



## CASE STUDY REPORT:

# TRAINING AND UPSKILLING INITIATIVE AT ARLA FOODS, DENMARK – A JOINT SOCIAL PARTNER APPROACH

Author:

**Kim Schütze**

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## KEY FACTS

- Extensive training and upskilling programme addressing the entire workforce at Arla Foods in Denmark
- Initiated, supervised and coordinated by the social partners.
- Funded by the Danish Dairy Training Fund, the establishment of which was stipulated in the 2008 collective agreement. Annual levy (1,560 DKK = 210 EUR) paid by companies for every employee in the dairy sector.
- Upskilling programme structured in 3 steps. Specific focus on basic qualification courses in Danish (dyslexia) and mathematics. 3,500 employees completed Danish & maths training courses between 2009 and 2013. Overall objective is to secure a pathway towards formal (VET) qualifications.
- “Site Training Ambassadors” (1 HR rep. & 1 trade union rep.) at every company site to provide information, motivate employees and lower resistance levels among the workforce.

## BACKGROUND

Arla Foods is Denmark’s leading dairy company. Headquartered in Viby, close to Aarhus in northern Denmark, the company has a global workforce of 19,600 employees.<sup>1</sup> It started an extensive training and upskilling initiative in 2009 providing a variety of training courses to the entire Arla workforce in Denmark. The objective is to meet the increasingly complex production requirements in the dairy industry and to successively qualify all employees working at Arla Foods in Denmark.

The training and upskilling initiative is based on a strategic three-step approach and has the primary objective of ensuring that all employees have sufficient proficiency in Danish and mathematics. There are specific training courses for dyslectic workers. After an individual skill assessment, employees are offered training courses reflecting their personal qualification levels and needs. The entire upskilling programme is organised modularly. Modules can be selected and combined as building blocks. The overall objective is to provide adequate qualification and skills to secure a pathway towards formal (VET) qualifications.

Social dialogue structures are well established in Denmark. Arla Foods is covered by collective agreements negotiated between the trade unions and the dairy industry employer organisation. Collective agreements also cover such issues as employee qualification, skills and training. In the case of the skill development programme implemented at Arla Foods, the need to continuously develop the skills of dairy sector employees was recognized by both social partners years ago, with both sharing a common understanding that every individual should improve his/her employability to ensure the competitiveness of the company and the entire dairy sector. In the dairy industry collective agreement negotiated in 2008, it was agreed to establish a mutual training fund specifically for Danish dairy workers.

### THE DANISH DAIRY TRAINING FUND

The main objective of the Danish Dairy Training Fund is to provide training and education for employees of Danish dairy companies. The fund is managed by a neutral organisation, “Pension Danmark”. Over the past years contributions to the fund have been gradually raised from an initial annual 260 DKK (+/- 35 EUR) to the current 1,560 DKK (+/- 210 EUR) per employee. The levy is paid by every dairy sector company for every single employee. HR manager Lis Korsbjerg, in charge of the supply chain education at Arla Foods, stated that both the annual levy and the overall amount collected so far by the fund are comparably high, reaching an unprecedented level for Danish training funds: 9.7 million DKK (1.3 million EUR) in 2016, to be spent on a predefined range of training activities in the ongoing year.

The Danish dairy training fund is officially supervised and governed by a board made up of equal numbers of social partner representatives – the signatories of the collective agreement. Its chairman comes from the employees’ side.

For participating companies such as Arla Foods, the financial burden of providing training and upskilling opportunities to a large number of employees is relatively low. According to the HR representative, training programmes and upskilling activities are almost free of cost for the employer since additional public funds are available for a number of courses. For example, there are publically subsidised training courses for dyslexia and maths.

<sup>1</sup> Arla Foods is a farmer-owned cooperative operating in 32 countries worldwide, with services and products delivered through its 38 offices, 50 dairy operations, 15 distribution operations and 4 ingredient operations. See: [www.arla.dk](http://www.arla.dk).

## INITIATION AND IMPLEMENTATION PROCESS: REASONS AND MOTIVES

The entire idea and conception of the upskilling programme for dairy workers dates back to the social partners' negotiation of the dairy industry collective agreement in 2008. Its aim was to maintain the competitiveness of the dairy sector by investing in staff development and the skills of every employee.

Having jointly identified the need for training and laid the foundation by establishing the training fund, the role of the social partners is crucial. Throughout the entire project, they cooperated jointly in the governing board, at both company and plant level, and consistently managed and promoted the training and upskilling programme.

