

Policy highlights

Future-Proofing Adult Learning in Berlin, Germany



NEW SKILLS AT WORK

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OECD

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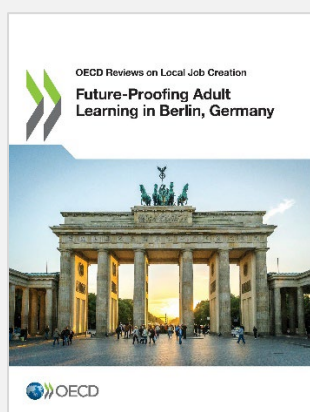
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About this policy highlights

This booklet reproduces highlights from the report *OECD Reviews of Local Job Creation: Future-Proofing Adult Learning in Berlin, Germany*, which provides new insights on threats and opportunities facing Berlin in light of the labour market shock from COVID-19 and other structural changes from the future of work, such as automation and digitalisation. This report falls within the Programme of Work of the OECD's Local Employment and Economic Development Programme.



Future-Proofing Adult Learning in Berlin, Germany

The full book is accessible at

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After a two decades long boom, Berlin's labour market is entering a new phase

Berlin faces a tightening labour market

Berlin is Germany's capital, its biggest city with a population of almost 3 650 000 and one of its 16 federal states. While the city has a labour force of more than 2 million, due to Germany's decentralised economy it is neither Germany's financial capital nor the city with the most headquarters of large enterprises. Berlin's population has grown by more than 8% since 2000. It is one of the most diverse across Germany, with around one-third of its residents having a migration background.

Before the onset of the COVID-19 outbreak, Berlin had enjoyed a two decades long boom of rising employment and economic growth. Between 2000 and 2019, total employment in Berlin grew by an annual rate of almost 1.3%, compared to 0.7% in Germany and 0.6% in the European Union, creating almost 450 000 new jobs in Berlin. During this period, Berlin also experienced gains in its labour productivity, which helped to reduce the gap to other major OECD metropolitan areas. Nonetheless, labour productivity remains significantly below that of many other OECD metropolitan areas such as Amsterdam, Stockholm, Oslo or Paris. The uncertainty and economic effects of the COVID-19 pandemic put some of the gains in productivity and employment that Berlin made over the past decade at risk.

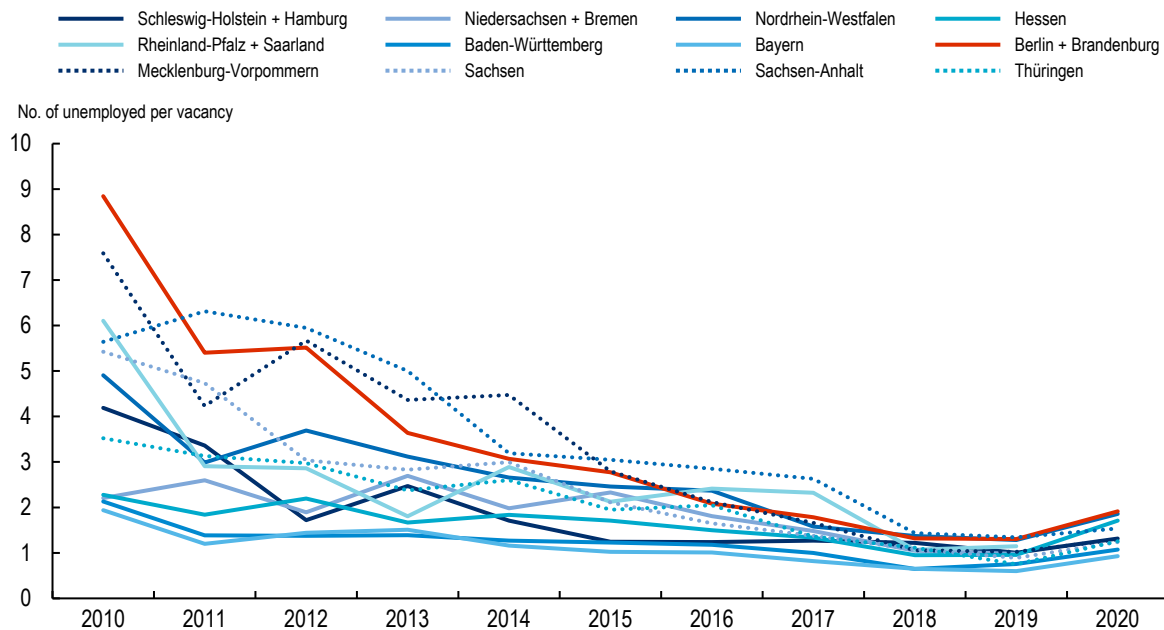
Following a decade of rapid employment growth driven by the service sector, Berlin's labour market has now entered a new period. Recruitment of suitably qualified workers is becoming increasingly difficult for employers. Berlin's labour market has significantly tightened over the past decade, with the unemployment rate falling from 13% in 2010 to 5.5% in 2019. Since 2010, the number of job vacancies has almost tripled and reached around 115 000 jobs in 2019. Ultimately, this development will put upward pressure on wages in sectors that experience shortages in labour supply and could reduce productivity growth of firms that cannot fill vacancies.

