

# Vocational Training for All Ages:

## How to Improve the Competences and Skills of the European Workforce



By **Roger Hessel\***

With the ageing of the labour force, lifelong learning is taking on ever more importance all over Europe. With the ageing of societies and increasing shortages of skilled workers, employment policy makers are becoming aware that they need to retain older workers in employment. Adults who are staying in the labour market longer need (re-)training in their fifties and sixties in order to maintain their productivity. However, the incidence of vocational training tends to decline with age. This article sheds light on recent labour market changes, the Active Ageing strategy, the Lisbon Strategy, the European Social Fund – the financial tool for investing in people – and the “Flexicurity Concept”. The article explores in particular the match between vocational education and training and the labour market needs. Traditional mindsets about older workers are challenged. The way forward is an age-neutral approach to vocational training: learning must become a habit for all ages, aiming to deliver a skills base relevant to all stages of working life.

### Labour market changes and “knowledge workers”

In a globally competitive environment, Europe’s labour markets are experiencing substantial and rapid change. The employment rules from the “industrial society” no longer fit. Automation and information technology are gradually replacing physical, manufacturing work. Several types of traditional jobs have been outsourced to places where labour is cheap. Lifetime employment is not the standard labour arrangement anymore: in order to adjust to the ever more competitive global market economy, numerous companies prefer fixed-term, part-time and temp-agency work contracts. Economic life is increasingly based on intellectual work: part of the academia is using the term “knowledge worker”.<sup>1</sup> While knowledge workers are not a precisely defined group, everybody in the employment policy community recognises the pivotal role of managers, researchers and service-providing professionals for innovation, growth and information technology.

The revised European Employment Strategy has taken these developments into account. With the Open Method of Coordination, Member States are encouraged to engage in close cooperation on employment policy issues while taking into account the diversity of the national labour markets. At the height of population ageing, increasing the employment rates of all workers, in particular women and older people, is a key element in the EU strategy for making social security systems sustainable. While the need to boost employment participation is an issue of common European

interest, employment policies – including vocational training programmes – come within the exclusive competence of the Member States and social partners. Employment policies at European level remain, thus, rather vague on how to promote training programmes. In any event, no European employment decision-maker seriously seeks to harmonise labour legislation and employment practices. Instead, labour market rules should be better coordinated or approximated at the very best.

### The new Strategic Report on the Lisbon Strategy

Three years after it was relaunched in 2005, the renewed *Lisbon Growth and Jobs Strategy* is contributing to the improved performance of the EU economy. This is one of the main conclusions of the European Commission’s Strategic Report on economic reform across Europe from 11 December 2007.<sup>2</sup> The Commission acknowledges that – as in previous years – progress on growth is still uneven: there are “big differences in the depth and pace of reform”. Prior to the 2007 Annual Report, it had been laid out that the spotlight is now on national “ownership”, reform commitments and on moving towards the delivery of results.<sup>3</sup>

According to the Strategic Report, employment rates – the proportion of Europe’s working age population in employment – are expected to rise to 66% in 2008 compared to 63% in 2004. The Report states clearly that “stronger and more focused vocational training policies must be developed to respond to the challenges of active ageing and contribute

to raising productivity and employability" (page 11). Improving the adaptability of workers covers a broad range of action, supported by the EU through legislation and the New European Structural Programme 2007-2013. The first of four priority areas is entitled "investing in people and modernising labour markets". In essence, the need for more training and investment in human capital has been recognised. Alongside with the recent debate on an EU migration policy and the proposal for the "EU blue card" – allowing fast-track entry for skilled workers from third countries – the social partners also insist that further investment in training systems is crucial so that the available potential among EU citizens is fully utilised. It is now essential that Member States make stronger efforts to inform and convince citizens that – as a result of the interdependence of Europe's economies – successful reforms in one Member State contribute to prosperity in all other 26 Member States.

