Lifelong Learning: Everybody Wins

“The trade union movement has a long and solid history of support for education and training. Ireland also has a fine record of commitment to education over the years. The role of education in economic development is recognised as being extremely important and it is of growing importance in the knowledge economy. Investment in education and training in the past had a vital role in the development of the Celtic Tiger phase of rapid economic growth between 1994 and 2001. Economists and policymakers point out that future economic development will rely heavily on knowledge and innovation. Both will depend on the skills of people and so the education system, at all levels, is important, but the skill enhancement of those at work is equally, if not more, important.”
Foreword

The Lisbon Strategy will shape the European Union of the future. If successful, it will recast the EU as the world’s “most dynamic knowledge-based economy... with more and better jobs.”

Five years ago, all EU member states signed up to this ambitious agenda. All are now charged with making this plan a reality.

The Lisbon Agenda rests carefully on three equal and complementary pillars: economic, social and environmental. In other words, any plans designed to make the agenda a reality must accord equal value to all three priorities: thus, social cohesion and protection cannot be sacrificed in order to pursue economic growth.

Indeed, it can be argued that the Lisbon Agenda means an end to the concept of growth for growth’s sake and will attempt to ensure the market is harnessed to serve the social needs of all EU citizens.

It is crucial that the trade union movement has a strong input into this process - both at a European and national level, that the needs and aspirations of working people are factored into this grand plan for Europe.

As part of our contribution to the debate, Congress will publish a series of briefing papers - designed to stimulate debate and discussion and feed into the public discourse around the Lisbon Agenda.

This current briefing examines the issue of Lifelong Learning. Other issues to be examined in the future include:

• Care Infrastructure

• Attracting More People into the Labour Market

• Avoiding a Two-Tier Society

I hope you will find this series stimulating and thought-provoking in equal measure.

David Begg, General Secretary, Irish Congress of Trade Unions
June 2005
Introduction

The OECD states that 80 percent of the workforce of 2015 is already at work but most of their skills will be obsolete by then.¹ This demonstrates the vital importance of learning in the workplace.

Lifelong Learning means “all learning activity undertaken throughout life, with the aim of improving knowledge, skills and competencies with a personal, civic, social and / or employment related perspective.”² “It contributes much to individual workers, to firms and to the economy. For the average employee, additional workplace training is useful for increasing their skills, job satisfaction and in time, their earning power. For firms, the best way forward in meeting future challenges is to have the best skilled and motivated employees. Education and training in the workplace is one road to achieving this.

An average Irish 54 year-old has another 10 years in today’s labour market. S/he would have sat the Senior Certificate in 1967 when only 22 percent of boys and 21 percent of girls sat the Leaving Certificate. Today’s 35 year olds sat the Leaving Certificate in 1986, when 64 percent of boys and 76 percent of girls sat the exam.³

For Ireland’s economy and society, one of the greatest challenges in the future will be a shortage of labour. To meet this demand for labour, upskilling the existing workforce, the unemployed and discouraged workers, those outside the formal workforce will be crucial. Lifelong Learning provides the means to achieve this. A skilled workforce is the way to build a successful economy, with workforce skill enhancement boosting productivity.

The Union Perspective

This briefing paper will provide the trade union perspective on Lifelong Learning - both at a policy and an operational level and will examine Ireland’s record in this area. The following recent reports have all dealt with the issue:

- Reports by the Forfas Expert Group on Future Skill Needs
- The EU Employment Taskforce Report (chaired by Wim Kok)

The latter report sets out to chart a response to the Lisbon Agenda. This is a process aimed at making Europe “the most dynamic and competitive knowledge-based economy by 2010”, within the framework of the European Social model. Congress and the European Trade Union Confederation support this objective, and the use of Lifelong Learning as a key means to meet the objective. This briefing will set out the background, seek to identify the barriers and articulate the Congress vision for a Lifelong Learning system for the Irish workforce. We believe that developing such a structure and getting it into operation is a key challenge to the Irish economy in this phase of our economic development.

In Ireland, public and private spending on education is low compared to most other countries as Table 1 shows. While Ireland is fifteenth in the table, it fares better on a per capita basis, which puts us in eight place. If we are serious about being a knowledge-based economy, or moving up the value chain, we need to improve our position in this league table. Another key issue for policy makers is to direct the resources to those who will most benefit.