Firms in the service sectors face the greatest challenges in filling vacant positions. Hiring difficulties affect health, social services and education the most



Number of unemployed per vacancy in Berlin in national comparison over time

Number of unemployed workers per job vacancy



The tightening of Berlin's labour market raises the importance of the local adult learning system for two reasons. First, the system will need to increase the supply of qualified workers that can meet the skills needs of Berlin employers. Second, as wages are likely to rise disproportionately in high-skill sectors, there is a risk of aggravated social divisions if low and medium-educated workers are not trained and upskilled to remain attractive to local employers.

Rising labour shortages among Employers in Berlin

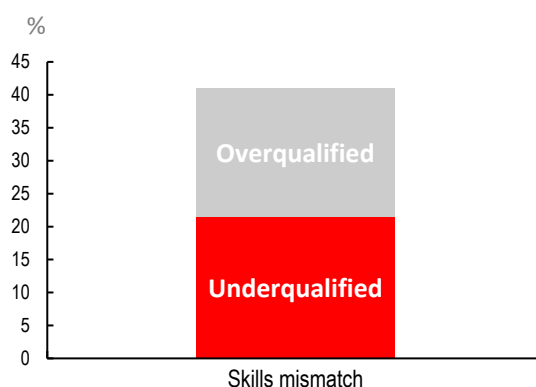
A growing number of businesses in Berlin struggled to fill vacancies. The share of companies in Berlin and Brandenburg that reported difficulties in finding a suitable candidate during the hiring procedure increased from 30.0% in 2010 to 40.6% in 2019. The two principle reasons for why companies struggle to fill job vacancies are an insufficient number of applicants and an insufficient professional qualification of candidates.

More than a quarter of companies in Berlin (26.4 %) reported in 2019 insufficient professional qualification of candidates as the reason for why they struggle to fill a vacancy. This compares to only 17.7% of employers in 2010. Similarly, the share of vacancies Berlin's companies that struggled to fill due to an insufficient number of applications rose from 17.1% in 2010 to 26.1% in 2019. Other reasons that increasingly pose challenges for employers to fill vacant positions include a perceived unwillingness of applicants to accept the workload (+5.7 percentage points between 2010 and 2019) and excessive salary demands (+9.0 percentage points).

