

Incentives to Business Investment in Skills:
**GUIDELINES ON THE PROPOSED POLICY
INSTRUMENTS**



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the European Union

Foreword

The Italian Government's National Reform Programme 2021-27 includes among its objectives the development of a new set of policy measures to support investment in skills for the 'smart specialisation, industrial transition and entrepreneurship' of 'small and medium-sized enterprises'.

Through the project "Incentivising business' investment in skills in Italy", the Directorate-General for Structural Reform Support (DG REFORM) and the OECD aim to help Italian national authorities to identify and implement the reforms and processes that can meet this objective most effectively, taking into account good practices and lessons learnt from other countries in dealing with similar situations. The project also aims to increase the recruitment of skilled labour and employee training in small and medium enterprises, and to promote the collaboration between the various ministries involved in skills policies for firms, as well as between central government and other relevant stakeholders. The project is co-financed by the European Union through the Structural Reform Support Programme and implemented by the OECD, in cooperation with the European Commission.

This report is one of the results of that project and presents further details on the design of the instruments that are described in the Recommendations (OECD, 2022^[1]). This document was produced with the financial assistance of the European Union. The views expressed in this document in no way reflect the official opinion of the European Union.

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1. Introduction

The Recommendations for two Public Policy Instruments (OECD, 2022^[1]), developed in the framework of the project "Incentiving Business Investment in Skills", propose two new public policy instruments aimed at facilitating and encouraging investment in human capital by Italian companies.

One of the proposed instruments wants to subsidise the cost incurred by micro, small and medium-sized enterprises in qualified consulting and training activities, and to do through a voucher, the *Voucher Consulenza Formazione* (Voucher Consultancy Training). The other proposed instrument aims to strengthen the investment in skills in business collaborations (or business networks) through a plan of actions of the Ministry of Economic Development, which will influence the activity of service providers in the field of training and business consulting.

Both instruments have as their ultimate beneficiary Italian enterprises that, by investing in skills, wish to pursue innovation projects or adopt advanced technologies. In particular, both instruments are designed to assist smaller and less structured enterprises, for which the fixed cost of organising the recruitment of new personnel, a training course or a company reorganisation effort is higher, and which are more likely to suffer from certain market failures (OECD, 2021^[2]).

This document is intended as a complement to the Recommendations. While it cannot abstract from those, the present document contains more details, and in particular details that are useful in the final design and implementation phases of the recommended instruments. In this sense, the report contains important elements to facilitate the understanding of the Recommendations and to operationalise what is discussed therein, including elements that can foster the success of the described policy instruments.

The content of this document heavily relies on the many discussions that were held with the direct beneficiaries of the project, and with the many stakeholders who participated in the Working Groups for the conceptual development of the two recommended public policy instruments. Additional elements were added by studying existing public policy measures that offer public support for firms to invest in skills. While as articulated as possible, these guidelines remain incomplete, a starting point in the reflections needed to operationalise the Recommendations.

The document also reflects the outcome of wide-ranging discussions that involved the Ministry of Economic Development and Invitalia (i.e. the project's beneficiaries), which resulted in the proposals contained in the Recommendations (OECD, 2022^[1]). In the background remains an important discussion on the nature of business support in the specific area of investment in skills: should the policy maker expand the pool of supported firms as much as possible, or rather direct public resources towards those entities that most need them or that guarantee a better return on the investment? This trade-off, whose solution falls in the remit of the Italian Administration, may translate into different choices on certain design elements of the instruments proposed in the Recommendations.

2. The new Training Advisory Voucher

In order to encourage the development of technical, managerial, and soft skills in companies, the Training Consultancy Voucher (VCF) is the proposed public policy instrument aimed at financing part of the expenses incurred by SMEs for both training activities and consultancy services.

The proposed action targets workers who contribute to the development and implementation of the company's objectives and/or are involved in innovation and reorganisation projects. In fact, beneficiaries are chosen on the basis of their role within the enterprise. With specific reference to consultancy services, moreover, it is suggested that these cover activities that provide support to the company's management and the analysis of company needs.

Some new elements are particularly important and differentiate the VCF from previous voucher experiences:

- It finances companies for training activities, and/or consultancy, whether organisational, for recruitment, or oriented towards the design of a training project.
- It does not limit the scope to certain skills and/or technologies to be adopted, including both technical and soft skills, and covers investment 'for smart specialisation, industrial transitions and entrepreneurship', as described in the ERDF Objective 1.iv.
- It a skill needs analysis at enterprise level mandatory to apply for public support. For micro and small enterprises this can be financed by a first public support voucher of a small amount, in the perspective of obtaining a second voucher that builds on the information from the needs analysis.
- It assures the quality of the subsidised projects via a two-stage evaluation: an 'ex-ante' appraisal phase, and an evaluation of success at programme closure, based on a survey of the entire sample of beneficiaries.
- It pays close attention to the selection of providers of consulting and/or training services to companies, for which the company can claim partial reimbursement of expenses through the VCF.