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³ Whelan and Hannon ‘Class inequalities and educational attainment in the adult population in the Republic of Ireland’ Economic and Social Review p.290
Productivity: the key to growth is driven by skills

A recent meeting on the Lisbon Agenda, An Taoiseach Bertie Ahern, TD, stated that: “Central to raising productivity is investment in people, skills, research and Lifelong Learning. Such investment is vital if we are to provide more and better employment for our citizens”.

Productivity is the key driver to a wealthy, growing, and employment-generating economy. Ireland’s productivity has soared over the past decades, as is dramatically demonstrated in Figure 1 (below). Within the overall figure, there are major differences in productivity levels between industrial sectors and between multinational and indigenous sectors. A key to increased productivity is more and better training. The drive to increased productivity must be within the European Social Model. It involves the social partners, civil society and public authorities - at national and especially at local level.

**TABLE 1** Public and private expenditure on educational institutions (% of GDP) in 2000

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
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<tbody>
<tr>
<td>Denmark</td>
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<tr>
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<td>France</td>
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<td>Germany</td>
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<td>Hungary</td>
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<td>Ireland (GNP)</td>
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<td>EU</td>
<td>-</td>
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<tr>
<td>OECD</td>
<td>5.9</td>
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</table>


**Figure 1** Irish Productivity: Unit Wage Costs in a Common Currency (Euro), 1990 to 2005.

Source: Central Bank of Ireland No 1, 2005.
(2004 and 2005 are forecasts).

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4 Taoiseach, Bertie Ahern, Address to World Economic Forum in Davos, as President of the European Union, January 2004.
Business guru Michael Porter (1990) concluded that “there is little doubt from our research that education and training are decisive in national competitive advantage.”

The National Competitiveness Council (NCC) believes that one of the key ingredients of competitiveness is education and skills. It found that Ireland performs middling in terms of the percentage of 25-64 year olds participating in continuing education and training, being ranked fifth out of 11 countries. It includes both on the job and vocational training. “Ireland should strive to achieve a stronger ranking in this area in light of its importance.”

The Council quotes one study in the UK which found that returns to 15 year olds for staying one additional year at school was around 15 per cent (NCC Competitiveness Challenge, 2004.).

Ireland only ranks in the middle in terms of performance and investment in education. Public and private investment in education in 2001 was 5.3 percent of GNP, ranking us ninth out of fifteen countries, well behind the leading countries Korea and the US at 8.2 and 7.3 percent respectively.

Ranked by spending per student, Ireland performs even worse, at eleventh out of fourteen countries, both for primary and for secondary and eight for Third level. But it is even worse for pre-school education with spending at a miserly 0.1 percent of GNP compared to ten times that in Denmark, the leading country.

But in spite of this low spending, Ireland’s educational attainment is reasonable. Ireland ranks fifth out of 11 countries on the numbers of 25-65 year olds participating in some form of Lifelong Learning.

The NCC states that while there have been many reports and studies on what needs to be done in the area of Lifelong Learning “it is hard to point to many other concrete initiatives that have had any significant impact on this pressing problem.”

The development of the National Qualifications Framework is one exception to this pattern.

This criticism of the lack of real initiatives is reflected in the comments of the European Commission on successive Irish employment action plans.

“In this context further effort is need to boost participation in further learning especially among those in employment.”
- 2002 Employment Action Plan

“Increase in-company training and expedite the implementation of an overall Lifelong Learning strategy with overall targets, promoting the active involvement of the social partners in pursuing these objectives.”
- 2003 Employment Action Plan

“The policy response for the need to implement a coherent lifelong strategy is limited...further concrete steps will be needed to drive forward progress in this complex policy area.”
- 2004/5 report on Employment Action Plan

In essence, the state of policy development in this area might well be described as “little done - a lot to do.”

The lack of concrete progress in this area was perhaps understandable a number of years ago, when the role of labour availability in Ireland’s economic success was less well understood.