### The new European Social Fund (ESF) 2007-2013

In 2007, a new programming period for the European Structural Funds began for all Member States: a new set of regulations governing the Funds brings some of the biggest changes in over a decade.<sup>4</sup> The new *European Social Fund* (ESF) is the European Union's main financial instrument for investing in people. The ESF spends over 10 billion Euro a year across all Member States which represents more than 10% of the total budget of the EU. The Fund can significantly contribute to achieving the objectives of the Lisbon Strategy. The new regulatory framework is more focused on employment opportunities and workers' skills. The ESF Regulation of 5 July 2006 (EC No 1081/2006) states in Article 2 Para. 2 that the ESF "shall take into account the relevant priorities and objectives of the Community in the fields of education and training". Most of the sources available will be used to take forward the Union's top policy priority: the Lisbon Growth and Jobs Strategy.

Vladimír Špidla, the European Commissioner responsible for the ESF, stated at the occasion of the Fiftieth Anniversary

Event of the European Social Fund on 28 June 2007 in Potsdam (Germany) how important it is not only to talk about ESF money, but that "almost even more important is

**"Our trump card is our human potential. The ESF helps us to play this card strategically and successfully." (Vladimír Špidla)**

the following aspect: ESF programmes are often used to try out new approaches and ideas in the Member States under the European employment strategy. I feel that such added value is unique and priceless, since we all know that the European Union must become more innovative and dynamic if it wants to compete in the global economy. Our trump card is our human resources and our human potential. The European Social Fund helps us to play this card strategically and successfully." He went on saying that "by global standards, the 200 million members of the European labour force are well educated but we need to raise our standards even higher as there are other challenges ahead: (..) demographic ageing does not allow us to waste any of our people's potential."

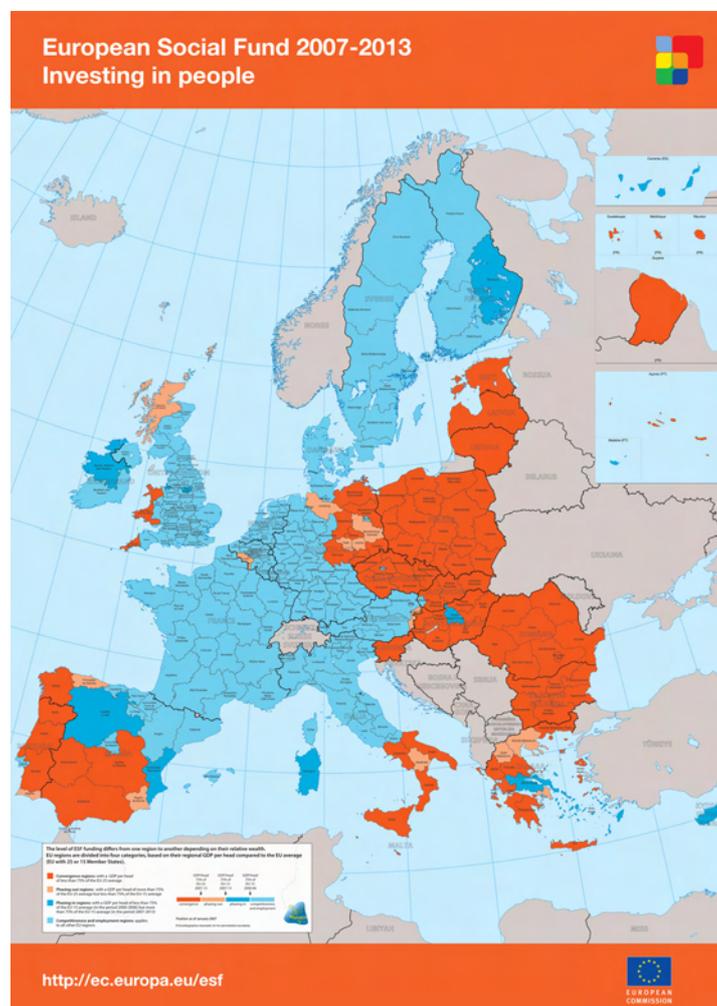
The guidelines for ESF actions are designed at European level; implementation on the ground, however, is managed by the national or regional authorities in each Member States (principle of shared management). EU financial support always runs alongside national public or private financing (principle of co-financing, varying between 50 and 85% of the total cost of interventions). Besides the top

priority of *human capital* (representing 33% of the ESF), further new developments are the emphasis on developing administrative capacity in the Convergence regions (institutional capacity building) ensuring that public administrators have all the necessary training and skills to be able to manage public funds in the most efficient and effective manner, as well as gender mainstreaming, social inclusion, combating discrimination and transnational cooperation encouraging interregional exchange of experiences and good practices.<sup>5</sup>