Other public policy instruments in Italy supporting investment in skills use financing mechanisms other than vouchers. Among them, the most important are: Training Funds (*Fondi Interprofessionali*), the New Skills Fund (*Fondo Nuove Competenze*), the "Training 4.0" tax credit. An analysis of the main differences between these funding sources and the VCF would require an extensive discussion that goes beyond the scope of this report. However, a detailed review of these instruments, and their role in financing training for SMEs, can be found in (OECD, 2021^[2]).

Main aspects of implementation

2.1 - Beneficiaries

The Recommendations identify micro, small or medium-sized enterprises as direct beneficiaries of the VCF facility. Enterprises are qualified as micro, small or medium-sized according to the European Commission Recommendation (2003/361/EC) of 6 May 2003:

Table 2.1. Definition of company size

Category of firms	Headcount (annual)	&	Turnover (in million €, annual)	or	Total balance sheet (in million €, annual)
Micro enterprise	less than 10	&	≤ 2	or	≤ 2
Small enterprise	less than 50	&	≤ 10	or	≤ 10
Medium-sized enterprise	less than 250	&	≤ 50	or	≤ 43

Agglomerations of several enterprises can also benefit of the Voucher. Agglomerations can be temporary business associations (*Associazioni Temporanee di Imprese*) or originate from a network contract (*Contratto di Rete*). The entity, however, must legally exist by the time the application for public support is submitted to the Administration, and only the entities in the agglomeration at that stage will be eligible for the support.

There is no limit to the form of incorporation the applicant companies can take. The companies themselves, however, must be registered in the competent business registry at the time of application. This excludes from the list of potential beneficiaries professional studios and freelancers that do not operate as companies.

Also excluded are:

- Companies that operate in the sectors excluded by Article 1 of EU Commission Regulation 1407/2013, known as 'De Minimis'.
- Companies that are subject to prohibitory sanctions as per Article 9(2) of Legislative Decree 231/2001.
- Companies that are not up to date with social security payments.
- Companies that are subject to bankruptcy proceedings and are in a state of bankruptcy, liquidation, special arrangements with creditors, or any other equivalent situation under the current legislation.
- Companies that have received and subsequently not repaid or deposited in a blocked account public aid on which a recovery order is pending, following a previous decision of the European Commission declaring the aid illegal and incompatible with the common market.

In order to broaden the scope of the voucher and to favour access to the benefit for enterprises with different characteristics, the concept of innovation that contextualises the investment in training is broad.¹ However, the following general lines are identified on the forms of innovation that are considered most interesting for the evaluation of the training and consultancy project:

- The expansion of the range of products and/or services or their significant technological and functional redefinition in an innovative sense.
- The introduction of digital content and processes and service innovation capable of changing the relationship with customers and stakeholders.
- The redefinition of products and services towards environmental sustainability requirements.
- The modernisation of the company's organisational and management structures.

¹ However, this decision can be reversed in case of policy design constraints such as the size of available public resources, and the considerations over State aid rules for companies.

2.2 - Eligible expenses

The Training Advisory Voucher is designed to cover expenses for training activities (linked to an existing investment or preparatory to an investment in innovation) and for consultancy services preparatory to training for innovation. Expenditure incurred as remuneration for specialised consultancy services rendered by a provider of consultancy and/or training services, selected as described in one of the following sections, and whose qualification and independence are guaranteed, is considered eligible for support.

As far as advisory services are concerned, it is preferable that the scope of action remains broad and includes both support activities for different business figures and the analysis of business needs. The latter would be an advisory service for companies that consider it necessary to carry out a more in-depth study of their skills needs, assisted by the service provider. However, expenditure on specialised consultancy services relating to ordinary business administrative or commercial activities, such as, for example, consultancy services for tax, accounting or legal matters, or purely commercial promotion or advertising, is ineligible.

Concerning subsidised training, this may cover a wide range of skills, from technical to managerial and soft, as they are potentially crucial for the development and implementation of technological or organisational innovation projects.

Facilitated training activities, moreover, must involve figures with a role of responsibility and who contribute to the development and implementation of the company's objectives, as well as other employees who participate directly in intelligent transformation, innovation and company reorganisation projects. Therefore, the professional profiles targeted by the training activity are not rigidly defined. On the contrary, these figures must be identified in the training project that the voucher beneficiaries submit to the Administration, so that it can be assessed during the preliminary stage.

For both types of expenditure, expenses covered by other public assistance cannot be financed, nor expenses incurred outside the period of implementation of the project for which assistance is requested.

The content and purpose of the services relevant to eligibility for the grant must be set out in the specialised supply contract signed between the voucher beneficiary enterprise or cooperation of enterprises and the consultancy or training company providing the service.

2.3 - Quantifying the facilitation

In the Working Group discussions, two possible configurations of the VCF emerged:

HYPOTHESIS A: A single voucher ('single voucher'), of a larger amount, to cover expenses for companies presenting a well-defined training or organisational consultancy project.

