschiedene Zukünfte der Arbeit*. Marburg, Germany: Metropolis.
- Priddat, B. P. (2005). *Unvollständige Akteure. Komplexer werdende Ökonomien*. Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Priddat, B. P. (2010a). *Organisation als Kooperation*. Wiesbaden, Germany: VS Verlag für Sozialwissenschaften.
- Priddat, B. P. (2010b). *Wozu Wirtschaftsethik?* Marburg, Germany: Metropolis.
- Putnam, R. D. (1994). *Making democracy work: Civic traditions in modern Italy*. Princeton, NJ: Princeton University Press.
- PWC, Ecorys (2013). *Identifying and reducing corruption in public procurement in the EU* (Report for OLAF). Retrieved from: [http://ec.europa.eu/anti\\_fraud/documents/anti-fraud-policy/research-and-studies/identifying\\_reducing\\_corruption\\_in\\_public\\_procurement\\_en.pdf](http://ec.europa.eu/anti_fraud/documents/anti-fraud-policy/research-and-studies/identifying_reducing_corruption_in_public_procurement_en.pdf)
- Rajan, A. (1997). Employability in the finance sector: Rhetoric vs reality. *Human Resource Management Journal*, 7(1), 67–78. doi:10.1111/j.1748-8583.1997.tb00275.x

- Rappaport, A. (1998). *Creating shareholder value. A guide for managers and investors*. (2nd ed.). New York, NY: The Free Press.
- Rousseau, D. M. (2004). Psychological contracts in the workplace: Understanding the ties that motivate. *Academy of Management Executive*, 18(1), 120–127. doi:10.5465/AME.2004.14776197
- Rueda, D. (2006). Social democracy and active labour-market policies: Insiders, outsiders and the politics of employment promotion. *British Journal of Political Science*, 36(3), 385–406. doi:10.1017/S0007123406000214
- Rump, J., Sattelberger, T., & Fischer, H. (Eds.). (2006). *Employability Management. Grundlagen, Konzepte, Perspektiven*. Wiesbaden, Germany: Gabler.
- Sammeck, J. (2011). *Discussing industry self-regulation: The contribution of a transactional and institutional perspective* (WCGE Discussion paper, No. 2011-3).
- Scarano, N. (2002). Metaethik - ein systematischer Überblick. In M. Düwell, C. Hübenthal, & M. H. Werner (Eds.), *Handbuch Ethik* (pp. 25–35). Stuttgart, Germany: Metzler.
- Scholte, J. A. (2000). *Globalization*. New York, NY: St. Martin's Press.
- Schrader, J. (1998). Berufliche Weiterbildung zwischen Öffentlichkeit und Privatheit, *DIE REPORT*, 26(1), 142–152.
- Severino, E. (1988). *Il destino della tecnica*. Milan, Italy: Rizzoli.
- Severino, E. (1993). *Il declino del capitalismo*. Milan, Italy: Rizzoli.
- Shleifer, A., & Vishny, R. W. (1991). Takeovers in the '60s and the '80s: Evidence and implications. *Strategic Management Journal*, 12(S2), 51–59. doi:10.1002/smj.4250121005
- Siggelkow, N. (2007). Persuasion with case studies. *Academy of Management Journal*, 50(1), 20–24. doi:10.5465/AMJ.2007.24160882
- Sims, J., Powell, P., & Vidgen, R. (2008). E-learning and the digital divide: Perpetuating cultural and socio-economic elitism in higher education. *Communications of the Association for Information Systems*, 22, 429–442. Retrieved from <http://aisel.aisnet.org/ecis2005/117/>
- Sinn, H. (1986). Risiko als Produktionsfaktor. *Jahrbücher für Nationalökonomie und Statistik*, 201, 557–571.
- Souto-Otero, M. (2007). Access to post-compulsory education and training: Economic, sociological and political determinants and remaining research gaps. *Comparative Education*, 43(4), 571–586. doi:10.1080/03050060701611961
- Souto-Otero, M., & McCoshan, A. (2005). *Study on access to education and training* (Contract number DG EAC, 38/04) (ECOTEC Ed.).