### The Active Ageing concept

In the context of demographic ageing, the concept of "active ageing" – originally developed by the World Health Organisation (WHO) – has been taken into consideration by the Integrated Employ-

Figure 1: ESF Country Map 2007-2013



ment Guidelines from 1999 onwards. In this strategy, the European Commission emphasises a participatory approach giving citizens adequate opportunities to develop their own forms of activity. The focus has shifted from the elderly as a separate group and become directed at all citizens. The 2001 Guidelines stress the need for “in-depth changes in the prevailing social attitudes towards older workers (...) to raise employers’ awareness of the potential of older workers, as well as a revision of tax-benefit systems in order to reduce disincentives and make it more attractive for older workers to continue participating in the labour market”. With the Employment Taskforce report “Jobs, Jobs, Jobs: Creating More Employment in Europe” of 2003, active ageing has become a top priority for the EU. In line with this policy approach, a lot remains to be done however, in order to replace today’s glorification of youth with values of solidarity and a more age-neutral approach in human resources practices and to mobilise the potential of people of all ages.

### The new life-cycle approach and lifelong learning

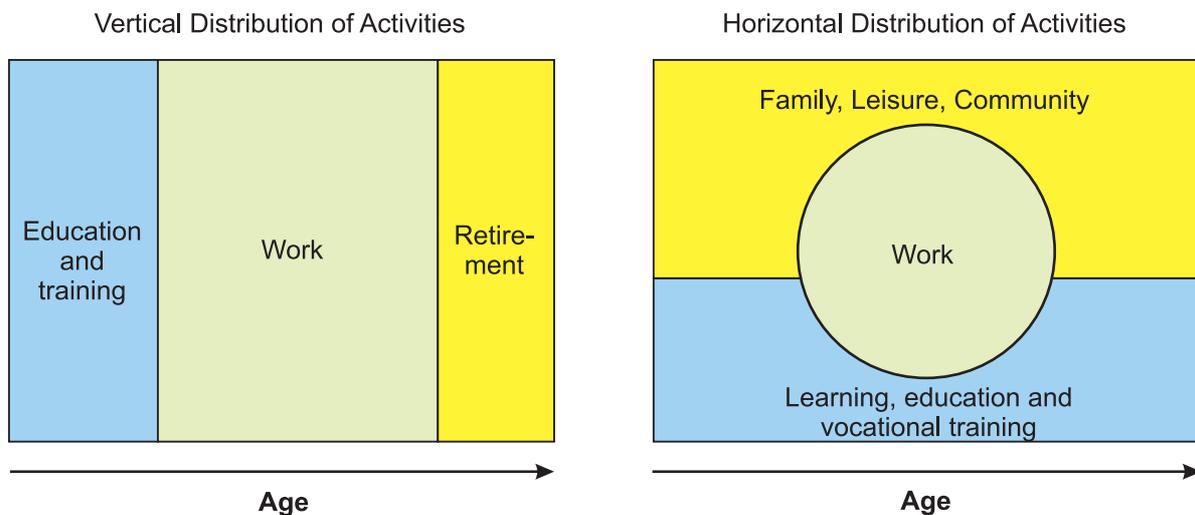
For numerous decades, citizens’ life-cycles have been vertically divided into the periods of education, work and retirement. This state of mind corresponds to a so-called *vertical life cycle approach* (see the left chart on the Figure below). This perception – deeply rooted in the citizens’

learning<sup>7</sup> is shifting from learning inputs to individualised, market-driven learning outputs.<sup>8</sup> Indeed, a new perception of the course of work and life is needed. In its *Green Paper on Demographic Change* of 2005, the European Commission concludes that one of the key priorities for the return to demographic growth is to find “new bridges between the stages of life” and to alter “the frontiers (...) between activity and inactivity”.<sup>9</sup> In the last decade, large parts of the socio-economic research community are thus steadily promoting a *horizontal life cycle approach* (see the right chart on the Figure 2).<sup>10</sup>