HYPOTHESIS B: Two vouchers to be disbursed sequentially, the first one ("evaluation voucher") dedicated to covering the costs of helping to read the mapping of skills needs, and the related drafting of a training or organisational consultancy project, and the second one ("implementation voucher") dedicated to financing the implementation of the project developed with the initial voucher.

The two eventualities can coexist, provided that the maximum amount that can be disbursed in hypothesis B does not exceed that of hypothesis A, otherwise there will be a financial incentive for companies to apply only for the combination of evaluation and implementation vouchers. This hypothesis is intended to be reserved for enterprises with less organisational capacity.

In both cases, the maximum amount of the voucher granted and the rate of co-participation in the costs incurred are key aspects on which the administration can leverage to steer the behaviour of enterprises

towards certain public policy objectives. The vouchers, in fact, could be differentiated according to the organisational size of the beneficiary, in light of the fact that enterprises are differently exposed to the risks that arise due to market failures according to their size.

The maximum grant that can be awarded could therefore be declined as in the table:

Table 2.2. Magnitude of public support by firm size and type of voucher

Firm size	Maximum amount payable	% of subsidised costs		
		Hypothesis A	Hypothesis B	
		<i>Single Voucher</i>	<i>Evaluation vouchers</i>	<i>Implementation Voucher</i>
Micro and small	EUR XX	50%	50%	50%
Averages	EUR XX	30%	n.a.	n.a.
Business collaborations	EUR XX	50%	n.a.	n.a.

The reimbursement rate for costs incurred in the skills needs analysis ("evaluation voucher") recognises the importance of incentivising this activity, but cannot reach 100% of the costs incurred, since only co-financing provides a minimum incentive for the company to follow up the analysis with an actual investment in training. It is also possible to set a maximum amount payable for the "evaluation voucher", since the latter should have a more limited maximum amount than a voucher supporting more qualified services such as the "implementation voucher".

It could also be assumed that enterprises opting for the joint activation of training and consultancy services, i.e. a more complex and ambitious intervention, could benefit from a higher facilitation. One could also hypothesise the possibility of higher facilitation (in proportion to costs incurred) for micro-enterprises. In these cases, Table 2.2 could be further broken down by type of planned expenditure (see Section 2.2) or by distinguishing between micro and small enterprises.

Finally, the VCF can be granted under the "de minimis" regime pursuant to Regulation (EU) No. 1407/2013. Each enterprise is allowed to benefit from only one "single voucher" or combination of "design voucher" and "implementation voucher" during the period of operation of the measure. Enterprises participating in the measure within an agglomeration of enterprises may not do so further on a stand-alone basis.

2.4 - The procedure for admission to the contribution and the granting and disbursement of the voucher

In order to expand the number of beneficiaries and also to reach smaller companies with less experience, a "first-in, first-out" administrative procedure (*procedura a sportello*) is preferred for the granting of the VCF. There would therefore be no rankings or deadlines for the submission of applications, which would be evaluated by the administration on a first-come, first-served basis, until the available funds are exhausted.

For the same purpose, it would be interesting to launch an information campaign on the existence of the instrument, upstream of the opening of the window. Empirical evidence on previous public policy measures to support enterprises shows that the first obstacle to the dissemination of available public resources is the awareness of the measures among micro, small and medium-sized enterprises.

Table 2.3 gives an indication, by way of example, of the possible **stages** of granting and disbursement for a 'single voucher'. In summary:

- The enterprise submits the application for the grant using the specially prepared IT procedure. At the same time as submitting the application, the enterprises must state: the type of service for which activation is requested; the supplier identified for its provision, as evidenced by a testimonial from the supplier; a description of the project for which the grant is requested (see following paragraphs); and proof of other prerequisites defined in the notice.
- The Administration then assesses the material submitted by the applicant company, selecting the projects to which the facilitation will be granted, in particular by assessing the supplier(s) selected by the company, the presence of a needs analysis in the company, and the appropriateness of the project eligible for facilitation. In the event of a positive outcome, the Administration proceeds to disburse the voucher, possibly deciding whether to divide the disbursement into two tranches. The first tranche, in any case, could amount to a minimum of 50% of the costs to be borne for the entire subsidisable project.
- The enterprise and the supplier endeavour to complete the subsidised project. Once completed, they notify the Administration through an IT procedure set up for this purpose. The Administration verifies the documentation received from the supplier and proceeds to issue the second tranche of the voucher, if necessary.

