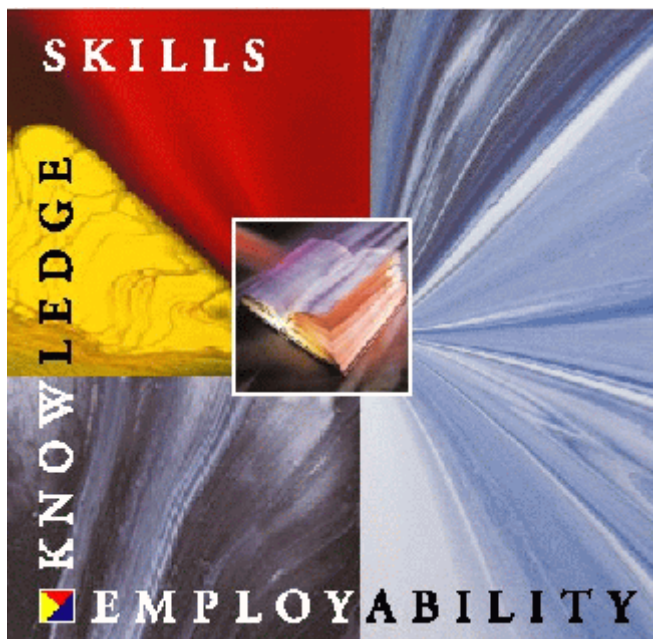


InFocus Programme on Skills, Knowledge and Employability

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and Decent Work***

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**Knowledge and skills
for employment**

**A discussion paper prepared in
the context of the Global
Employment Agenda**



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Knowledge and skills for employment

Introduction

Knowledge and skills are the engine of economic growth and social development. By making *individuals* employable, education and training help them gain access to decent work and escape poverty and marginalization. Education and training also improve individuals' productivity and income-earning opportunities at work, their mobility in the labour market and widen their choice of career opportunities. By investing in their human resources, *enterprises* are able to improve productivity, and compete successfully in increasingly integrated world markets. It is only by increasing investment in knowledge and skills that governments, enterprises and individuals can improve an economy's competitiveness and ensure decent employment outcomes for all. However, reaping the benefits of training in terms of improved productivity often depends on the strength and operation of the system of industrial relations and on the choice of compatible systems of production, work, recruitment and compensation. In order to be effective, education and training must form an integral part of a comprehensive set of economic, labour market, community development and other policies for employment and growth.

Developments

School enrolment varies widely between rich and poor countries. Enrolment in high-income countries in primary education is universal; in secondary education, almost universal; and in tertiary education is approaching 50 per cent of the relevant age group. Some 98 per cent of the adult population in these countries are literate. By contrast, in the least developed countries, primary education enrolments were, in 1997, some 71.5 per cent, secondary education enrolments 16.4 per cent and tertiary education enrolments a mere 3.2 per cent (UNESCO, 2000). Basic literacy, an essential requirement for employability and access to decent work in today's world, eludes as many as 40 per cent of adults in sub-Saharan Africa and almost half the adult population in Southern Asia. Indeed, the absolute number in this situation increased in the 1990s. Women are nearly always worse affected than men. Advanced countries invest at least 20 times more per student in education and training than the least developed countries. However, basic and secondary education enrolment is rising worldwide - sub-Saharan Africa being a significant exception; in that region enrolments in primary education declined from 59 per cent in 1980 to 51 per cent in 1992 (The World Bank: *Education Sector Strategy*, 1999). But, in general, as stressed in the scenarios, the education endowment of new labour force entrants will rise substantially. Nonetheless, some 113 million children are not in primary education.

Major forces driving changes in the world of work, such as globalization and rapid advances in technology, have several important implications for skills demand and human resources development and training. Firstly, the use of new technologies, especially ICT, new manufacturing processes and new modes of work organization have led to a skills intensification of national economies and an increase in the demand for higher skills. But education and training systems are struggling to keep up. This constantly changing situation means a continued skills gap. In the developed countries, there has generally been a reduction in the demand for unskilled labour and a

rise in the market value of advanced skills and workplace competencies.

