

## **RISING EXPECTATIONS: NEW PERSPECTIVES FOR THE LOW-SKILLED**

**International conference organised by the OECD LEED Programme  
and the Danish authorities in cooperation with the European Commission  
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### **MAIN ISSUES FOR DISCUSSION**

#### Introduction

Today, many workers have difficulty retaining their job and progressing in the labour market due to inadequate skills and qualifications. They are particularly vulnerable to structural change, whereby jobs are continuously being created in high-technology sectors while low-skilled production is increasingly being transferred to emerging economies. Despite a growing need to train the workforce and general support being vowed to lifelong learning, industrialised countries may have spent insufficient attention to the low-skilled. A key question therefore is whether a more strategic approach should now be taken.

Few national policies exist to upgrade the skills of the low-qualified workers re-integrating the labour market after a spell of long-term unemployment or of those workers “trapped” in relatively insecure and low-paid jobs. In most countries, there is a gap between the action taken by the public employment service, responsible for re-integrating the unemployed on the labour market, and the services offered by training institutions, which address the needs of qualified workers mainly. Many of the initiatives seeking to fill this gap are located and managed at local level. These initiatives are often

led by local authorities, trade unions, community-based organisations and partnerships and seek a better articulation between the labour demand and skills needs.

The purpose of this conference is to critically examine and compare local instruments and partnerships set up to upgrade the skills of the low qualified, to establish the role they play in broader area-based economic and employment development strategies, to discuss their relative success and limitations to date and propose possible ways to improve design and implementation strategies.

**Session One:       The challenges of increasing workers skills in the 21<sup>st</sup> century:  
a debate**

In the first session, participants will be encouraged to reflect on the importance of the skills agenda in modern labour markets characterised by work intensification and high levels of risk and uncertainty. There is increased consensus amongst OECD countries that the nature of our economies has changed tremendously and that knowledge now constitutes the main source of competitiveness. Moreover, demographic change and the slowing renewal of the workforce imply that skills development and lifelong learning are now seen as political priorities. However this widespread recognition stands in stark contrast with the enduring skills polarisation and labour market inequalities observed within the workforce. Our highly competitive post-industrial societies are witnessing rising employer expectations: workers are now required to possess high levels of computer and language literacy, an ability to communicate effectively, to show high levels of presentation and organisational abilities across sectors and occupational levels. At the same time, there is continuing evidence of a training divide: training opportunities remain biased towards the most qualified workers who are consequently better protected against the risk of unemployment.

The speakers will be invited to explore the problems of skills gaps and skills shortages and to respond to the question: ***why are today's workforce skills inadequate to respond to current and future labour market needs, and why are the low-qualified unable to upgrade their skills, keep their jobs and progress in employment?*** Although the range of barriers that prevent skills acquisition are now well-

known, further clarification is needed as to where the balance stands in terms of informational, contractual, financial, attitudinal, infrastructural or organisational difficulties. How do such deficits compare across countries and regions?

The panel will seek to *discuss **how inequalities in skills manifest themselves and what their consequences are at both individual and collective levels***, particularly within the context of cities and regions. For example, to what extent do OECD regions and localities suffer from sectoral and spatial deficits in skills supply and demand? Certain localities may suffer from acute skills shortages, which as a result hinder their potential regeneration or growth through innovation.

The panel will address the ***changing nature of skills and competencies***. How useful are the three skills categories (routine, intermediate, professional), or concepts such as “employability”, “soft skills”, “basic skills”, “skills gaps” and “skills shortages” to describe current skills’ needs and deficiencies? Do these concepts refer to a changing paradigm or do they conceal an enduring lack of willingness to invest in human capital eventually resulting in market failure and in a low skill equilibrium? Is there a trade-off between investment in qualifications and investment in skills both in policy discourses and in actual practices?

Moving onto the political agenda, the panellists will express their view as to ***why skills-upgrading should be a priority***. What political obstacles and challenges are governments currently facing?

In sum, this opening session will provide the opportunity to revisit key conceptual issues and policy challenges, and in particular to clarify the definitional boundaries between skills-upgrading, workforce development and lifelong learning, as these have important implications for the modalities of public intervention, both in terms of instruments and actors’ responsibilities.

## **Session Two: The instruments of public policy intervention**

The second session will move onto the ***“how”*** questions. The panel will examine the nature and relevance of specific policy tools and instruments that have been designed and implemented to respond to the problems and challenges discussed in

Session One. The panellists will be asked to address the following questions: ***what should be the nature and intensity of training provision?*** And ***what type of courses and interventions are the most appropriate for low-qualified workers?*** For example, is it preferable to provide literacy and numeracy, career guidance, mentoring, or specific vocational training? ***What kind of temporal and spatial considerations should be given to training for the low-skilled,*** i.e. are short intensive courses preferable to longer courses? And what can be considered as the optimal setting for training delivery: the workplace, the home (including e-learning), a classroom in a college or a more informal setting in a community learning centre?