In order to transform the horizontal life cycle approach into concrete practice, large advances must be made to coordinate employment, family, social and financial policies. In a comparative perspective, serious knowledge gaps still persist with regards to new work biographies. Each generation ages differently; each generation or “cohort” is affected by its own history. It is thus unlikely that today’s children will have the same sort of life cycle as today’s adults. Correspondingly, social expectations of workplace training are inappropriate and take time to change. Society is still geared towards the ageing patterns of the previous generation. Every generation perceives itself as justifiably different from the preceding generation, but plans as if the succeeding generation will be the same as their generation.<sup>11</sup>

Research provided by the EU agencies in Bilbao (European Agency for Safety and Health at Work) and

Figure 2: Activities over Life Cycles



Source: Geneviève Reday-Mulvay, International Association for the Study of Insurance Economics (Geneva Association); further developed by the author

mindsets – no longer corresponds to the life cycles of today’s workers. The transitions between the various stages of life have become more complex. For instance, entering into the labour market and pursuing a career is often interrupted by periods of vocational training or maternity/paternity leave. Discontinuity through new employment arrangements such as short-term project contracts or unemployment plays an increasing role in work biographies.<sup>6</sup> Likewise, the demarcation line between working as an employed wage earner and being self-employed has become difficult to draw in many countries.

More importantly, education is going to be a lifelong process and continuous vocational training has gradually become a common feature in modern working life. Lifelong

Dublin (European Foundation for the Improvement of Living and Working Conditions) indicate that older workers’ employability can be enhanced by improving the quality of workplaces.<sup>12</sup> One of the findings demonstrated that older wage-earners in low-quality employment with limited training possibilities withdraw from the labour market before the statutory retirement age much more than workers who profit from extensive training programmes until the end of their career.

In the Member States of the EU, only 10.8% of workers and non-active adults participate in formal, non-formal and informal lifelong learning, a long way short of the EU benchmark of 12.5% participation by 2010. The Member States with the highest attainment in lifelong learning are

Finland, Sweden, Belgium, the United Kingdom and Austria. In these countries, between 40 and 56% of workers are reported to receive paid training at work. The EFTA countries, Switzerland and Norway, also have high training levels. In addition, 15% of Swiss workers are also paying for training schemes themselves. According to the "Fourth European Working Conditions Survey" published by the European Foundation for the Improvement of Living and Working Conditions in 2007,<sup>13</sup> less than 30% of EU employees received any type of training at work in 2005. The levels of training have not increased in the last ten years. There are, however, very substantial differences from country to country. At the bottom of the league are Southern and Eastern European countries, where the levels of training are very low, hardly reaching 20% of employees in Spain, Greece, Hungary, Portugal, Romania and only 10% of workers in Bulgaria and Turkey. Within the EU, expenditure on continuing training represents only 1-2.2% of total labour costs.

### The "Flexicurity Concept": tackling workers' skills?

Complementing the debate related to the Green Paper "Modernising labour law" of March 2007, the European Commission has published in June 2007 the Communication "Towards Common Principles of Flexicurity"<sup>14</sup> proposing a set of common principles on how to create more and better jobs. The paper suggests a rather broad approach to what is meant by *flexicurity* defining it as an integrated strategy to enhance at the same time flexibility and security for workers and companies. Flexibility is "not limited to more freedom for companies to recruit and dismiss"; it is more about "successful moves during one's life course" such as the education-work transition, from one job to another, between unemployment and work, and from work to retirement. Security, on the other hand, is about "equipping people with the skills that enable them to progress in their working lives". The Commission and Member States have reached the consensus that flexicurity policies can be implemented across four policy components. One of the components encompasses "comprehensive lifelong learning strategies to ensure the continual adaptability and employability of workers".<sup>15</sup> Also, the OECD defines a high participation in lifelong learning as a core feature of the flexicurity concept.<sup>16</sup> The Communication states that flexicurity policies encompass training opportunities "for all workers, especially for low-skilled and older workers".