- Stegmaier, J. (2010a). *Betriebliche Berufsausbildung und Weiterbildung in Deutschland* (IAB report).
- Stegmaier, J. (2010b). *Effects of workplace representation on firm-provided training in Germany* (IAB discussion paper, No. 14). Retrieved from: <http://www.iab.de/966/section.aspx/Publikation/k100803n01>
- Stehr, N. (2007). *Die Moralisierung der Märkte. Eine Gesellschaftstheorie*. Frankfurt/Main, Germany: Suhrkamp.
- Suchanek, A. (1994). *Ökonomischer Ansatz und theoretische Integration*. Tübingen, Germany: Mohr Siebeck.
- Suchanek, A. (2002). Das Verhältnis von Effizienz und Gerechtigkeit aus vertragstheoretischer Sicht. In M. Held, G. Kubon-Gilke, & R. Sturm (Eds.), *Gerechtigkeit als Voraussetzung für effizientes Wirtschaften. Jahrbuch Normative und institutionelle Grundfragen der Ökonomik, Jahrbuch 1* (pp. 133–152). Marburg, Germany: Metropolis.
- Suchanek, A. (2004). Gewinnmaximierung als soziale Verantwortung von Unternehmen? Milton Friedman und die Unternehmensethik. In I. Pies & M. Leschke (Eds.), *Milton Friedmans ökonomischer Liberalismus* (pp. 105–124). Tübingen, Germany: Mohr Siebeck.
- Suchanek, A. (2007). *Ökonomische Ethik* (2nd ed.). Tübingen, Germany: Mohr Siebeck.
- Suchanek, A. (2008a). *Business ethics and the golden rule* (WCGE discussion paper, 2008-3).
- Suchanek, A. (2008b). *Ethik der sozialen Marktwirtschaft* (WCGE discussion paper, 2008-5).
- Suchanek, A. (2011a). Die Siemens-Affäre aus Sicht der Wirtschaftsethik. In U. Weidenfeld (Ed.), *Nützliche Aufwendungen? Der Fall Siemens und die Lehren für das Unternehmen, die Industrie und Gesellschaft* (pp. 163–172). Munich, Germany: Piper.
- Suchanek, A. (2011b). Der Wittenberg-Prozess der Chemie-Sozialpartner. In J. Wieland, A. Schack (Eds.), *Soziale Marktwirtschaft: Verantwortungsvoll gestalten. Wiesbadener Gespräche zur Sozialpolitik* (pp. 54–66). Frankfurt/Main, Germany: Frankfurter Allgemeine Buch.
- Suchanek, A. (2012). *Trust as basis for sustainable corporate value creation* (HHL working paper, No. 111).
- Suchanek, A., & Lin-Hi, N. (2006). *Eine Konzeption unternehmerischer Verantwortung* (WCGE discussion paper, 2006-7).
- Suchanek, A., & Lin-Hi, N. (2007). Corporate Responsibility in der forschenden Arzneimittelindustrie. *Jahrbücher für Nationalökonomie und Statistik, Themenheft Gesundheitsökonomie*, 227(5+6), 547–562.

- Suchanek, A., & Lin-Hi, N. (2010). *Gute und verantwortungsvolle Unternehmensführung als Zusammenarbeit zum gegenseitigen Vorteil* (WCGE discussion paper, 2010-3).
- Suchanek, A., & Lin-Hi, N. (2011). Eine Betrachtung von Anreizen aus unternehmensethischer Perspektive. *Zeitschrift für Controlling und Management*, 3, 12-15.
- Suchanek, A., & von Broock, M. (2011). *Konzeptionelle Überlegungen zum "Leitbild für verantwortliches Handeln in der Wirtschaft"* (WCGE discussion paper, 2011-2).
- Thielemann, U. (1999). Die Entfaltung integrativer Wirtschaftsethik in der Kritik. In H. Nutzinger (Ed.), *Wirtschafts- und Unternehmensethik einer neuen Generation. Zwischen Grundlagenreflexion und ökonomischer Indienstnahme* (pp. 117–152). Munich, Germany: Hampp.