It is often argued that low-qualified workers either lack the motivation or the opportunity to participate in training due to a range of financial, infrastructural, psychological and personal barriers. In this context, the panellists will turn onto the question of ***what instruments are used to motivate employees to participate in training and to reconcile them with the idea of learning.***

Of course, it would be myopic and ill-suited to confine the debate to actions taken on the supply-side. Given the overwhelming evidence that current HRM practices are not geared towards the needs of low-qualified staff, the panellists will be required to pay equal attention to the question of ***how tools can be adapted to best respond to employers' needs and to unleash their propensity to engage with training.*** The speakers will examine the tools that currently exist to assist specific sectors of industry and to adjust to company size, particularly to the needs of SMEs which tend to lack adequate resources and information. Moreover, as there is copious evidence that one of the major barriers is cost-related, they will consider ***what type of financing arrangements*** are the most adequate (e.g. loans, grants, vouchers, individual learning accounts, etc) and what level of subsidy/compensation can be regarded as optimal. Furthermore, it is increasingly argued that acquired competencies and experience should receive formal recognition. Hence speakers will also discuss the ***nature of the credentials*** that should be granted to validate acquired skills and ensure that workers progress within the labour market.

As a background for this panel, the UK's Employer Training Pilot (ETP) which was introduced in 2002 - initially in six pilot areas - and the Danish broader use of a range of training subsidies will be presented and contrasted to explore how tools and instruments are applied in the context of local labour markets and at plant-level. These two examples will be used to expand onto the question of whether it is preferable to propose targeted area-based initiatives or a portfolio of broad instruments from which workers and employers can "pick and mix" and under what circumstances. This will lead onto the question of policy scales and flexibility and pave the way for the discussions of Session Three.

### **Session Three: The institutional arrangements of public intervention**

This session will seek to locate public intervention in terms of its relevance within a broad framework towards adult education and employment promotion. It will explore the coordinating mechanisms set up at various institutional scales and in various institutional settings, and identify the role of each actor. Indeed, there is often a local mismatch between what employers want and the courses and qualifications available. For example their content, duration or set-up may be regarded as inappropriate or inflexible. Local labour market intelligence and anticipation is therefore crucial, yet it appears that skills monitoring and forecasts could often be improved. Moreover the availability of additional support services such as childcare or career guidance targeted at those in work is often patchy or information and awareness may be inappropriate.

In this light, the following questions will be addressed: ***how to identify the beneficiaries, to monitor their progression in the labour market and to anticipate future skills needs in the labour market? What should be the respective role of the public employment service, educational providers, local authorities and the social partners? Are such roles and budgetary resources appropriate? Is there enough administrative flexibility in the management of programmes to meet the needs of the employers and employees? Is the policy framework (adult education, labour market policies) easy to understand and use? Is there a need for pro-active steps to be taken regionally and in the enterprises? What kind of partnerships are***

***needed in the regions and in the enterprises? Are grassroots organisations and social partners drawn into the policy design and delivery? In particular, how can the co-ordination between educational institutions and enterprises be facilitated to improve the local fit through flexible training solutions?***

As a background for this discussion, the role of the non-profit sector in alleviating a major institutional gap in the United States and the regional Flemish approach will be examined. In both countries, albeit within a different institutional framework, the overwhelming policy focus is on the reintegration of the low-skilled unemployed in the labour market. While small-scale initiatives such as job coaching are being targeted at low-skilled incumbent workers, they often suffer from a lack of resources and their sustainability appears to be at risk.

#### **Session Four: To act now: what lessons? A debate**

In the last session, taking stock of the discussions held so far, participants will be asked to consider the hypothesis that the difficulties of moving ahead may be linked to a ***problem of assignment, resulting in management failure***. Arguably, the lack of visibility of skills and training needs means that the actors who should in principle take responsibility for investing in, and promoting workforce development are not acting accordingly. Institutional economics have shown the importance of ***social contracts*** for social cohesion and economic prosperity. The concluding panel will seek to draw models regarding the forms such a contract might take in the field of training for the low-qualified. Their reflections will take the conference participants onto the territory of prospective action, of ***what is to be done to move ahead on the skills upgrading agenda at various policy scales***. In this context, the question of what the main instruments to put in place and the main partnerships to activate might be will be given especial attention. Given the growing need to operate on various policy scales and apply transnational thinking, ***how can the OECD and its LEED Programme best help to tackle this issue?***

Employers and businesses are the key actors and gatekeepers to training for low-paid and low-skilled workers. Henceforth ***what is the capacity of OECD governments and policy-makers to challenge corporate and work cultures? How can the fragmentation and lack of coherence between instruments and institutional arrangements be resolved?*** At the national level, is it necessary to promote skills upgrading by way of legislation (e.g. in the form of a right to training)? While countries such as France and Belgium have rules on payroll contribution towards training, there is little evidence that these funds are used for the low-skilled. So should such legislation be reconsidered to serve local needs and improve outcomes? Finally, at sub-national level, could policy-makers envisage the creation of local, regional and/or sectoral skills agencies to respond to institutional gaps?

Much remains to be invented in the field of skills-upgrading for the low-qualified so that by the close of this event, participants should be equipped with a range of new and constructive ideas.