But lack of progress is less understandable in the current context, with Ireland’s low tax regime under increasing attack at European level, and the EU Commission taking a stricter attitude on state aid, as evidenced by the recent Intel case.

We can examine our progress as a society in the area of Lifelong Learning by posing the following question:

“In respect of a given group of workers seeking to upgrade their skills and with an agreement on time off from their employer, what can the mainstream education and training system offer them?”

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The answer to this question is the acid test to our success at driving forward a Lifelong Learning agenda.

Let us take stock. The economic justification for increasing Lifelong Learning was never more opportune than it is today. The Irish labour force grew phenomenally by almost 700,000 persons, or 60 percent, in the decade to the end of 2004. Unemployment is low at 4.4 percent and there will be a need for more workers than there is a natural increase in the workforce for some years.

The Employment Taskforce, chaired by Wim Kok, made the adaptability of workers one of the key challenges facing all of the EU’s economies, in its original 2003 report. It advocated the promotion of flexibility combined with security in the labour market.

“Member states, in close cooperation with social partners, should adopt national strategies for Lifelong Learning by 2005, in order to address the rapid technological change; to raise labour market participation; to reduce unemployment and to enable people to work longer.”

As Paul Tansey (1998) points out in his book on the Irish labour market, the role of an educated workforce was poorly understood by economists, in the past.

Their focus in seeking to increase economic output was on increased investment in plant and machinery. They neglected or were unaware of the importance of investing in people and in their skills.

“These early neo-classical growth models accorded primacy of place to physical capital formation in raising the rate of economic growth. However, from the 1960s onwards, greater attention was directed to human capital as a driving force in the growth process.”

He found that investment in human capital was one of the key ingredients in Ireland’s rapid growth, over recent years.

Tansey points out that such investment boost economic performance as follows:

- Investment in education and training raises the productivity of labor directly. More skilled workers will produce more output per unit of labour input. Skilled workers will use plant and machinery, computers etc. more efficiently. Better trained managers will make better informed decisions.

- Productivity and efficiency gains reduce units costs, boosting competitiveness which allows Irish firms to compete better internationally.

- Investment in education and training also increases the flexibility of the workforce and new products and processes are better utilised. This leads to further investment in new technology reinforcing the initial gains in productivity.

- The large numbers of skilled workers attracts multinational investment to Ireland and is probably the major attraction for Foreign Direct Investment (FDI) in the economy. The importance of workforce skills is probably as important - if not more important - as tax incentives in attracting FDI and has the additional attraction of not drawing the hostility of other EU member states on us. In the long run, effective investment in human capital will be far more important than artificial state aids, such as low corporation tax.

- Without continuing investment in education and training, rapid economic growth, such as we have experienced, lead to skills shortages and structural unemployment. With labour scarcity, economic growth stalls.

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What is Training?
Training is the acquisition, refreshing or updating of knowledge and skills. Initial education and training is the acquiring of knowledge and skill in the trade which a person is following. Continuing vocational training and continuing professional development is learning related to the labour market or industry, based on acquired skills, in order to update and broaden existing knowledge and competence and acquiring new skills related to work (although not necessarily to one’s current job).

What is Lifelong Learning?
Lifelong Learning is a phrase which has been in vogue for about three decades. It has been present in the EU policy discourse since 1996, the year of Lifelong Learning. It is more frequently encountered in the European than in the North American policy discourse. After the adoption and reaffirmation of the Lisbon Agenda by the EU, Lifelong Learning is now a key driver of the transition to a knowledge-based economy and society. From 2007 on, all EU training etc, will be termed Lifelong Learning and it will be an umbrella for all learning processes, both formal and informal. It is intended to raise the percentage of people (25-64) from the current low of 8.45 percent to 12.5 percent of the active population by 2010 (the original proposal was to achieve 15 per cent by that date).

Who is Being Trained in Ireland?
The major problem facing the Irish economy over the next number of years is a shortage of labour. Estimates by many economists are that we will need around 60,000 net immigrants to meet our labour needs each year for the next five or so years. Within the general labour shortage, a shortage of skilled labour is also a problem. Traditionally we have met the need for skilled workers from the education system. We can supplement this declining supply with migrants but importantly, we can supply some of them from the existing workforce - with retraining.