Several policy ideas from the paper are to be welcomed. The EU Commission's flexicurity concept recognises the need for labour market

## Flexibility is about successful moves during one's life course such as the education-work transition or moves between unemployment and work.

actors to become more responsive to socio-economic changes in times where jobs for life no longer exist for the majority of the labour force. For instance, it makes sense to argue that too rigid employment protection does not give the right incentives to create new jobs. However, flexicurity is not about one single labour market policy. The Commission acknowledges that the Member States have "to design their own comprehensive pathway towards better combinations of flexibility and security" (page 11). Clearly, every country has to tailor the policy approach to its own specific situation. It is likely that every country applies its own definition of flexicurity. Part of the research community is thus disapproving that the new concept is trying to "squeeze in a number of different policies under one catchword flexicurity".<sup>17</sup> The Commission paper says little

about the challenges when implementing the flexicurity concept. Firstly, flexicurity triggers substantial costs. The suggested flexicurity pathways involve generous unemployment benefits. Secondly, the concept seems to work only in high-developed welfare states with generous unemployment benefits, moderate job protection legislation and high trade union coverage. Countries with a weak social dialogue culture or low rates of unionisation seem to face difficulties in finding the right balance between rights and obligations, thus creating the positive interplay between flexibility and security.<sup>18</sup> In conclusion, the buzzword 'flexicurity' has launched a European policy debate which boosts a benchmarking process between the rather different national policies and will help to implement efficient, country-specific reform measures.

### Suggestions on how to improve lifelong vocational training

Continuous training keeps peoples' minds sharp and their level of employability high. Enhancing the employment rate of the elderly means taking a lifelong perspective on the need for *continuous vocational training*, ensuring that across the labour markets, regular and tailored training becomes a habit for all ages. During the "Schuman Lecture" to the Lisbon Council, the Secretary-General of the Organisation of Economic Cooperation and Development (OECD) stated on 27 February 2007 that "we need education (and training) systems that turn everyone into a lifelong learner and innovator". Indeed, in the knowledge age nothing counts more for socio-economic success than a highly qualified European workforce.

To conclude, some suggestions on how to improve lifelong vocational training are outlined in the following:

## Training programmes must become age-neutral, i.e. an attractive option for workers of all ages. Age should not matter in human resources management.

- Training programmes and other work-related policies must become *age-neutral*, i.e. an attractive option for younger, middle-aged and experienced workers alike. Age should not matter anymore in human resources management. Training is the right tool for retaining experienced workers. In addition, it seems that the motivation to systematically engage in continuing training will be boosted by the fast changing labour market conditions: scarcity of worker skills and the threat of unemployment will push all workers, also those aged over 50, to invest more in lifelong training.

to enhance awareness of workplace learning and its benefits, the role of social partners has thus to be promoted.<sup>23</sup> Successful vocational training schemes are often based on *partnerships* between business, the public sector, social partners and local third sector organisations. Those partnerships should be supported in particular in several Central and Eastern European and candidate countries, have only a short tradition of industrial bargaining due to the complete reorganisation of the economy after the collapse of the Communist regimes. In some rural regions of Turkey, for instance,



*If Europe intends to plug into the knowledge economy, everyone should become a lifelong learner and innovator.*

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- With regard to modern human resources policies, training and the acquired learning outcomes should have a concrete impact on the workers' career paths: better articulation between training and career development would undoubtedly help to increase the desire for training at all ages. In the northern Italian region of *Lombardy*, for instance, several clusters of small- and medium-sized enterprises (SMEs), training institutes, research centres and universities – so-called *Poli Formativi* – provide tailored vocational training programmes which respond to the territorial labour market needs and reward the participants' learning outcomes through career advancement.<sup>19</sup>
- Cooperation between the OECD, the EU Agency for the Promotion of Vocational Training CEDEFOP (Thessaloniki) and the national Ministries of Education and Employment should be enhanced in order to promote investments in education and training. Vocational training is a crucial *economic factor* for shaping the future: those countries with the largest investments in training obtained the highest economic and social benefits.<sup>20</sup>
- *Social partners* are best placed to understand the specific needs of employers and employees and to implement appropriate lifelong learning strategies.<sup>21</sup> Social dialogue – a key component of the EU's employment policies – is the most adequate level of action: when social partners agree on common solutions, it has a better chance of succeeding because the compromise has more widespread support.<sup>22</sup> Seeking employers' organisations are still completely missing.
- Paradoxically, efforts to provide specific training programmes for those aged over 50 can end up reinforcing age-related stereotypes: special training measures may send out the message that experienced workers are in need of special training, since it is more difficult for them to learn. However, evidence proves that *trainability*, which is the ability to learn, is not age-determined but mirrors the work settings encountered during the working life.<sup>24</sup> In other words, a possible decline in the learning performance may be due to other reasons, such as skills obsolescence or a burn-out phenomenon which may occur at any age and can be remedied through adaptation of working conditions.
- *Mutual learning*, i.e. exchanging good practices and experiences, is one of the core objectives of the Open Method of Coordination. A good administrative system is a "learning system": "a system 'learns' when it can detect policy errors and initiate corrective measures".<sup>25</sup> Mutual learning policies are fully in line with EIPA training programmes which emphasise the international, multicultural dimension of all learning events, since participants are regularly confronted with peers from other Member States.<sup>26</sup> In effect, learning from governance structures of other countries provides an important stimulus. The added value of mutual learning programmes should be disseminated by accompanying measures at EU level, also with regard to the current European Year of Intercultural Dialogue 2008.