Better alignment of skills with demand can boost productivity

Skills mismatches affect many workers in Berlin

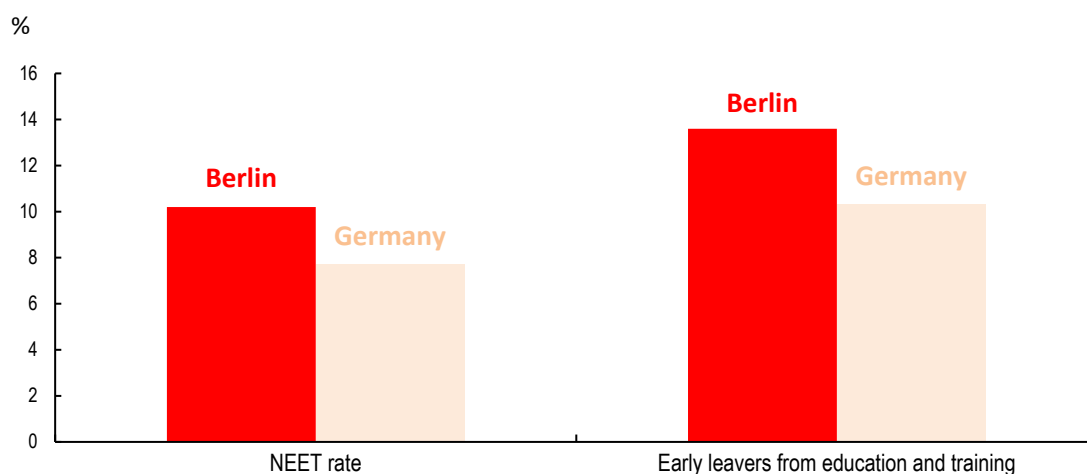
Skills mismatches, skills gaps and an ineffective use of skills are widespread in Berlin and hold back labour productivity. They can act as a drag on local economic growth, while also limiting the employment and earnings potential of workers. While educational attainment in Berlin has been rising, it remains below that of many other OECD metropolitan areas. Additionally, many Berliners are not making optimal use of their skills and work in jobs that do not match their qualifications. In Berlin, 41% of workers are mismatched by level of qualification, the second highest degree of mismatch among 13 major OECD metropolitan areas. Twenty-two percent are overqualified and 19% underqualified for their job.



Besides skills mismatches among the employed, Berlin also faces challenges in preparing youth for the labour market. Around 14% of individuals aged 18 to 24 leave education without a degree, 3 percentage points above the German average. Furthermore, 10% of 18 to 24 year-olds in Berlin are not in education, employment or training, compared to less than 8% in Germany. The high rates of early school leavers and inactive 18 to 24 year-olds heightens the risk that those youth become disengaged from the labour market and do not have the necessary skills to find employment.



Share of 18-24 year olds without a degree or not in education, employment or training (NEET)



Employer investment in training and education is low

Despite its importance for skills development, employers do not invest enough in staff training. Only 14% of the labour force participated in work-related training in Berlin in 2019, which was the lowest participation rate among all German states. Low work-related participation rates in continuous education and training (CET) in Berlin are not a new phenomenon. The estimated total number of participants in work-related CET grew from 253 000 in 2014 to 272 000 in 2019, but this growth was in line with the overall growth of Berlin's labour force. Consequently, work-related CET has not increased in Berlin despite its growing importance in a rapidly changing labour market.

While social economy initiatives cannot solve the increasing labour shortages on their own, they could complement education and training within firms to help deliver the skills that are in demand in Berlin's labour market. If targeted at vulnerable groups such as youth or migrants, such initiatives additionally foster socio-economic mobility. The ReDI School of Digital Integration offers an interesting example, helping refugees enter the labour market by equipping them with highly sought after digital skills.

Fostering digital skills and labour market attachment of Migrants - ReDI School of Digital Integration

Since 2016, the ReDI School of Digital Integration provides refugees with free technological education in coding and fundamental computer training by industry experts, at no cost to participants. ReDI School's core objective is to help students become independent by teaching them digital skills.

- A network of tech leaders, students, and alumni assists in the creation of labour market opportunities for graduates of its programmes. The experts involved in the project also act as "door openers" by creating links between the students and the companies.
- Courses are taught by a network of more than 500 IT and start-up volunteers from more than 180 companies. Next to standard daytime offers, courses are also offered in the evenings and on weekends, adding flexibility for both teachers and potential students.
- As of 2021, the number of applications is more than double the number of places available. Around 70% of the students who attend ReDI School's courses were first informed about ReDI School through friends or relatives, exemplifying the strong standing the ReDI School has in Berlin's migrant community.

Seventy-five percent of those graduating from ReDI Digital Career Program, its core module, currently have paid jobs, mostly in the technology industry.



The future of work will transform Berlin's labour market

The pandemic might also have a lasting impact on the way people work in Berlin. COVID-19 has been a catalyst for technological change in the labour market, as remote working has become the new normal. The pandemic has accelerated the impact of automation and digitalisation, which were already transforming the labour market. Due to social distancing and lockdown measures, firms and employees in Berlin have accelerated the use of new digital tools and technologies.

Even before the global pandemic, Berlin's economy faced a host of significant challenges. One example is relatively low labour productivity, which holds back local wages as well as Berlin's economy and prosperity. While Berlin's labour productivity increased by 6% between 2008 and 2018, it remains 40 to 50% below that of other OECD metropolitan areas such as Amsterdam, Stockholm, Oslo or Paris.