Table 2.3. Possible steps for granting and disbursing the voucher

Phase	Actor	Description
T1	Administration	Opening of the application window
	Enterprise	For those postulating to a single voucher: needs analysis
	Enterprise	Contacting the service providers
	Enterprise and supplier	Project development for funding
	Enterprise	Submitting an application: online form
T2	Administration	Preliminary stage, project evaluation and supplier ¹
	Administration	Release of first tranche of funds to the company ²
	Enterprise and supplier	Start of operations, provision of consultancy and/or training services ³
T3	Enterprise	Final report on the supported activity – to be sent to the Administration
	Administration	Conformity assessment of the enterprise's report. Release of the second tranche of funds to the enterprise, if applicable ²

Note: The described phases refer to the granting of a single voucher. (1) It is possible to conceive of an alternative mechanism whereby the evaluation of the service provider takes place in the T1 phase and in a manner unrelated to a specific project, thus arriving at a list of "accredited" providers. More on this in the dedicated section. (2) The division of the voucher into two tranches is optional. (3) At the discretion of the applicant company, the start of work can take place before the voucher is granted.

The Administration establishes **the criteria for assessing applications** for the priority allocation of available resources. Some of these criteria, so-called 'semi-automatic', should reduce the time and costs of the assessment phase, allowing easy comparison with other databases accessible at the Administration. These criteria may include:

- Brief description of company profile: size, sector, years of operation, turnover.
- A reference to an investment project in 4.0 technology or innovation, past or future.
- An indication of the proportion of company employees that will be involved in the training or reorganisation activity. It should be noted, however, that using only this parameter is not considered adequate, since projects with an equal impact on the company's activity may involve an even very different proportion of employees, depending on the size of the company.
- An estimate of the expected cost per person of the training or reorganisation activity.

The preliminary stage should then be completed by considering some discriminating criteria, through the definition of key *performance indicators* (KPIs) on which the company itself expects to see results thanks to the activity supported by the voucher. In the preliminary stage, the manager will have to assess the KPIs, their consistency with the instrument's objectives, and their relevance or scope.

The presentation of the project, including the KPIs, by the company should have a fixed maximum length, and be based on a pre-formatted template, elaborated and made available by the manager. Important elements of the pre-formatted template or sheet could be:

- Previous experience of the contact person/project leader.
- Detailed description of the project: summary, rationale, planned interventions, expected results, distinctive and innovative elements, tools for implementation, planned costs.
- Definition of 3 or 4 KPIs on which the company itself expects to see results from the activity supported by the voucher. These could include staff turnover, the adoption of new technologies linked to the project, the level of customer satisfaction, even company profit.

For vouchers of a lower amount, the administration could envisage a simplified application model, appropriately weighting the expected value for the identified evaluation criteria. It can also be assumed that the application phase would be faster for certain accredited service providers such as Competence Centres or Digital Innovation Hubs.

2.5 - Mapping Skills Needs in the Company

In order to ensure a balance between company needs and service delivery, the OECD (2022^[1]) recommends that each project be accompanied by a mapping of skills needs in the company. This should be a necessary condition for access to the facility.

Thus, companies applying for facilitation would be required (i) to provide evidence that they have carried out needs mapping, and (ii) to include a certain amount of information from the mapping in the project description at application stage. The applying company would have the option of using mapping tools based on different methodologies, as long as they indicate the key information referred to in (ii) above. This key information is summarised in OECD (2022^[3]).

The company may therefore choose to carry out its own mapping, rely on an external service, or use a self-assessment tool of skills needs made available by the administration (OECD, 2022^[3]).

However, with a view to favouring especially small companies and those that are not in a position to carry out this type of analysis, the 'evaluation voucher' could be used to finance the mapping itself, and the design of the investment project as a consequence. For companies that apply for the "evaluation voucher", the obligation to submit a needs analysis report would drop.

2.6 - The Selection of Service Providers

The selection of service providers deemed eligible for vouchers, and the way in which the quality of their services is defined, are two key aspects in ensuring the quality of the projects funded, following the assumption that more experienced service providers can raise the quality of the projects submitted by the company for facilitation, and in particular by less structured companies.

According to OECD (2022^[1]), eligible service providers should be selected prior to the opening of the call for facilitation for beneficiary enterprises, and included in a list of eligible service providers (hereafter

referred to as the "Ministry List"), which is freely available to the public of enterprises seeking service provision. This list would then be made available to enterprises at the application stage. Where possible, the list would be accompanied by a brief description of the supplier, so as to facilitate the applicant enterprise's choice among the various suppliers. The Ministry List could also be updated during the opening period of the window, indicating any suppliers already involved in a subsidised project, with a view to limiting the maximum number of subsidised projects assigned to the same supplier in a calendar year.

Table 2.4 summarises the categories of suppliers eligible to apply for inclusion in the Ministry List above, and the suggested criteria for assessing their admission to the list.

Table 2.4. Supplier selection criteria, by type of supplier.