The levels of training in Ireland are not out of line with other countries. Ireland also has low unemployment compared to other countries, as Figure 2 shows. With low unemployment and a labour force which is not growing as fast as is required to meet the demands for labour, we will have to import people to keep the economy going. We have many at work, who if they were upskilled, would meet a great part of the demands of individual companies and the economy and importantly, improve their own incomes and welfare.

<table>
<thead>
<tr>
<th>Country</th>
<th>2005</th>
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<tbody>
<tr>
<td>UK</td>
<td>4.7</td>
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<td>Germany</td>
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<td>France</td>
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<td>Italy</td>
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<tr>
<td>Euro Area</td>
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<tr>
<td>US</td>
<td>5.4</td>
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<tr>
<td>Japan</td>
<td>4.6</td>
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<tr>
<td>Ireland</td>
<td>4.3</td>
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Source: ESRI Commentary, Spring 2005

Training is “inversely related to need and training is more likely to exacerbate rather than mitigate existing labour market inequalities” (O’Connell, 2004).

More specifically:–

• Those with higher educational attainment get most training: conversely those with little education receive the least training.

• The employed receive more training than the unemployed.

• The unemployed, in turn, receive more training than those who are not economically active.

• Larger firms train more than smaller firms.
Part-timers and those on temporary contracts receive less training.

General training is higher in firms with lower wage differential between trained and untrained workers.

Larger firms and those which pay above average wages are more likely to train employees.

Countries with higher trade union densities, stronger employment protection and lower minimum wages (relative to the average wage) tend to have a higher incidence of training (Brunello, 2001, quoted in O’Connell).

**Market Failure**

The market does not work well in the area of training, and ‘market failure’ means a lack of investment in training by many firms who fear that if they train workers, they will leave and take the employer’s investment in their ‘human capital’ to competitors. That is why the state, through FAS and other initiatives, steps in and spends money on training. In spite of many generous grants and incentives, the take up by firms is less than is needed by the economy, many firms or workers.

A study of Irish workplace training found that almost half of all employees participated in training provided by the employer over the last two years (O’Connell, Russell et al, 2004):

- Training participation is strongly correlated with educational attainment, with 60 percent of those with third level qualification receiving training, but only 35 percent of those with no qualification receiving training.

- Union members are substantially more likely to have participated in training than non-union members.

- Full-time workers get more training than part-time and temporary workers. Those in the job for more than a year get more training than those with less than a year, but those with over five years service get slightly less than those with between one to five years.

- Those working in larger firms were more likely to have training than those in smaller firms.

- Public service workers receive more training than private (60 percent to 45 percent).

- Employees with some form of partnership are more likely to participate in training than those with an authoritarian style of management.

- Employments with family friendly and flexible workplaces are more likely to have employees who participate in training.

This study indicates that optimum levels of training are likely to be present in the better firms, which pay better, with flexible, family-friendly workplaces featuring greater partnership and with more educated, unionised workers.

The higher level of training in unionised firms clearly demonstrates that the presence of unions in an enterprise increases the demand for training.

In high income countries it is found that training is important, with much of it taking place over the working life. Thus the workplace is an important place for “human capital formation” as economists call the investment in workers through upskilling and training.

**The Benefits of Learning to the Worker**

The individual worker gains from learning. There is a very strong correlation between education and income. The better educated gain much higher earnings over their lifetimes. In spite of the high private returns to individuals from education, many children from low income families leave the education system early because of what appear to be immediate pressures relating to family or finances. An awareness of the benefits of remaining in education is helpful, but more has to be done to persuade young people to remain in school. The major problem is that those participating in education and training are mainly those with better education and conversely, early school leavers generally have a low participation rate:

- Less educated workers are more likely to be unemployed and for longer periods.
• Less educated workers’ earnings will peak early in their working life.
• Less educated workers will earn less over their lifetimes.
• Each additional educational improvement yields significantly more lifetime income.
• Thus it is never too late to learn – education pays!