Almost half of all jobs in Berlin face risks associated with automation

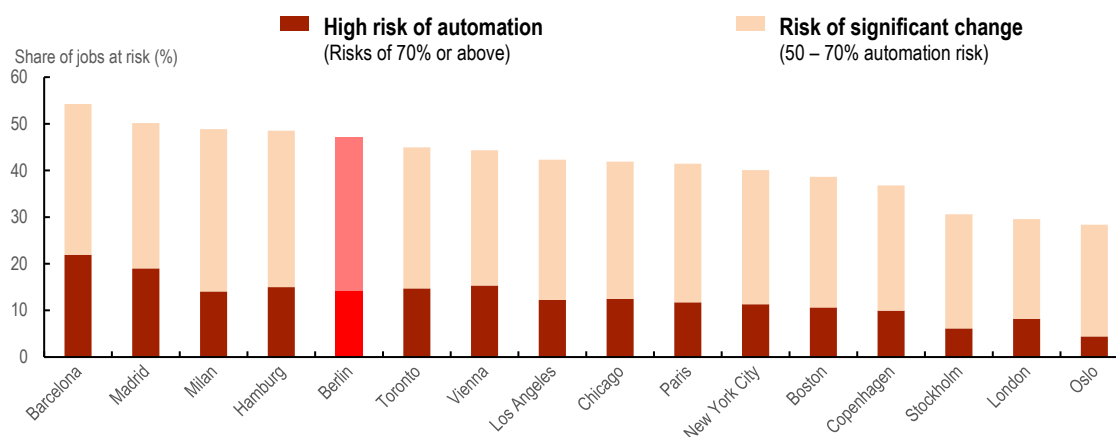
While automation can enhance labour productivity, it can also have negative consequences. OECD estimates show that 14% of jobs are at high risk of automation in Berlin, meaning that they have the strong potential to be displaced by digital processes, robots or machines. Another 33% of jobs are likely to face significant change, where the jobs could remain but the skills required to stay in those jobs might change. Taken together, almost half of all workers in Berlin (47%) could be directly affected by automation, compared to less than 30% in cities such as Oslo or London. Encouragingly, recent job creation in Berlin has mostly occurred in jobs and sectors that are less exposed to automation.

“**47%** of jobs in Berlin could be impacted by automation, which means new skills will be required for these workers to remain in the labour market.”



Percentage of jobs at significant and high risk of automation by country (%), 2018