- Trampusch, C., Eichenberger, P., De Roo, M., Bartlett Rissi, R., Bieri, I., Schmid, L., & Steinlin, S. (2010). *Continuing vocational training in Germany* (Paper for SNF-Project No. 100012-119898. Institute of Political Science, University of Berne; Database, Part 2 'Social Benefits in Collective Agreements').
- Trinczek, R. (1995). Experteninterviews mit Managern: Methodische und methodologische Hintergründe. In C. Brinkmann, A. Deeke, & B. Völkel (Eds.), *Experteninterviews in der Arbeitsmarktforschung. Diskussionsbeiträge zu methodischen Fragen und praktischen Erfahrungen* (Beiträge zur Arbeitsmarkt- und Berufsforschung, No. 191) (pp. 59–67).
- Ulrich, P. (2005). *Zivilisierte Marktwirtschaft. Eine wirtschaftsethische Orientierung* (2nd ed.). Freiburg i.B., Germany: Herder.
- Ulrich, P. (2008). *Integrative Wirtschaftsethik. Grundlagen einer lebensdienlichen Ökonomie* (4th ed.). Bern, Switzerland: Haupt.
- Vannucci, A. (2011). Il lato oscuro della discrezionalità. Appalti, rendite e corruzione. In *Le gare pubbliche. Il futuro di un modello* (pp. 269–300). Naples, Italy: Editoriale Scientifica.
- Vannucci, A. (2012). *Atlante della corruzione*. Turin, Italy: EGA–Edizioni Gruppo Abele.
- Verbeek, B., & Morris, C. (2010). Game theory and ethics. In E. N. Zalta (Ed.), *The Stanford Encyclopedia of Philosophy* (Summer 2010 edition). Retrieved from <http://plato.stanford.edu/archives/sum2010/entries/game-ethics/>

- Von Rosenblatt, B. (2007). Unterscheidung von beruflicher und allgemeiner Weiterbildung in empirischen Erhebungen zur Weiterbildungsteilnahme. *DIE REPORT*, 30(4), 21–31.
- Walter, N., Fischer, H., Hausmann, P., Klös, H.-P., & Lobinger, T. (2013). *Die Zukunft der Arbeitswelt. Auf dem Weg ins Jahr 2030* (Robert Bosch Stiftung report). Retrieved from [http://www.bosch-stiftung.de/content/language1/downloads/Studie\\_Zukunft\\_der\\_Arbeitswelt\\_Einzelseiten.pdf](http://www.bosch-stiftung.de/content/language1/downloads/Studie_Zukunft_der_Arbeitswelt_Einzelseiten.pdf)
- Weber, R. (2004). The rhetoric of positivism versus interpretivism: A personal view. *Management of Information Systems Quarterly*, 28, iii–xii. doi:10.2307/25148621
- Weinert, P., Baukens, M., Bollérot, P., Pineschi-Gapenne, M., & Walwei, U. (Eds.). (2001). *Beschäftigungsfähigkeit: Von der Theorie zur Praxis*. Bern, Switzerland: Peter Lang.
- Wieland, J. (2011). The firm as a nexus of stakeholders: Stakeholder management and theory of the firm. In A. Brink (Ed.), *Corporate Governance and Business Ethics, Ethical Economy. Studies in Economic Ethics and Philosophy* (Vol. 39, pp. 225–244). Dordrecht, Netherlands: Springer.
- Will, M. G. (2012). *Successful organizational change through win-win: How change managers can organize mutual benefits* (WCGE discussion paper, No. 2012-20).
- Williamson, O. E., Wachter, M. L., & Harris, J. E. (1975). Understanding the employment relation: The analysis of idiosyncratic exchange. *Bell Journal of Economics*, 6(1), 250–278.
- Wittgenstein, L. (1929). Vortrag über Ethik. In J. Schulte (Ed.) (1989), *Vortrag über Ethik und andere kleine Schriften* (6th ed., pp. 9–19). Frankfurt/Main, Germany: Suhrkamp.
- Wrana, D. (2009). Economizing and Paedagogizing continuing education. In Peters, M.; Besley, A.C.; Olssen, M.; Maurer, S.; Weber, S. (Ed.), *Governmentality Studies in Education*. (pp. 473–486.). Rotterdam, Netherlands: Sense Publisher.