Secondly, growing international competition from lower cost competitors is forcing domestic firms to adopt more efficient technologies and modes of production. In Thailand a study of training in small and medium enterprises (SMEs) found that export-driven companies were faced with the same challenges as SMEs in Europe B the need to achieve an international quality recognition benchmark such as ISO 9000 with its corresponding implications for skill development and training. Global exposure also brings an opportunity to learn from competitors and to improve the organization of work, provided that the workforce is adequately educated and trained. A problem for many small and medium-sized firms, however, is that they have only limited capacity to correct their skills shortages. They often try to hire workers away from other companies in related fields, which results in companies trying to outbid one another instead of cooperating to raise the overall number of skilled workers.

Thirdly, many enterprises are introducing new organizational and workplace practices. These practices include flatter hierarchical structures, a growing emphasis on teamwork by workers with a solid general education supplemented by specialized multiple skills developed through continuous, learning, self-managed work teams; frequent communication of business information throughout the organization; and, where possible, a commitment to employment security.

However, the downside of all these developments has often been a polarization in the labour markets of both industrialized and developing countries, and increasing economic inequality between nations. Workplace-based learning and training only reach a minority of workers, even in the advanced economies. Youth unemployment continues to be a major challenge in most countries. Marginalization and social exclusion threaten many people with little education and few skills. In many developing countries, particularly in those with little or no economic growth, the bulk of the rapidly expanding labour force is, by necessity, absorbed in the informal sector, where, with few skills, they are bound to eke out a meagre living in low productivity work. Capital flows that are directed predominantly to countries with the requisite labour skills, and the “Abrain” drain from developing to industrialized countries, have further exacerbated labour market polarization on an international scale.

Education and training systems face a dual challenge. On the one hand, education and training should develop and harness the knowledge and abilities of individuals to seize the opportunities that globalization and the opening up of markets can offer. On the other hand, education and training have a social function to ensure people’s access to learning opportunities and combat social exclusion and discrimination. The challenge of the brain drain can be addressed by pursuing strategies which offer people job and market opportunities at home and which are underpinned by quality education, training and labour market institutions.

Global and regional strategies

International agencies are supporting countries in their efforts of education and training system reform. UNESCO’s Education for All Forum in Dakar in 2000 called on all countries to commit themselves to education for all with goals and targets for every citizen and for every society.

The targets set by the Framework include: a 50 per cent improvement in adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults; universal access to primary education for all children by 2015; and elimination of gender disparities in primary and secondary education by 2005. National, regional and international mechanisms are being galvanized for advocacy, resource mobilization and knowledge generation and sharing. The ILO is supporting these efforts by: (i) advocating the key role of basic education in laying the foundations of an individual's employability, in the context of the new ILO Human Resources Development Recommendation; and (ii) strengthening its collaboration with UNESCO (see box 1) and its International Centre for Technical and Vocational Education and Training in promoting access of adults and youth to employment through the creation of opportunities for skills and knowledge development.

**ILO and UNESCO: A new strategic alliance on technical
and vocational education and training**

The ILO and UNESCO, in order to develop and strengthen their collaboration on technical and vocational education and training, have recently (July 2001) agreed to form a joint *Working Group on Technical Education and Vocational Training*. Its purpose is to promote and reinforce cooperation between the ILO and UNESCO in the area of technical and vocational education and training for the world of work. The Working Group has agreed to concentrate on a number of concrete, joint technical activities as a practical means of strengthening the cooperation between the two organizations. These activities include: developing a set of model 'core work skills'; strengthening school to work transition through career development; technical and vocational education for girls; and the development of a Regional Qualifications Framework for Southern Africa. In a recent visit to the ILO, UNESCO's Assistant Director General for Education, Sir John Daniel, welcomed the practical approach taken by the Working Group to reinforce collaboration between the organisations.

Education is central to the World Bank's agenda. The long-term goal of the World Bank's Education Strategy is to ensure that everyone completes basic education, acquires foundation skills and has further opportunities to learn advanced skills throughout their life. After a fall in the volume of lending for vocational training in the late 1980s, due to a new emphasis on primary education and a questioning of traditional approaches to training, annual lending increased again to just under US\$400 million in 1995-98. However, this is only a small percentage of the Bank's total educational lending. The bulk goes to primary education (more than 30 per cent) and to secondary education (some 20 per cent).