Category	Examples	Evaluation Criteria
A: (semi-) institutional entities	Competence Centres, European Digital Innovation Hubs, certified incubators, Industry 4.0 technology transfer centres	Automatic accreditation
B: other (semi-) institutional entities	Universities, PIDs, ITS, [...].	Automatic accreditation if in cooperation with Group A entities, otherwise refer to Group C
C: market entity	Consulting companies, training organisations, including if emanations of trade associations, [...].	For entities already accredited elsewhere: 1 experience criterion For non-accredited entities: 2 experience criteria

The selection of market entities, on the other hand, is based on two basic criteria: a certain form of accreditation and operational experience requirements in the relevant areas of the voucher. For those already accredited as providers of consultancy or training services in a public administration, only one experience criterion would be required. Both experience criteria mentioned should apply for those who are not already accredited in this sense.

The relevant accreditation conditions suggested are:

- membership of a regional register or accreditation, or
- a certificate pursuant to Law 4/2013 for coaches or training professionals, *or*
- an ISO or UNI quality certificate. However, this condition would not be sufficient to guarantee market entities inclusion in the Ministry List.

The suggested conditions of experience are:

- Have achieved a certain minimum turnover of EUR XX in the specific job, on average over the last three years.
- Have at least three years' experience in the last three years in projects similar to those that can be financed through the voucher, and provide proof of this at the application stage for inclusion in the Ministry List.

Relevant experience should be recorded in a pre-formatted form made available to service providers by the administration, with a view to simplifying the administration's evaluation work. In fact, the selection of providers based on non-automatic criteria requires resources and expertise on the part of the body in charge of the evaluation phase.

2.7 - Additional obligations for beneficiaries

VCF beneficiaries must also:

- a) Provide evidence of the completion of the project for which the benefit was claimed and its reporting by sending them to the granting body.
- b) Responding to all requests for information from the administration necessary for monitoring and evaluating the effects of the facility, including a possible survey of satisfaction with the facility granted.
- c) Keep available, for a minimum period of 5 years from the date of disbursement of the voucher, all accounting, technical and administrative documentation relating to the grant, whether in paper or digital format.

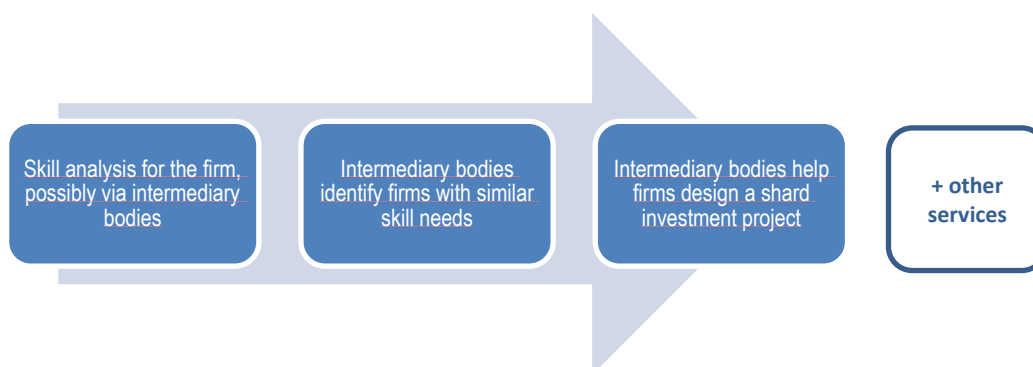
3. Investing in skills in business partnerships

A system of stable operational relationships can prove essential to expand SMEs' investment in skills. Through collaboration, smaller companies can share costs, develop new products or services, and absorb reciprocal knowledge (OECD, 2021^[4]).

The creation of a collaboration or network of enterprises, however, is not in itself straightforward. When investing in skills, companies interested in a shared activity must first recognise common human capital needs, go beyond their own information asymmetry and learn to value the experiences of others for their own company. However, there are a number of 'intermediary bodies' that can assist companies in this 'matching' activity, and provide services for this purpose.

Figure 3.1 schematises how two enterprises that have not already started a collaboration can share information on their competence needs and join efforts. Thus, at the beginning of the process, enterprises need to become aware of their needs, possibly through a structured and regular needs analysis activity. Secondly, these can be compared with the findings of the same analysis in other companies, seeking common ground. Finally, companies with common interests in investing in human capital can design a shared investment project and create a partnership for this purpose. All these services can be provided by intermediary bodies that are asked to assist companies.

Figures 3.1. Example of a service delivery structure with intermediate bodies and companies



The OECD (2022^[11]) has outlined a work plan for the Ministry of Economic Development to support a common pathway of skills investment between collaborating companies. This collaboration may involve the sharing of personnel training costs, common training paths, or the hiring of trained personnel. The public policy instrument envisaged is therefore a series of steering and coordination activities by the ministry and its technical support structures.

The direct target of the measure are a number of intermediary bodies/bodies providing services to enterprises and/or networks that request them. The ultimate beneficiaries of the measure are, on the other hand, enterprises that enter into a partnership with the aim of investing in skills.