In summary, learning from other cultures and methodologies has a long history. According to the French philosopher Victor Cousin (1792-1867), “the true greatness of people (consists) in borrowing everywhere what is good and in perfecting it while appropriating it for one self.” It is comforting to know that a management system can avoid mistakes and policy-makers can make safe decisions by taking advantage of experiences from neighbouring countries.

**“If you plan for a year, plant corn. If you plan for a decade, plant a tree. If you plan for a life, train people.” (Chinese proverb)**

Training and retraining as well as employment measures supporting a good work-life balance – all this requires the capacity to think in a *mid- and long-term perspective* and to engage for the benefit of future generations. Hence, a noteworthy Chinese proverb says: “If you plan for a year, plant corn. If you plan for a decade, plant

a tree. If you plan for a life, train people.” Truly, in order to meet the demands of the knowledge economy, European workers must be among the best in the world – through high-level training for everyone at any time.

## NOTES

- \* The author is Lecturer at EIPA-CEFASS, the Milan-based Antenna of the European Institute of Public Administration (EIPA); he is also lecturing at the Polytechnic University of Milan.
- 1 *Exploiting Europe's Knowledge Potential: 'Good work' or 'Could do better'*, report by The Work Foundation, a UK-based research organisation, jointly presented with the European Foundation for the Improvement of Living and Working Conditions on 7 November 2007 in Brussels.
  - 2 *Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008-2010) – Keeping up the pace of change*, Com(2007) 803 final Part I: [http://ec.europa.eu/growthandjobs/pdf/european-dimension-200712-annual-progress-report/200712-annual-report\\_en.pdf](http://ec.europa.eu/growthandjobs/pdf/european-dimension-200712-annual-progress-report/200712-annual-report_en.pdf).
  - 3 Pisani-Ferry, J. and A. Sapir (2006) “Last Exit to Lisbon”, *BRUEGEL Policy Brief*, issue 06/02 (March 2006), [www.bruegel.org](http://www.bruegel.org); Heichlinger, A. and S. Mättä (2006) *Good governance in delivering sustainable growth: regions and municipalities as the promoters of the Lisbon Strategy*, EIPA background paper for the Finnish EU Presidency, September 2006.
  - 4 With regard to the implementation of programmes and projects, see Robin Smail, *Managing Structural Funds – A step-by-step practical handbook*, prepared in association with European Regional Affairs Consultants (ERAC), the Netherlands, to be published in early 2008. ESF training projects – part of EIPA's European Structural Funds Training Programme – are provided in Milan and Maastricht.
  - 5 See the European Commission ESF website which provides also country profiles of all Member States: <http://ec.europa.eu/esf>.
  - 6 European Foundation, Dr Hubert Krieger (2004) *New work biographies in Europe: a challenge to develop an EU work life policy*, June 2004, [www.eurofound.eu.int](http://www.eurofound.eu.int).
  - 7 Regarding the EU Lifelong Training Programme 2007-2013 see: [http://ec.europa.eu/education/programmes/programmes\\_en.html](http://ec.europa.eu/education/programmes/programmes_en.html).
  - 8 Edwards, R. (1997) *Changing Places? Flexibility, lifelong learning and a learning society*. While the notion of the “learning society” is gaining considerable currency in policy debate, it seems that there is a need for greater clarity in defining the meaning of the ‘learning society’. Edwards suggests as one of the key strands in discourses around the notion of the learning society a sociological context in which “learners adopt a learning approach to life” and which provides “a series of overlapping learning networks” for every worker and citizen.
