

## POLICY PAPER

### DECREASING THE NUMBER OF LOW SKILLED PEOPLE

September 2011



### **Europe 2020 and the required reduction of low skilled workers: common goals and perspectives for interregional cooperation.**

#### ***1. An increasing and uncontrolled phenomenon involving at least 77 million European citizens.***

Within the European Union the number of low-skilled workers and people excluded from lifelong learning has been steadily increasing over the past few years. In many countries, this has been made worse by the reduction of public and private investments in training programmes during the economic crisis, and by the reduction in the number of employed people, who are most likely to benefit from such training measures. This situation is worrying for several reasons.

Firstly, the increase in the number of low-skilled people implies a consequent reduction of employment offers capable of matching the needs of a strategy for smart economic growth, while reducing social cohesion.

Secondly, the social costs for welfare and health provision are consequently on the rise. According to recent studies carried out by national welfare institutes, low-skilled people are more dependent on the welfare system and are less autonomous, besides having fewer chances of living a long healthy and productive life. The situation is alarming and it is high time that the European Institutions drew the attention of Member States to this problem by proposing adequate strategies and by detecting the factors that prevent this situation from being solved.

This phenomenon has not yet been sufficiently analysed and the available data are so scarce and incoherent that they do not enable us to have a clear understanding of the problem. Ongoing research, in particular the Programme for the International Assessment of Adult Competencies (PIAAC), will provide us with an analytical framework that will enable us to interpret the results of recent sectoral and national studies, as well as other international findings, thus helping us to adopt appropriate decisions.

However, in the meantime, the problem is constantly getting worse. Every year, more and more young people come of age at a high risk of becoming low-skilled workers. According to PISA data, 25% of today's fifteen-year-olds will be inadequately skilled when they reach the age of 25 in 10 years' time. Furthermore, it is difficult to foresee the future of the high number of low-skilled people, whose competences are already inadequate for the current needs of the labour market.

If on the one hand, data on early school leavers are slightly improving, on the other hand the number of NEETs (young people Not in Education, Employment or Training) is on the rise. Between 2000 and 2009, the number of people who did not participate in lifelong learning activities increased by 50 millions. The percentage of people who do not have a certificate of upper secondary education exceeds 50% (between 25 and 64 years of age). Around 50 million workers have not completed upper secondary education (pre-primary, primary and lower secondary education - levels 0-2 ISCED 1997).

However, the most serious aspect is the general stagnation, or even aggravation, of these indicators. This is all the more worrying if we make a comparison between different European regions: the differences among regions and sub-regions exceed the ratio of 1 to 30. If this

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situation indicates the need for improved cohesion measures, it should also be underlined that the problem is also seriously affecting more developed regions with a higher GDP.

LRAs members of Earllall view these data as an obstacle to development and controlled public spending. This is why Earllall believes that the European Union, together with its Institutions, should come to terms with this situation by elaborating strategies, policies and measures aimed at significantly containing this phenomenon by 2020.

#### ***2. The need for a diversified strategy and for a multi-level governance.***

In order to control and reduce the number of low-skilled people, it is necessary to develop a comprehensive and coherent strategy, capable of activating different policies and different types of measures. The issue should be addressed through multiple policy approaches.

First of all, we should start by acknowledging that the majority of low-skilled people are active and employed. However, we should be aware of the fact that those workers are at risk of exclusion from the labour market and therefore of ending up in the informal economy, by performing unqualified labour tasks or even becoming unemployed.

Our interventions should primarily be based on prevention. Training can be more effective if it is addressed to people who have not yet been excluded from the labour market. Efforts should be made to elaborate policies aimed at retaining low-skilled people into the labour market and preventing their exclusion. In order to achieve this objective, it is necessary that the institutions first recognize the problem and adopt realistic and adequate strategies.

#### ***3. Recognising the urgent need to improve the quality of competence supply of low-skilled people.***

Despite the fact that some member States and Regions have already equipped themselves with certain policies and systems, the problem still exists.

Europe cannot achieve, by 2020, its objectives of economic growth and social fairness without counting upon the human and professional potential of millions of citizens. The European Union has done a lot for the remaining three quarters of European citizens, by providing guidelines that have achieved significant results (such as in the field of higher education). However, the 2020 strategic framework does not yet contain adequate priorities or strategies enabling us to evaluate their impact on the attenuation of this phenomenon. The only positive exception is the attention paid to containing illiteracy amongst young people leaving school.