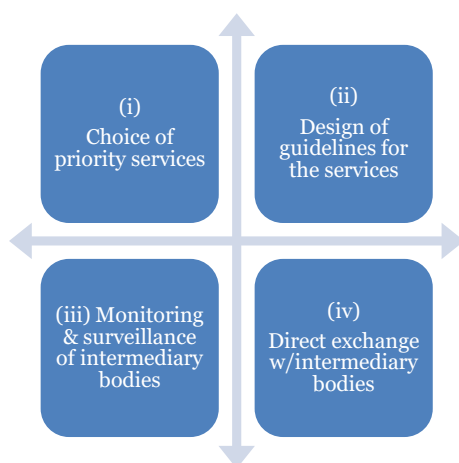
The Ministry's Work Plan is intended to direct, coordinate and monitor the activities of service providers. More precisely, Figure 3.2 schematises the activities envisaged in the Work Plan as follows OECD (2022^[11]) (i) the selection of the services provided by the intermediate entities on which it is considered most urgent to act; (ii) the definition of operational guidelines that define certain standards of the services to be provided, so as to harmonise as much as possible the quality of the services provided to the enterprises; (iii) the evaluation of the work of the intermediate entities, in this case in their support to the

networks of enterprises in providing training; and (iv) listening to the intermediate entities themselves regarding the design of the guidelines and their operationalisation.

This section of the report focuses in particular on activity (ii), the definition of guidelines for priority services. For more details and guidance on how to evaluate the work of intermediary bodies, see OECD (2022_[5]). For more details and indications on how to organise a coordination model with intermediate bodies, see OECD (2022_[1]; 2022_[6]).

Figures 3.2. Main aspects of the Ministry's Work Plan

For investment in human capital in business partnerships



The main new elements of the instrument are:

- The intention is to develop not a facility for companies but a service for them. In fact, the provision of a service better meets the objective of increasing investment in skills in poorly structured entities such as micro or small enterprises.
- A reminder of the importance of cooperation between several companies, particularly the smallest ones, in creating a joint pathway for investment in skills, and sharing the associated costs.
- The reference to the importance of intermediary bodies of an institutional or semi-institutional nature in creating and/or supporting aggregation between several companies, in order to strengthen investment in human capital. These entities are already working to this end, but often in an embryonic form, with limited resources, or with significant room for improvement in quality or capillarity in the territory.
- The possibility of intervening even before the collaboration is established, in order to foster the creation of the collaboration itself, in particular through the realisation of the common skill needs between the companies.
- The possibility of reaching individual companies as well, with the aim of bringing out the need for skills and raising the awareness of company leadership to the urgency of investing in human capital networking.

Main aspects of implementation

3.1 - The direct targets of the measure: the providers

In the OECD proposal, the primary targets of the envisaged measure are the service providers of business collaborations. Support for business collaboration will take place through the provision of specific direct services by these intermediary bodies, in order to address the scarcity or absence of services specifically targeting business collaborations.

Intermediate entities are the European Digital Innovation Hubs / Poles of Digital Innovation, Centres of Competence, Chambers of Commerce and their Digital Enterprise Points (PIDs), and entities emanating from Trade Associations.

This list may not be definitive: it remains up to the administration to choose which of these intermediary bodies or others may become the provider of the relevant services. The list of service providers for which it is intended to create service standards is currently characterised by:

- third party status with respect to the Administration.
- semi-institutional nature (often, a public-private partnerships), which means that the entity benefited from public subsidies before, or participated in a selection procedure with the Administration.
- guaranteeing a widespread presence in the territory.
- demonstrating of carrying out guidance and training activities for companies on Industry 4.0 topics.

The Administration may require the drafting of some minimum characteristics of experience that the provider should have in order to demonstrate its compatibility with the service offered. Some examples of experience indicators could be:

- An indication of the proportion of the entity's employees involved in the training or reorganisation activity, and their professional qualification; *or*
- The number and description of projects already carried out in the framework of the multi-business combination; *or*
- The definition of a number of key performance indicators (KPIs) within the service, on which the organisation is expected to achieve results, such as the level of satisfaction of the companies assisted, the total number of courses or workers in the companies involved in training activities, the duration of collaboration compared to the expected duration, or even the adoption of new management practices in the companies involved.

Finally, the Administration must decide on the way in which the intermediate entities should comply with the guidelines proposed by the Administration. One proposed way is to create a monetary incentive for intermediate entities: providing them with resources through a call for tenders, and following a monitoring or evaluation activity as per point (iii) in the previous section.

3.2 - The ultimate beneficiaries: enterprises and networks

This measure identifies as potential beneficiaries primarily existing and formalised business collaborations, but also new networks and/or individual companies with the aim of establishing a joint project. In this perspective, the support measure intends to generate awareness of the advantages of working in a network of companies for the investment in human capital. Some basic characteristics of the final beneficiaries can be defined here.