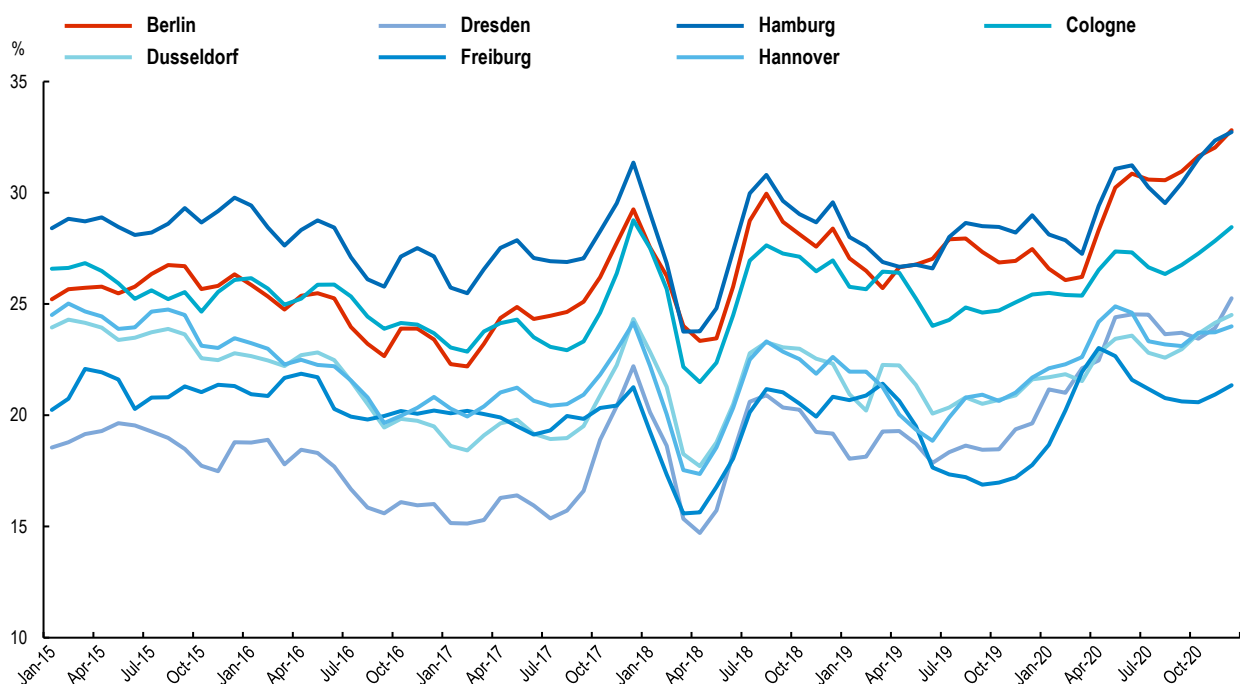
Share of jobs at risk of automation



During the pandemic, demand for advanced ICT skills has surged

During the COVID-19 pandemic, Berlin has experienced a surge in demand for digital skills. New jobs increasingly require advanced information and communications technology (ICT) skills. From the start of the pandemic until the end of 2020, the share of job postings in Berlin that require advanced ICT skills rose from 26% to 33%. Such jobs entail specialised skills such as programming, coding and data analysis. While many German cities saw a rising demand for ICT skills during the pandemic, it rose particularly fast in Berlin, suggesting that Berlin might be experiencing a faster transformation of its local economy than other places in Germany.

Share of online job vacancies requiring advanced ICT skills



The current state of Berlin's adult learning system

Lifelong learning beyond initial education is essential for adults to keep up with a rapidly changing world of work. A striking feature of Berlin's continuing education and training (CET) landscape is the strict institutionalised distinction between work-related CET and general adult education, or civic education. Work-related CET in Berlin is the joint responsibility of the *Bundesagentur für Arbeit* ("Federal Employment Agency") and Berlin's Senate Department for Integration, Labour and Social Affairs. It is delivered through certified adult education providers. General adult education is separated from labour market related training services. It is primarily delivered through the 12 Adult Education Centres, which are institutions of the Berlin boroughs and are run and equipped by them at their own responsibility. Berlin's Senate Department for Education, Youth and Family regulates and monitors these Adult Education Centres.



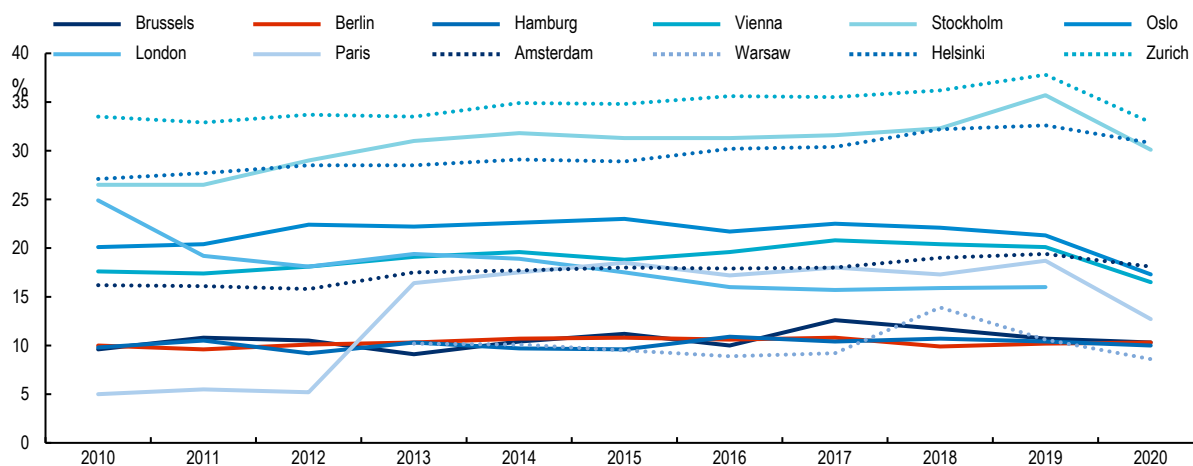
*In 2020, only **10.3%** of Berlin's 25 to 64 year-old population stated they had participated in adult learning over the past four weeks, compared to 30.1% in Stockholm (Sweden) and 32.9% in Zurich (Switzerland).*