## FOCUS AND TARGET GROUP, INITIATOR AND PLAYERS INVOLVED

### GOVERNING UPSKILLING ACTIVITIES AT ARLA FOODS – THE ARLA FOODS' CORPORATE TRAINING COMMITTEE

At company level, the training and upskilling programme is supervised by the Arla Foods' corporate training committee. This committee is a social partner body consisting of five union representatives from Arla sites and from the four unions represented in the agreement, as well as five management representatives.

Their tasks include the following:

- Establishing a strategy for using the funds
- Analysing training gaps/needs and designing measures to close them
- Following up activities and motivating sites to take part in activities
- Creating the 'job description' of the training ambassadors (see below)

### STRATEGY AND CONCEPT OF THE TRAINING AND UPSKILLING PROGRAMME AT ARLA FOODS

There is a specific strategy determining the structure, focus and practical implementation of the entire training programme. Target groups are employees and new-hires in

Denmark. The fund covers courses to a cost of 2500 DKK per employee per year, a comparably high sum in the Danish training system. The upskilling programme is structured in three main steps.

**Step 1:** Qualification courses for Danish and mathematics (2009-2013)

Step 1 focused on a screening of employees for dyslexia. Around 3,500 employees were screened for dyslexia, numeracy and literacy capabilities. Approximately 80% of the target group participated in training activities.

**Step 2:** Individual competency assessment (2012-2015).

This step consists of an individual competency assessment to identify gaps between an employee's current qualification level and formal VET qualification levels (EQF level 3-4). This assessment is crucial since training and qualification needs differ from case to case. Steps 1 and 2 are compulsory and constitute the basis for moving up to the next level (step 3). If an employee rejects training in Danish and maths, he/she may not participate in any further training and qualification courses offered by Arla. Access to the next level of training activities (step 3) is denied.

**Step 3:** Selection of specific training activities at Arla Foods ("Kursuskatalog 2016").

Since the beginning of 2016, employees may participate in a selection of training courses listed in the Arla Foods training catalogue. This contains a variety of modules which can be combined and used as building blocks in a continuous personnel development process. Course duration is usually between two to ten days per year.

## PROBLEMS ENCOUNTERED, LESSONS LEARNED AND SUCCESS FACTORS

To overcome this challenge in a constructive manner, so-called "site training ambassadors" were installed at every Arla undertaking (25 in total in Denmark). This proved to be a milestone for the successful implementation of the training programme. The "site training ambassadors" managed to overcome resistance to learning and to change the perception of the upskilling concept among employees from negative to positive. One of their major tasks was to speak to employees and to provide information and guidance. In most cases, resistance to training could be effectively lowered.

### SUCCESS FACTOR: "SITE TRAINING AMBASSADORS" CONTRIBUTING TO THE POSITIVE PERCEPTION OF THE TRAINING PROGRAMME AND A HIGH PARTICIPATION LEVEL

As an important part of the programme's strategy, two "site training ambassadors" were nominated for each Arla Foods site, one a representative of the local works council (union representative) and the other a member of the local management team. Works council representative Carsten Hjorth of Arla Foods (NNF), training ambassador at his site and a member of the programme's governance board, stated that it was crucial that "both ambassadors went out and said the same thing". Their strength was joint communication from the very beginning. The same message was delivered by the responsible social partners at the same time

The content of the training catalogue is defined by the Arla Foods' Corporate Training Committee and covers three main paths:

- Technical qualification development (e.g. in packaging and logistics)
- IT and languages
- Personnel development (e.g. conflict handling or collaboration with other people within the organisation)

and in a coherent manner. This very much contributed to a positive image of the training activities and a high participation rate. Moreover, "site training ambassadors" are specifically trained to deal with resistance, either in a large forum or at an individual level.

Their tasks are the following:

- **Information point:** to ensure transparency and consistent information on the training programme, to answer all kinds of questions and to provide guidance through the course programme.
- **Motivation of employees:** to motivate employees and encourage their participation in activities supported by the fund.
- **Coordination of activities:** activities with local training suppliers and schools.
- **Project management, evaluation and reporting:** to ensure the local execution and evaluation of activities, to provide updates on relevant opportunities for selected target groups, to report to the site training committee on prioritising specific participant groups, to regularly provide status report on local activities

Lis Korsbjerg, HR representative at Arla Foods, explained that "they are the ones who actually make things happen out there at the individual sites. They go out and speak to people – whether on night or day shifts. They motivate employees to participate in the activities. They ensure that activities reach out to the right people in the organisation. They are the key to the programme's success".

## CUSTOMISED TRAINING COURSES AT COMPANY SITES

After training courses started and initial practical experience had been gained at site level, the design and timing of training courses were adapted to the particular needs of users. Courses are now offered on-site – rather than in a separate college - and during working hours. This for instance allows parents to pick up their children on time and avoids additional travel or even the need to spend the night away from home. In some cases, courses are also held during night shifts.