Recently (July 2001), the High-Level Panel on Youth Employment recommended that the heads of the United Nations, the World Bank and the ILO invite all Heads of State and Government to mobilize all national and local actors to, inter alia, make basic education, initial training and lifelong learning opportunities more accessible to young men and women. These recommendations are being followed up by concrete technical co-operation activities.

The Lisbon European Council - An Agenda for Economic and Social Renewal for Europe, presented at the Special European Council in Lisbon, in 2000, saw employment as a major challenge and called on countries to reorient their policies to capture the benefits of the new knowledge-based society. The Council stressed that education and training was "the best investment for the knowledge economy". The Council set clear targets for employment and education, including: all schools to

be connected to the Internet by 2001; digital literacy skills for all school leavers by 2003, and for all workers by 2005.

The key question

What policies and measures can be developed, by governments and the social partners, to encourage enterprises and individuals to invest more in knowledge and skills in order to improve productivity and competitiveness and facilitate employability through lifelong learning?

ILO response

Many countries, both industrialized and developing, have embarked upon a range of education and training policy and system reforms to address the challenges of promoting employability, productivity and social inclusion (see box 2). Many of these reforms have a solid base in social dialogue. Reforms endeavour to improve the relevance, effectiveness and equity outcomes of education and training. They also aim at increasing investment in training by all parties concerned, in particular the private sector and individuals themselves. These reforms target the systems of general education, the systems of vocational education and initial training and the (nascent) systems of further education and training and lifelong learning. For example, institutional approaches that have proven effective in ensuring young people access to quality employment - like the school-to-work transition schemes, including apprenticeship in Germany, and recruitment linkages between schools and employers in Japan - are being emulated elsewhere. Countries need to establish policies that lay a solid foundation for employability, e.g. by instilling "core skills" (e.g. ability to identify, analyse and solve problems, the capacity to learn to learn, communication skills, the ability to use technology etc.). These core skills are prerequisites for acquiring advanced skills and for making use of new technologies.

Box 2

Reforming the systems of vocational education and initial training

Despite some successful reforms, such as those in Australia, Chile and South Africa, reforming national vocational education and training systems is proving to be very difficult. The major challenge is for the national systems to be flexible and responsive to the needs of the local labour market, while developing the knowledge and skills to enable the workforce to compete in the global economy. A particular problem that these reforms have addressed, with varying success, is the emphasis that should be placed on general academic education and the development of transferable skills on the one hand, and on occupationally-oriented training on the other, in order to facilitate the smooth transition from school to work and enhance employability. Many countries have also integrated workplace-based learning and training into the vocational education curriculum. Germany is perhaps the best example of this approach. Australia, Chile and Sweden have introduced competitive bidding among public and private training providers in order to encourage them to improve the efficiency, quality and labour market relevance of their training programmes.

A major feature of education and training reforms should be sharing responsibilities for investing in education and training and, in particular, lifelong learning (see box 3), through various forms of partnerships between the State, the social partners, individuals and other stakeholders. The state has to assume primary responsibility for basic education and to promote equal opportunities in

training by targeting women, young people, older workers, people with disabilities and otherwise contributing to overcoming discrimination. The private sector needs to assume a greater share of the burden of financing the workplace and lifelong learning needs of their staff. Where feasible, the individual worker should be asked to assume a greater responsibility for her or his self-development and be helped by the appropriate workers' organization. Access to lifelong learning opportunities has particular significance for women, who, more than men, are likely to leave and re-enter the workforce at different stages in their life cycle. The ILO is developing a database on current expenditures on vocational and continuing training, and a series of benchmarks on investment in training, differentiated by different regions of the world, size of companies and sector of industry. This will allow the ILO to advocate useful investments in skills and knowledge and promote them through technical cooperation.

A common difficulty for training reform is to achieve adequate investment in training. A number of incentive mechanisms have been used to encourage enterprises develop their human resources, with varying success (tax exemption, grants, levies, etc). Bipartite and tripartite collective agreements have also been used to raise enterprise contributions to learning and training over and above any obligatory statutory contributions. Increasingly individuals are being encouraged to invest in their own learning and self-improvement. Sweden and the United Kingdom are experimenting with instruments (e.g. "individual learning accounts") to encourage personal savings which can fund the learning that would help workers remain economically productive. Recognizing the critical role of investment in education and training for employment creation, especially in least developed countries, the ILO's Workers' Group is preparing a proposal for the establishment of a World Education Fund to assist these countries.