  - 9 European Commission (2005) *Green Paper Confronting Demographic Change: a new solidarity between generations*, March 2005, (COM (2005) 94 fin); see also European Commission, *Communication Increasing the Employment of Older Workers and Delaying the Exit from the Labour Market*, p. 10-11.
  - 10 For instance, Reday-Mulvay, G. (2005) *Working Beyond 60: Key Policies and Practices in Europe*, Geneva Association, p. 21.
  - 11 See also Handy, C. (Professor of Economics at the London Business School) (1994), *The empty raincoat – Making sense of the future*. London: Hutchinson.
  - 12 According to Art. 137 para. 1 EC Treaty, the Community shall support and complement the Member States' activities with regard to working conditions.
  - 13 <http://www.eurofound.europa.eu/publications/htmlfiles/ef0698.htm>.
  - 14 [http://ec.europa.eu/employment\\_social/news/2007/jun/flexicurity\\_en.pdf](http://ec.europa.eu/employment_social/news/2007/jun/flexicurity_en.pdf).
  - 15 The paper's three further policy components are: flexible and reliable contractual labour law arrangements, effective active labour market policies (ALMP) and social security systems that encourage labour market mobility and help people to combine work with private responsibilities.
  - 16 OECD (2006) *Employment Outlook 2006. Boosting Jobs and Incomes, Policy Lessons from Reassessing the OECD Jobs Strategy*, p. 15.
  - 17 Calmfors, L. (Professor of International Economics at the Institute for International Economic Studies, Stockholm University) (2007) “Flexicurity – An Answer or a Question?”, *European Policy Analysis*, November, 2007/7.
  - 18 In 2008, EIPA-CEFASS Milan and EIPA Maastricht will run a series of training events with regard to the flexicurity concept.
  - 19 See the Lombardy Region's website of the Cluster network: <http://formalavoro.regione.lombardia.it/dg/newsite.nsf/DHTML?readform&home.htm>.
  - 20 Schleicher, A. (OECD, PISA co-ordinator) (2005) *Treibhäuser der Zukunft: Wie in Deutschland Schule gelingt*, a Reinhard Kahl study and film documentation, supported by the Federal Ministry of Education and Research of Germany (BMBF), 2005, second edit., pp. 95-97.
  - 21 See websites of the European Social Partners: [www.etuc.org](http://www.etuc.org); [www.buinesseurope.eu](http://www.buinesseurope.eu); [www.ceep.org](http://www.ceep.org); [www.ueapme.com](http://www.ueapme.com).
  - 22 Welz, C. (European Foundation of the Improvement of Living and Working Conditions) (2007) *The European social dialogue under articles 138 and 139 of the EC Treaty: actors, processes, outcomes*, July 2007, p. XVII.
  - 23 EIPA and EIPA-CEFASS have an established tradition in cooperating with the European Federation of Public Services Union (EPSU; <http://www.epsu.org>) and the European Federation of Independent Trade Unions (CESI; <http://www.cesi.org>). In co-operation with CESI is envisaged a joint training event on the flexicurity concept in 2008.
  - 24 Warwick Institute for Employment Research (University of Warwick) and Economix Research & Consulting (Munich) (2006) *Ageing and Employment: Identification of good practises to increase job opportunities and maintain older workers in employment*, March 2006, p. 82; OECD (2006) *DELSA Newsletter issue Older workers: living longer, working longer*, p. 2.
  - 25 Nicolaidis, P. (Professor of Economics at EIPA) (2006) “Building Capacity for Policy Implementation”, *EIPASCOPE*, 25th Anniversary Special Issue, 2006, p. 39. Nicolaidis promotes incentives that “align the (civil servants') interests with the achievement of the objectives of public policies.”
  - 26 See also EIPA's mission offering Learning and Development as one of the institute's services: [http://www.eipa.eu/en/tbl\\_menu/show/&tid=98#learning](http://www.eipa.eu/en/tbl_menu/show/&tid=98#learning).