The European Union must encourage Member States and social partners to recognise the problem and understand that, in terms of competence supply, the gap between the EU and BRICs countries is shrinking.

#### ***4. Special, shared and concrete engagement***

Joint commitment is required between all the institutional and social stakeholders, in every single country, in order to ensure a better level of competence supply for the European labour market

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and society through appropriate policy measures aimed at encouraging each Region, Local Authority, public and private institution, and social organization to have:

1. A Goal defining the minimum level of competences required to live and work in those contexts. The Goal has to be especially targeted to the learning needs of low-skilled workers.
2. An annual and a multiannual Plan as an instrument to implement actions required to enable every individual to achieve adequate levels of competence.

Tackling the problem means, above all, focusing on those individuals who are engaged in some type of productive activity, who are looking for a job or who, in any case, live in an organised social context. For all the others, we also need to cater for their primary subsistence and social integration needs.

The answer to this problem must be wide-ranging and diversified. It must be based on the concerted effort of all the social stakeholders who would benefit from developing the skills of this segment of the population, and who would take on this goal as their ethical responsibility.

National and Regional Governments must act as promoters and regulators. Each social and economic stakeholder should draw up a strategic plan in order to understand and better manage the need to develop skills among its members.

#### ***5. Defining a strategy and establishing immediate, stabilizing and appropriate measures***

We already know that, unless extraordinary interventions are implemented, the current situation will not improve by 2020. Clearer objectives are required for the 2020 horizon. These goals should include the following priorities:

- a) understanding the real extent of the phenomenon and its distribution among different economic sectors and different segments of the population. Research and statistical services must assume responsibility for this field of study, by guaranteeing its annual monitoring and disseminating their findings;
- b) setting a political objective, in all European Regions and Member States, to prevent the stagnation affecting the competence supply of 77 million low-skilled people, and assessing the minimum levels of skills required in order to ensure social and economic sustainability.
- c) choosing, implementing and evaluating – using the Open Method of Coordination – a package of urgent cross-cutting measures that would have the following impact:
  - I. Preventing the phenomenon, focusing on the training needs of young people with low schooling;
  - II. Educating and training young parents with an inadequate educational background;
  - III. Reinforcing and promoting educational and training measures for the unemployed, in particular, and for the low-skilled, in general (i.e. contribute to their "flexicurity");
  - IV. Promoting basic on-the-job training for low-skilled in employment;

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- V. Developing or creating local, regional, national systems that are characterised by combined action and involvement of a variety of key committed actors and that guarantee service continuity and supply.

#### Recommendations to the European Institutions

To prepare for the implementation of general guidelines, we believe that the European Commission should adopt the following initiatives:

1. Promote the **necessary studies to define the quantitative goals** that Europe should set itself in order to increase its competence supply, by also including part of the 77 million low-skilled citizens. We must understand the real extent of the problem and assess the sustainability of planned interventions. To this end, general quantitative goals must be defined, as well as specific goals for different segments of the population, depending on their social classes and productive sectors;
2. Promote the **Open Method of Coordination among decision-makers on each of the five urgent measures** mentioned above: prevention, educating parents, active policies and training for the unemployed, basic on-the-job training, developing systems with multi-actor participation;
3. Promote cooperation with **local and regional governments having direct responsibilities in the field of education and training** in order to promote benchmarking and create a network of regions and municipalities that develop policies aimed at ridding their territories of illiteracy (15% of adults in lifelong learning in any period of one month). In many cases, implementing the necessary interventions does not only depend on the efforts of the State, but also on local and regional policies. Moreover, benchmarks at local and regional levels should be developed in order to promote identification and comparison of the different local policies capable of reducing the number of low-skilled adults.
4. Also in policies and European programmes, it is essential to promote adult basic education and training through all forms of learning – formal, non-formal and informal. Policies enabling the low-skilled to take their qualifications one step up concern education and training, and also social, regional and economic policies (agriculture, industry, commerce, environment, etc.). **Substantial European investments and incentives should be earmarked** for the funding of activities aimed at reaching low-skilled adults, especially for those investments devoted to economic growth (i.e. agriculture, infrastructure, trade, etc.).

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#### ***EARLALL's engagements***

To this end, EARLALL's Regions are committed to the following:

- Promoting benchmarking exercises with the purpose of identifying the most effective approaches and regional policy measures capable of reducing the number of low-skilled adults.
- Monitoring and encouraging the European Institutions to assume their responsibilities in order to provide Europe with a competence supply protected against new and old forms of illiteracy.

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