The tendency of the Irish education system to foster rather than to combat existing social inequalities has frequently been commented upon. Most of the efforts to counter inequality are focussed on access transfer and progression within the existing system. The role of Lifelong Learning in combating these inequalities is less frequently commented on. This is strange as a return to learning can be a strategy for those whose initial experience of the education system has been sub-optimal. This is particularly the case for men, as the performance of boys within the mainstream system is problematic. Boys also have a lower rate of completion of the senior cycle, although against this must be set their tendency to enter an apprenticeship system which is almost exclusively male. The effects of Lifelong Learning as a corrective factor on the regressive effect of the mainstream system should be more fully debated, and expenditure on Lifelong Learning should be evaluated in this context.

The Benefits of Learning to the Firm

The firm benefits, and as Ireland moves to a higher wage economy, the demand for skilled workers increases. A problem faced by firms is the fear that if they invest in education for their employees - both financially and in time off - the employees may take their skills to competitors. It is for this reason that government training initiatives such as Skillnets are heavily skewed towards SMEs. In addition there is a major problem with absence cover for those who are being trained. However, failing to do anything will condemn Irish SMEs and their workforces to a vicious cycle of low skills, low profits and low pay.

The Benefits of Learning to the Country

The benefits of learning to a country are increased productivity and economic growth. These are not just well known, but are a major policy objective of governments, firms and unions. They have been quantified in Ireland by independent bodies such as the ESRI. As Ireland progresses from a low wage economy to a high wage one, the demand for skills is increasing and will continue to increase. The broad area of education has played a vital role in raising the growth potential of the Irish economy, but has to be accompanied by investment in training and other forms of Lifelong Learning.

The state has a role in ensuring that the learning needs of the other parties are balanced. For example, the state ensures that in some professions, the numbers qualifying are related to the needs of society. Similarly people change careers and may wish to move out of economic sectors that are in decline. Many of tomorrow’s employers do not yet exist today, so their training needs cannot be expressed. Similarly the training need of an individual firm at a particular point in time is too narrow a measure for the needs of the economy in the long term.

In its review of the National Development Plan, the ESRI found that returns to third level education had fallen markedly between 1994 and 2000 and to Junior and Leaving Certificates to a lesser degree, with returns on diploma level remaining constant. Increases in the supply of highly qualified labour played a role (relative to unskilled labour). The introduction of the Minimum Wage and the prolonged demand for unskilled labour in the period as unemployment was reduced to very low levels, also contributed. Nonetheless, the study concludes by confirming the “strong positive returns to education and that these returns increase with educational attainment” (ESRI, 2003).
The following table from the OECD shows the social rate of return on education for males and females at different stages of their lives - immediately and at age 40, in part or full time, in different countries. The table shows considerable variation in the social rate of return, that is, the broad rate of return for individuals who take a third level degree between the different countries and between men and women. It also shows some surprising results, such as the negative return for some females in some countries and some apparently inconsistent returns.

### TABLE 3 Social internal rates of return (RoR) for individuals obtaining a tertiary-level degree or an advanced research qualification (ISCED 5(A, B)/6) from an upper secondary or post-secondary non-tertiary level of education (ISCED 3/4) (2001)

<table>
<thead>
<tr>
<th>OECD COUNTRIES</th>
<th>M</th>
<th>F</th>
<th>M</th>
<th>F</th>
<th>M</th>
<th>F</th>
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<tr>
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<td>9.1</td>
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<tr>
<td>Spain</td>
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<td>3.9</td>
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<td>8.0</td>
<td>3.2</td>
<td>7.3</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Source: OECD. 2004

However, with the exception of the negative returns (which are small), the table does clearly demonstrate the positive returns for individuals on investment in education at third level, whether they are full-time, part-time or went straight on from school or re-entered as part of Lifelong Learning at age 40.

The differing returns can be demonstrated from differing levels of education. The following Table 4 shows the private rate of return on upper secondary to individuals and takes into account the length of studies and the reduction in the length of unemployment. It also factors in the impact of taxes. It differs from the social rates of return shown in the earlier table because it takes into account time lost from earnings while in education, the impact of taxes on individuals, the gain to him or her of reduced being unemployed because of education. This table shows the higher rate of return on second level over third level shown in the earlier table and while it is not comparing like with like (private with social), the differential between private and social (given in other detailed tables) is similar.