Participation in CET measures that aim to update and upgrade skills can maintain the employability of people and increase labour force participation. Adult learning systems therefore have to be evaluated on participation metrics and obstacles to participation in adult learning that could prevent some individuals or groups from participating in education and training beyond their initial education. Despite the many and diverse learning opportunities, participation in learning and training courses is currently low. In an OECD comparison, participation in formal and non-formal education and training in Berlin is less than half that of the leading OECD metropolitan areas. Within Germany, work-related continuous education and training is also significantly below the levels of other German federal states. The age structure, average education levels and

differences in average income can only explain about one third of the gap in continuous education and training participation between Berlin and the other German federal states.



Share of individuals aged 25-64 who participated in formal and informal adult learning



Individuals rely on their employer for work-related training. However, both the existence of training and education offers as well as the type of training offered by companies in Berlin depends significantly, but not surprisingly, on the company size. Data from an *Industrie- und Handelskammer Berlin* (“Chamber of Commerce and Industry”; IHK Berlin) survey conducted in 2019 shows that smaller companies often rely almost exclusively on self-studying instruments to train their employees.

One of the key reasons for the low adult learning participation rate in Berlin is therefore the large share of microenterprises. A lack of awareness of existing measures as well as low take-up of financial instruments is a common feature of microenterprises across the OECD. In Berlin, 83% of small and medium-sized enterprises (SMEs) employ fewer than five employees. Despite the generous support schemes for small enterprises introduced at the national level over the past years, training and education offers remain very limited for employees in microenterprises. Thus, a pro-active engagement with microenterprises beyond financial incentives is necessary to increase CET participation among employees in these companies.

A second reason for the low participation in work-related training among Berlin’s employees is the large share of self-employed and own-account workers in the city. Around 13.5% of Berlin’s total employed were self-employed in 2019, a much higher share than in all other German federal states. The majority among the self-employed in Berlin are own-account workers. Self-employed and own-account workers often face financial and time constraints to participation in training and education. Time away from work means a loss of income that adds to the direct costs of training participation for this group of workers. Berlin’s own-account workers currently receive very limited support to participate in life-long learning.

INCREASING PARTICIPATION IN ADULT LEARNING IN SMES AND AMONG OWN-ACCOUNT WORKERS – IDEAS FROM ACROSS THE OECD

The Waff training account – adult learning options for own-account workers in Vienna, Austria

In Vienna, Austria, the Waff Training Account provides training grants to own-account workers.

- Waff funds modular training and education aimed at expanding entrepreneurial skills and training to improve commercial and business skills. The latter include courses in the areas of accounting, auditing, office organization or time management. Courses to acquire language skills and improve digital skills are also funded.
- Waff covers 80% of the total training costs, up to a maximum of EUR 2 000. To ease facilitation, applications can be submitted before the training course begins up until four weeks after the start date of the course. Waff covers 80% of the total training costs, up to a maximum of EUR 2 000. There is no limit on the number of courses that can be attended until the maximum coverage is reached. To ease facilitation, applications can be submitted before the training course begins up until four weeks after the start date of the course.

Supporting growth in SMEs through skills development in Vantaa, Finland

The city of Vantaa, the fourth biggest city of Finland, has identified the need to develop a new model to support education and training in SMEs. In response, it launched the *Urban Growth Vantaa* project.

- In a first step, project coordinators employed by the city of Vantaa contact local SMEs with 10-200 employees. SMEs then undergo a needs assessment to identify skills needs through surveys. SMEs are then informed of the different training options that could develop these relevant skills.
- Once a joint decision on the appropriate training has been made, the training is proposed to employees within SMEs. Training courses are free of charge for employees and SMEs continue to pay their full salaries. If the reduction in working hours at full salary cannot be borne by SMEs, financial support schemes exist.

A further competence Germany's federal states have to encourage participation in adult learning is the so-called *Bildungszeit* ("educational leave"). Educational leave laws allow employees to take leave from work for educational purposes. In Germany, all but two federal states have such educational leave laws. Berlin's educational leave law is generous compared to other German federal states. Most states offer employees five days of educational leave per year. Berlin's model of offering 10 days per two years adds some flexibility to the generic model. Under the law, educational leave is granted for job-related training and civic education. Despite the flexibility in taking educational leave, only around 1% of Berlin's social security contributing employees takes advantage of the measure.