Both the HR representative and the works council member emphasised that it is important to offer customised courses in order to gain acceptance and ensure high participation rates. Training courses need to match the requirements of each company site and each function. A further adjustment had to be made to the training methods used, with Arla requesting a way of teaching different to that used in

colleges and training institutions. Many employees are used to manual labour, work night shifts, and have not participated in any learning activity since leaving school. The training institutions had to change their methods, applying a more non-theoretical and interactive form of teaching. Currently, a pilot project is offering distance learning and e-learning courses. For both interview partners a significant milestone was achieved after all employees had passed through steps 1 and 2 of the programme (Danish and maths) and were ready to participate in the training activities offered by step 3.

Another positive trend registered is an increase in input to the employee suggestion scheme. Employees are now actively participating, both orally in meetings and in writing, giving their feedback and ideas. Their active participation is a direct result of the better communication skills gained and practiced during courses.

## ASPECTS FOR TRANSFERABILITY

Both interview partners referred to a number of aspects to be borne in mind when setting up a comparable training and upskilling programme at company level:

- **Transparency and communication** – the role of the ambassadors. At Arla Foods, the joint social partner approach of speaking with the same voice was crucial to overcoming any workforce resistance.
- **Dual governance of the training fund:** The training fund was established under the terms of the 2008 collective agreement and is jointly supervised by the social partners.
- **Joint social partner approach:** the entire training strategy and upskilling programme was developed jointly by HR management and trade unions. According to both interview partners, this

consistent joint approach contributed greatly to the successful implementation of the programme and its positive perception among employees.

- **Identifying common objectives** – promoting learning development
- **Selecting training courses beneficial to individual employees and the company:** the selection of courses offered in the course catalogue has specific relevance to the dairy industry, in contrast to the programmes of other training funds in Denmark. Courses listed in the training catalogue cover e.g. IT skills, how to log on to the Internet and the Arla intranet, basic Excel and team building and collaboration skills. All courses should be beneficial both to the company and the individual as well as helping attain a formal qualification level.

## CONCLUSION

The training and upskilling programme at Arla Foods in Denmark is a good practice example of an extensive skills development approach reaching out to all employees of a company. The initiative goes back to a joint social partner approach, which even before 2008 (the year the training fund was established) clearly saw the need and benefit for upskilling employees in the dairy industry. It is hence an example of effective collaboration and the positive value offered by social dialogue. The need to invest in the skill development of the whole workforce in order to remain competitive as a company and subsequently as a sector was recognized. Employees gain competences which may help them in the future, even if working for another company. In this context the works council representative stated that: “If we want to be competitive, there is no way we can step back from learning. We are starting to learn how to learn and to use learning proactively.”

So far 3,500 employees have completed step 1 and 2 of the upskilling initiative and have participated in Danish and maths courses. The entire programme is assessed positively by both the HR department and trade unions. A key success factor is the positive image of training

among the Arla workforce, as emphasized by the interview partners: “the purpose was to make people aware that personal upskilling is necessary to keep yourself in the workforce. It is more and more important to communicate quickly – also in writing – and to interact with others. Since automation is increasing in our industry and job profiles are changing, the need for unskilled labour is diminishing.”

The HR representative has received a lot of positive feedback from individuals participating in training activities. For example, she got an email from a truck driver after completing his training course saying: “Thank you! You have taken me out of the Stone Age into the modern age of communication. I had never sat in front of a computer and sent an email before.” Another employee stated: “Now I am actually able to help my own children, after participating in the dyslexia course.”

Both interview partners emphasized that one major outcome with regard to dyslexia was that there were no longer any taboos. The upskilling programme with its specific focus on dyslectics contributed to a change in mind set, at least among a larger group of employees.

### Interview partners:

*Lis Korsbjerg, HR Manager, Supply chain Education, Learning & Development, Arla Foods  
Carsten Hjorth, Works council representative, Arla Foods (both interviewed at Arla Foods headquarters in Viby, Denmark, March 1, 2016)*



#### **EFFAT**

Rue du Fossé-aux-Loups 38, Box 3  
B-1000 Brussels  
Tel: +32 2 218 77 30  
Fax: +32 2 218 30 18  
effat@effat.org  
www.effat.org

#### **FoodDrinkEurope**

Avenue des Nerviens 9-31  
1040 Bruxelles  
Tel: +32 2 514 11 11  
Fax: +32 2 511 29 05  
info@fooddrinkeurope.eu  
www.fooddrinkeurope.eu