### TABLE 4 Private Internal Rates of Return to Education (1999-2000)

<table>
<thead>
<tr>
<th>Country</th>
<th>Males</th>
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</tr>
<tr>
<td>Country mean</td>
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</table>

Source: OECD 2004
These rates of return are calculated by comparing the benefits and costs with those of lower secondary education.

The OECD found that in general, people with tertiary qualifications command significantly higher salaries than those with only secondary education. In the UK, earnings for tertiary graduates are 59 percent higher on average than those for people with only secondary education, a differential that is higher only in Hungary (110 percent), the United States (86 percent), the Czech Republic (79 percent) and Portugal (78 percent). They also stand a stronger chance of finding jobs: on average in OECD countries, around 89 percent of men and 78 percent of women with university degrees are in employment, compared with around 84 percent of men and 63 percent of women who ended their education at secondary level (Table A10.1a, OECD, 2004, Education at a Glance).

The OECD analysis shows also that rates of return are markedly lower for individuals who enter tertiary education later in life. For example, for males entering tertiary education in the UK at age 40 and who have to bear both the direct costs of tertiary education as well as foregone earnings, the private rate of return is only four percent and the social rate of return is six percent. The fact that returns are generally higher when tertiary education is attained at an earlier age is mainly explained by the longer time horizon over which education-enhanced earnings accrue, as well as the lower level of foregone earnings in youth than in adulthood.

Educational attainment also contributes to a country’s overall prosperity. Improved education helps to raise labour productivity and technological progress, boosting economic growth. The long-run impact in the OECD area of one additional year of education is to increase economic output by between three and six percent. In the United Kingdom, the contribution of improvements in levels of educational attainment between 1990 and 2000 to labour productivity growth was much larger than in the United States and indeed in any of the other 15 OECD countries studied, except Portugal (Ibid – OECD Chart A12.2).

There had been low investment in human capital in Ireland between 1945 and 1970 compared to the rest of Europe. This policy failure was a major reason why Ireland did not grow with rest of Europe and why unemployment was so high for so long. However, since then there has been a major investment in education and training. The proportion of the labour force with the leaving cert has risen from 50 percent in 1993 to over 70 percent today and it will rise to 77 percent in 2013. Thus the growth in educational attainment will increase much more slowly from now on, in line with other EU countries.

Despite the fact that almost 50 percent of the school leaving cohort go on to third level, only 27 percent of the Irish labour forces has a third level qualification. When workers now in their fifties were in the education system, less than 40 percent were passing the leaving certificate and less than 10 percent were entering higher education. This all changed with the introduction of free secondary education in 1967, by then Education Minister Donogh O Malley. Up to the mid 1990s, with the education system producing a seemingly endless flow of young graduates, mature student participation rates were not of pressing concern to policy makers. But demographic patterns have now changed and the Irish economy must turn to its existing workforce in order to meet its ongoing skill requirement.

All countries are seeing an increase in educational attainment as more young people remain in education and training beyond compulsory schooling. Thus Ireland will have to invest in the area to keep pace. Indeed several of the new member states have a higher level of educational attainment than the average of the EU. Faced with such challenges, we would be very unwise to be complacent about the overall level of education of our workforce in the medium to long-term. Ireland has a good record in mainstream education and during the 1990s developed an excellent system of back to education supports - such as VTOS - for the unemployed and other recipients of social welfare allowances.

Vocational Education Committees provide this programme and now, in addition, they also provide the Back to Education initiative. These initiatives carry on despite the dearth of resources.
in the area. Funding is inadequate and accommodation is often unsuitable. Solutions to these problems were identified by McIvor Consultants, in a report issued two years ago. The recommendations of this report need to be implemented as a priority.

Mainstream pupils and VTOS participants have one thing in common - the main call upon their time is full-time education. The current challenge for Irish society is to provide quality supported learning for those who are in work, and in many cases juggling work and home commitments. The problems which have been experienced in getting the back to education initiative off the ground indicates that we still have a long way to go to provide for those who wish to combine work and learning.