Box 3

Systems of further education and training and lifelong learning

The objective to provide all individuals with learning opportunities during their life time is ambitious, and so far most countries have had only modest success. Lifelong learning still has a considerable way to go to move beyond mere rhetoric. Legal provisions to guarantee the right to lifelong learning, however, have been enacted in several countries, mostly OECD member countries, but also some developing countries, e.g. Benin, South Africa and Argentina. Other reforms have focussed, in particular, on expanding private and enterprise training provision. Various policies and instruments have been put into effect, again with varying success, including the privatization of training institutions and entire training systems. In many developing countries, training institutions increasingly provide training for informal sector entrepreneurs and workers, who constitute the vast bulk of their labour force.

The development of a national qualifications framework is in the interest of enterprises and workers as it facilitates lifelong learning, helps enterprises and employment agencies match skill demand with supply, and guides individuals in their choice of training and career. The framework should include a credible, fair and transparent system of assessment of skills learned and competencies gained, irrespective of how and where they have been learned, e.g. through formal and non-formal education and training, work experience and on-the-job learning. Every person should have the opportunity to have his or her experiences and skills gained through work, through everyday

activities or through formal and non-formal training assessed, recognized and certified. The ILO is establishing a database on best practices in developing a national qualifications framework, conducting a general study on the comparability of different national qualifications frameworks and will undertake research into the recognition of prior learning. France was one of the first countries to enact a law which entitles people to have their skills and experience assessed, irrespective of how these skills were acquired. In some countries, e.g. Australia, South Africa and the United Kingdom, assessment mechanisms to recognize prior learning form one element of their emerging national qualifications frameworks.

Social dialogue, consultation and both bipartite and tripartite collective agreements have a great potential to include the social partners in influencing policy on training for employment and in raising investment in training. For example, effective links between economic and employment growth strategies, and education and training policies and programmes, are best assured in the context of social dialogue and partnerships. The experiences of Germany and Ireland suggest that strong commitment, and social dialogue and partnership, have been decisive in making apprenticeship an effective mechanism of transmitting skills and developing people's employability. In South Africa, the social partners identify education and training priorities at sector level, translate these into new programmes and funding arrangements, and also set particular equity targets in order to address the needs of the vulnerable and disadvantaged. The ILO assists governments and the social partners in creating a favourable environment for effective social dialogue and partnerships in the training field. Through capacity-building, training and advisory activities, the ILO empowers its constituents to engage in a meaningful dialogue. The responsibilities in basic and continuous education and training, including funding responsibilities, of the social partners and other stakeholders will be identified in the ILO's forthcoming Human Resources Development Recommendation.

Policy challenges

- *Investment in education and training. There is a critical need for a greater overall investment in education and training, particularly in developing countries, for all people (including women and groups with special needs, such as people with disabilities). Education and training investments should be closely linked to economic and employment growth strategies and programmes. Responsibility should be shared between the government (primary responsibility), enterprises, the social partners, and the individual.*
- *Basic education, literacy and core skills. Literacy and basic education cannot be leapfrogged. Urgent reforms are needed to improve basic education and the literacy of people in the poorest countries. The development of "core work skills" (such as communication, problem solving, etc.) is an important part of the reform to prepare individuals for the knowledge and skills-based society.*
- *Reforming vocational education and training systems. To make lifelong learning for all a reality, countries will need to make major reforms of their vocational and education and training systems. School-to-work schemes for young people should integrate education with workplace learning. Training systems need to become more flexible and responsive to rapidly changing skill requirements. Reforms should also focus on how learning can be facilitated,*

not just on training for specific occupational categories.

- *Recognizing an individual's skills. Many people have acquired skills from a wide range of non-traditional sources, but these go largely unrecognised. It is critical that people should be able to have their skills recognized as part of a national qualifications framework, irrespective of where the skills were obtained.*
- *Social dialogue on training. There is an urgent need to involve the social partners more closely in discussions on training policy and skills development, if the desired reforms and increased investment are to become a reality. It is clear that governments can no longer be the sole voices on education and training. The more successful training systems are underpinned by a strong social dialogue process.*