1. The final beneficiaries are either individual enterprises or enterprises already in a business-to-business partnership. The two different instances will benefit from different types of services. The involvement of single enterprises is necessary in order to bring out the need for skills, to raise the awareness of company leadership of the urgency of investing in human capital networking, and to connect enterprises with similar skills needs.
2. A priori, there are no limits to the forms of collaboration between enterprises that can benefit from the services provided by the intermediary bodies mentioned in the previous section. Collaboration between enterprises can take different *economic* forms, the most frequent of which are the supply chain, the cluster, and the industrial district. Collaboration between enterprises can also take different *legal* forms, ranging from the creation of a new company, a consortium, a joint venture, a temporary association of enterprises (ATI), or a network as specified by the network contract.
3. If the forms of economic collaboration covered by the envisaged instrument are to be limited, the choice should be based on one or more of the following indicators: (i) the frequency with which the organisational form envisages human capital investments in MSMEs, (ii) the preference for a territorial or sectoral dimension of the collaboration (cf. point 4 below), or (iii) the characteristics and design of the collaboration that make it particularly suitable for co-ordinated human capital investment between several firms, and in particular: the governance of the collaboration, the possible role of a lead firm, the existence of a figure responsible for interactions between the network and other market or institutional entities. As things stand, for example, network contracts and ATIs imply lower costs and less binding ties than the other forms mentioned, and thus seem more suitable for SMEs to set up a training collaboration.
4. A priori, collaboration can be established for even very different economic needs, except that this must include a common need to invest in human capital. Collaborations may thus be organised around a company acting as a parent company or leader (vertical collaborations), -perhaps in a supply chain relationship-, or bring together companies that all have the same role and are jointly responsible for the delivery of the product or service (horizontal collaboration). At the same time, the enterprises involved may all operate in the same production sector or not, and in the same territory or not. On the contrary, it is desirable that the instrument be adapted to support inter-sectoral and inter-regional realities, resulting in a greater and more uniform improvement in business productivity and dissemination of 4.0 technologies across the country.
5. The Administration may also decide on the composition of the companies participating in the network according to their size. For example, it may decide whether in the case of a vertical collaboration subject to the services of the providers, the group leader must necessarily be medium-sized or even large. The Administration may also decide whether the collaboration should contain a minimum number of micro or small enterprises, as a subject requiring special support in investing in human capital. However, it should be remembered that any constraints on the freedom of association between enterprises may reduce the propensity to use the instrument.
6. Finally, the intermediary body should try as much as possible to involve company management or the entrepreneur himself. This involvement is indeed key not only to design the most suitable training programme (which takes into account the company's strategic developments), but first and foremost to ensure the company's formal commitment to its partners.

Beneficiary enterprises are potentially all enterprises resident in the territory of the State, irrespective of their legal status, with the exception of enterprises in voluntary liquidation, bankruptcy, compulsory liquidation, composition with creditors without going concern, or other insolvency proceedings.

3.3 - Minimum Standards for Services

OECD (2022_[1]) identifies four provider services on which the Ministry may decide to prioritise action:

1. The analysis of skills needs at the network level as well as at the level of individual enterprises.
2. The elaboration of a common training plan for the companies in the network and the definition of the roles of each company within it.
3. Sharing information on public support initiatives aimed at investing in skills.
4. The identification of new partners in the area who can become part of the collaboration.

On these same services, the Ministry's Work Plan should deal with developing minimum quality indications for the services to be provided. This activity would take the form of:

- The development of guidelines and minimum criteria for the provision of services by intermediary bodies to enterprises.
- The joint reflection of relevant experiences and *best practices*, obstacles or criticalities in service provision. In some instances, this may also include the sharing of reports and analyses.
- The reprioritisation of services or the identification of new relevant services.

For each of the services 1-4 above, OECD (2022_[1]) describes some basic design elements. These can only be a first step towards the development of actual service standards for intermediate bodies and indeed require further reflection and consultation with the intermediate bodies themselves.

3.3.1 - The Skills Needs Analysis

A skills needs analysis makes it possible to identify the type of training best suited to company needs. In line with the flexibility of the intervention, an analysis at enterprise level is deemed more appropriate. The intermediate body/organisation will have the task of helping the company in the mapping of needs, as well as in reading the results. The tool chosen should contain minimum criteria that will allow results that take into account the technologies used, human resources management, and strategic objectives.

Similar to what is described in Section 2.5 above, the Administration can decide whether to choose a single tool for this purpose, to which all intermediate bodies must adhere, or to let each intermediate body use its own needs analysis tool.

In the first case, the Administration could rely on an already existing tool, or produce its own tool to be disseminated to all the intermediate bodies involved. An example in this direction can be found in OECD (2022_[3]) which proposes a questionnaire to be submitted to beneficiary companies. The questionnaire, now envisaged for a self-assessment of skills needs by the companies themselves, could be modified in the case of a direct administration by the provider to the company. The questionnaire should also be supplemented with some questions on the propensity of the company to collaborate with other companies, as per Appendix 2 in OECD (2022_[3]).