One of the potential reasons for the relatively low take-up of adult learning opportunities among Berliners is the fragmented nature of adult learning guidance services. The wide range of guidance services in Berlin caters to many different specific groups, but can also make it difficult for learners to navigate through the range of offers. In addition to the offers by the Federal Employment Agency, different Senate departments offer guidance services to a range of target groups, in some cases overlapping. To provide a clear overview of Berlin's adult learning offers, the new Berliner Weiterbildungsdatenbank ("continuing education and training database Berlin") can therefore become a very important tool.

The Continuing Education and Training Database berlin

The Berlin Senate Department for Integration, Labour and Social Affairs operates the Berlin-specific continuous education and training database Berlin.

The database includes around 40 000 entries from approximately 1 100 adult education providers. It is updated daily. Its interface is easy to operate and only requires users to enter their postcode and the training field in which they are interested. Users can also limit the geographical search distance to display offers in their vicinity. The database's main focus is on professional development courses but it also includes a wide range of courses on topics related to civil society, politics and culture. A cooperation exists between the continuous education and training database Berlin and the Brandenburg-specific similar database *Weiterbildung Brandenburg* ("Further education in Brandenburg"), thus allowing users to search for offers in Berlin's wider metropolitan area. Generic links to funding options for each course in the database are displayed for users.

Companies can use WDB's interactive instruments to analyse the need for qualification within their own establishment. They can also send inquiries to adult learning providers to find suitable offers. Information on funding opportunities for companies are also available within WDB. Despite these features that cater to the needs of companies, feedback from social partners gathered by the OECD for the purposes of this report revealed that employers often find it difficult to navigate the database. Future updates of the database could specifically address employers on the WDB's home page.



OECD Recommendations

Develop a long-term strategy for adult learning in Berlin

Create a new master plan or long-term strategy for skills development and adult education	
✓ Develop a clear, comprehensive and long-term skills strategy for Berlin	The strategy should entail the definition of short- and long-term goals, and build on timely data as well as forecasting analysis to anticipate future changes to skills needs.
✓ Support long-term objectives by creating a diverse advisory board that helps inform and steer the strategic direction of skills policies in Berlin	Bringing together employees, political decision makers, social partners, adult learning providers and local employers could help Berlin to design and follow a skills strategy that aligns with local labour market needs and contributes to social mobility as well as lifelong learning.
✓ Examine opportunities for integrating job-related training and general adult learning policies	Use synergies of general adult education and work-related continuous education in areas such as language training or digital skills.
Foster quality information and advice about careers and jobs in Berlin	
✓ Leverage the promising local database <i>Weiterbildungsdatenbank Berlin</i> to facilitate participation in learning and training offers	Options could include raising the visibility of the database and raising awareness among firms and potential learners is essential. Linking the entries in the database directly to the required documents to obtain financial support measures for learners could boost uptake of continuous education and training.
✓ Ensure Berlin can leverage timely labour market data and information on skills needs to shape adult learning decisions and priorities	This would include regular information on employer labour market needs in terms of skills and qualifications, their challenges in using existing learning offers, improved access to consistent data on adult learning participation, learner progress, learner subsequent employment outcomes, and outcomes for individual local training providers.
Encourage a culture of life-long learning	
✓ Use public outreach and existing adult learning provision to foster awareness of the benefits of lifelong learning	To support “learning to learn”, greater awareness of the need for learning and its benefits can encourage individuals to engage in CET and general adult learning. Creating stronger links between different adult learning courses on the one hand, and general adult learning and work-related CET on the other, could help enhance learner willingness to stay involved in Berlin’s adult learning system.
✓ Capitalise on Berlin’s general adult education provision to foster transversal skills	Use Berlin’s general adult education to develop competences that also matter for a work-related context, most importantly transversal skills such as digital literacy, language competence, learning competence and basic

	literacy. Those can support work-related adult learning and training, and equip individuals with the toolkit to acquire other, more specific occupational skills.
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Provide adult learning to all individuals and tailor it to the needs of vulnerable groups

Ensure learning and retraining opportunities reach workers most at risk of labour market transformation	
✓ Strengthen foresight analytics to identify individuals at risk from labour market transformations and raise awareness of the benefits of skills development	Tailor services to the specific needs of individuals who face heightened risk from automation, digitalisation or the green transition. Strengthen career guidance that helps establish pathways into other jobs or sectors and boosts awareness of the benefits of adult training opportunities.
✓ Work with adult learning providers to establish modular learning offers for accessible upskilling and re-training opportunities for all adults	The rollout of more flexible and especially short, modular courses could encourage stronger uptake of work leave for learning and training. It would enable workers to better balance adult learning participation with work or family responsibilities.
✓ Introduce education and training instruments that target own-account workers	Berlin could follow a model similar to Vienna's <i>Waff Training Account</i> . It explicitly includes own-account workers, accounts for their needs of flexibility, and covers most of the costs business-relevant education and training, including digital skills.
Expand learning opportunities for both basic as well as digital skills	
✓ Strengthen efforts to reach individuals that lack basic skills	Options include extending the <i>Alphabetisierungskampagne</i> literacy campaign ("literacy campaign") and expanding the "alpha label" programme of the <i>Grundbildungszentrum Berlin</i> ("Berlin Centre for Basic Education"), which assigns quality labels to institutions that offer their services in an accessible way for adults with low literacy, across Berlin more widely.
✓ Embed digital skills training in adult learning programmes	Making sure that adult learning provision fosters the acquisition of digital skills, both basic as well as more advanced ICT skills, could put learners in a stronger position to find job opportunities or engage in learning more effectively.
Adapt the adult learning offer for migrants to their specific needs	
✓ Leverage participation in German language courses to provide career counselling and equip migrants with necessary vocational skills	Berlin's Adult Education Centres could offer career, education and labour market counselling to migrants and refugees by institutionalising the work of Berlin's mobile counselling on education and careers for refugees (MoBiBe). Second, Berlin's Adult Education Centres could expand the scope of existing offers that combine language training with vocational education, following international best-practice examples.
✓ Scale up learning and training offers in areas that do not require German proficiency by building	Options include offering training for in-demand sectors where English is the working language, or jobs in the IT sector where language skills are less

<p>on successful social economy initiatives</p>	<p>relevant. Berlin could build on social economy initiatives such as the <i>ReDI School</i>, which trains refugees in programming and coding and cooperates with the private sector to place their graduates in Berlin's IT sector.</p>
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Strengthen the support for employers and bring employers on board to foster investments in adult learning and workplace training

Foster demand-led training and labour market information	
<p>✓ Set-up regular surveys of enterprises in Berlin</p>	<p>Building upon and supporting the expansion of surveys by the <i>Industrie- und Handelskammer</i> ("Chamber of Industry and Commerce") or the <i>Institut für Arbeitsmarkt- und Berufsforschung</i> ("Institute for Employment Research") could yield regular information on skills challenges that employers report both within their existing workforces and when recruiting as well as their investment in training and development.</p>
<p>✓ Increase employer representation in the planning of skills policies</p>	<p>Options include institutionalising exchanges between the Berlin Senate Chambers and business associations. Berlin could set up a skills business advisory group that represents enterprises of different sizes and from different sectors and offers guidance to political decision makers. Furthermore, stronger collaboration and exchange of information between training providers and local firms could help shape CET programmes according to local needs and incentivise firms to make use of such training opportunities.</p>
Strengthen workplace training and tailor support to the needs of SMEs	
<p>✓ Establish peer-learning platforms that spread good workplace practices and share resources for training among firms in Berlin</p>	<p>Berlin could support the newly founded CET employer networks to facilitate knowledge sharing of successful management practices, internal skills development strategies, and uptake of new technologies or other innovations. To develop networks further and beyond the initial funding period, Berlin could aim to engage large companies in such networks and encourage them to open their training courses and workshops outside of regular operating hours and, with their expertise, offer advanced training on the new machines and technologies for employees of SMEs.</p>
<p>✓ Introduce new support measures for training in SMEs that go beyond financial incentives to raise awareness of the value of training and learning</p>	<p>To raise awareness and take-up of funding opportunities for training and education in SMEs, which remains low, Berlin could follow examples from cities across the OECD to offer support beyond financial incentives. It could pursue an approach similar to the city of Vantaa, Finland, where project account managers employed by the city are assigned to SMEs to contact SMEs proactively. Following a joint skills needs assessment, suitable training programmes are then suggested to SMEs and their employees.</p>

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