In the second case, the Administration will ensure that the tool used by the providers collects the necessary information to accurately map the skills needs of enterprises. Such areas of interest are already proposed in OECD (2022_[1]) and may include:

- The characteristics of the company (sector, number of employees, years in business, turnover, geographical area, type of reference market).
- Analysis of the main business functions (objectives, inputs and outputs, resources).
- The technologies used (information systems; design, research and development; intellectual property; digital and enabling technologies).
- The skills of the employees (soft, technical, digital, linked to a particular profession).

- Human resources management (organisation of the human resources service, training offer in recent months, people who have participated in training in recent months).
- Medium-term strategic objectives.
- Position of the company in relation to other companies in the same supply chain or sector (e.g. perceived quality of its product, intensity of competition).

3.3.2 - The elaboration of a common training plan for the network companies

A second service can be built on the basis of a needs analysis, either implemented through the first type of service or already existing in the company. The service aims to support networks and/or individual companies in the elaboration of a plan for investment in shared competences between companies, based on the identification of similarities between companies. This plan should also specify the definition of the roles of each company within the collaboration.

Below are some important aspects to consider when implementing the measure:

- The intermediate body that draws up the training plan does not necessarily also have to be the provider of the actual training services.
- It is possible to require that the training services provided (outsourced or not) correspond to minimum quality levels. This can be achieved, for example, by restricting the provision of training to accredited entities:
 - Subjects accredited by the Region or Autonomous Province where the enterprise has its registered office or operational headquarters.
 - Universities, public or private, or facilities linked to them.
 - ITS.
 - Entities accredited with interprofessional funds according to Commission Regulation EC 68/01 of 12 January 2001.
 - Subjects in possession of quality certification according to Uni En ISO 9001:2000 sector EA 37.
- Outsourcing of the provision of training services to market entities (e.g. training providers) is permitted. However, it remains up to the Administration to restrict the field of entities (in) which the actual training service can be outsourced, depending on their quality. In the case of outsourcing, the intermediate entities should be held responsible for the selection of sub-providers and the quality of the training obtained.
- With a view to maximising the flexibility of the instrument, it is not necessary to bind the type of eligible training offer to the following dimensions:
 - The content, i.e. the type of skills developed or the technologies involved, beyond what is specified in OS 1.iv of ERDF Regulation 2021-27.
 - The professional figures involved.
 - The way in which training is provided or new personnel are acquired (internal or external activities).
- Both the provider and the companies involved in the collaboration may be required to draw up and keep a report illustrating the organisational methods and content of the training activities carried out, as well as the accounting and administrative documents necessary to prove the activities carried out.

3.3.3 - *Sharing information on public support measures for skills investment*

The third service concerns the actions of providers in raising awareness and providing information on the existence of public policies that support investment in skills in business networks, actions that are considered a priority especially for small enterprises. This service should disseminate information and explain the public instruments for this purpose. Going into more detail on these actions, intermediate bodies - once adequately informed of the existing public instrumentation - should:

- Involve the entrepreneur or, in any case, the management figure in charge of making decisions on partnerships with other enterprises as much as possible. Alternatively, professionals in direct contact with the company (accountants, labour consultants, lawyers, etc.) can act as an additional intermediary or contact mechanism with the entrepreneur.
- Configure awareness-raising activities as moments on the ground, in which public instruments are explained and discussed directly with the entrepreneur, and in some way tailored to the specific situation of the company. These activities can also include real training sessions for entrepreneurs or freelancers in contact with companies, to whom knowledge of existing instruments and their suitability in different contexts can be given.
- Disseminating 'virtuous examples' of companies that have successfully used the public instrumentation.
- Should the activities result in the production of information material (printed or online), this should be as concise as possible and written in accessible language, avoiding legal language.
- Online information platforms that centralise information on relevant public measures are not sufficient to attract the attention of enterprises, either because they are not always aware of their existence or because the platform contains but does not convey or interpret the information. The company, and in particular the unstructured company, does not necessarily have the tools or resources to select the most relevant information, a task for which it should be able to rely on the intermediate body.

3.3.4 - *The identification of new partners on the territory*

The expansion of business-to-business collaboration increases companies' access to Skills 4.0. In this context, the fourth service intends to promote actions aimed at fostering meetings between companies at the local level and between entrepreneurs on the territory, *peer learning activities (Peer Learning)*, and *mentoring activities (Mentoring)*. It is important to highlight the following points:

- These activities will most likely be more successful if organised at local level.
- A further element of success is the climate of trust that is established between the intermediate body and the entrepreneurs, so that there is a regular exchange and the suggestions of the intermediate bodies are listened to.
- Activities should not be limited to the dissemination of information, but should result, as far as possible, in the sharing of common interests between companies.
- A *matching* platform between supply and demand can be useful in connecting companies and helping to find new partners. In this case, it is imperative that the platform is updated frequently and advertised, because its value increases with the number of users and the density of potential partners on it.
- One can also consider the placement of temporary managers in companies or collaborations between companies and research institutes, to benefit from their knowledge without permanently hiring new professionals.

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