While it is important to raise the level of education and training to meet the new knowledge-intensive jobs, it is probable that expectations will be heightened and people may no longer accept jobs traditionally regarded as unskilled or semi-skilled. CEDEFOP, Europe’s centre for vocational training, recommends therefore that the social partners in certain sectors - notably cleaning, private security and tourism - must work to raise the status of certain jobs in their sectors by improving levels of professionalism and introducing qualifications. In addition we should make workers in these sectors adaptable and employable to improve the quality of work.

The Enterprise Strategy Group (The O’Driscoll report) sees the development of education and skills as being undertaken in three areas for business.

1. A strong higher education sector with high quality graduates and quality research with more entering third level.

2. Upskilling the existing workforce.

3. Expanding the workforce with the emphasis on skill-based immigration

Congress takes a broader view, not just from an economic point of view, but also from a societal, social and cultural perspective. We see it a vital role for the formal education system, in the long term development of the skills of the workforce. We agree fully with the ESG’s views on the upskilling of the existing workforce - which is the area of interest for this briefing. It is agreed that some migration will be necessary to meet the demand for labour, but it must be pointed out that a strong emphasis on upskilling the existing workforce and on increased participation of discouraged labour will be a necessary accompaniment to an immigration policy, in the interests of social cohesion. In particular, the requirement for skilled immigrants would be reduced if we upskill the existing workforce. The aspiration of the ESG on skills based immigration is in practice undermined by existing government policy. The skill requirement of immigrants is determined, not by policy makers, but by the shopowners and other potential employers who wish to hire immigrants and who too often treat them poorly.

The ESG foresees a need for 420,000 new workers between 2001 and 2010 and “as domestic sources are diminishing, Ireland will need to attract a considerable number of highly skilled immigrants.” It says that while many may come from an enlarged EU, there will be competition from other member states for highly skilled emigrants. It correctly points out that “Ireland must be seen as an attractive place to live and work, with a welcoming attitude to immigrants and a vibrant diverse cultural life.”

The ESG has placed a lot of emphasis on building Ireland’s competitive advantage with various tools and skills, education and training, including Lifelong Learning. It also states that there must be more focus on:

• increasing the proportion of student graduating from second level education and facilitating access to higher education for a wider share of the population;

• raising the basis education attainment levels and supporting a higher level of participation in Lifelong Learning.

It praised the apprenticeship scheme as “one of the more successful elements of Irish education and training system in recent decades. It has produced generations of world-class crafts and trades persons who have made a major contribution to Irish economic development.”

(Bainbridge et al 2004)
The completion rates for apprenticeships is approximately 75%, which compares with the 85% completion rate for Bachelor Degrees.

The ESG recommends that the leaving certificate completion rate should be raised to 90 percent and there should be training for a wide range of occupations, for those not completing, with new work study programmes relevant to the labour market with qualifications equivalent to the leaving certificate.

It also recommended that there be a national ‘One Step Up’ initiative facilitated by the National Framework of Qualifications. If implemented this could prove to be the most important of its recommendations. It is up to the various stakeholder to propose own responses to the One Step Up proposal. The recommendations contained in this briefing represent the views of Congress as to how the initiative can become a reality.

Recent experiences show that some employers are unwelcoming to migrants. The recent upsurge in complaints is driven by a new confidence among citizens of the 15 new member states, and their welcome new willingness to assert their rights. They have however shone a light on the seamy underside of the Irish labour market, and have taken the gloss off much of the rhetoric surrounding migrant workers.

Congress believes that the presence of a skilled pool of migrant labour should not cause the lessening of efforts to improve the educational attainments of the less well-qualified in the population. There are a number of pools of potential labour which should be fully utilised. We are also strongly of the view that an increasing number of women are discouraged from continuance in the workforce by the prohibitive costs of childcare. The childcare issue must be regarded as the main reason why women, many of them highly-skilled leave the labour force for years at a time. The economy can ill afford to lose this stock of skills.

Congress would support greater funding for preschooling, at both primary and secondary levels. There is general agreement on increasing the numbers going from second to third level and reducing the high drop out rate of 17 percent from second level.

Apprenticeship is producing world class craft workers. It is generally accepted that the reform of the apprenticeship system, which moved from a time-served to a standards-based approach has been a significant success. The numbers of apprentices grew from 10,000 in 1996 to 24,000 in 2000 to 27,000 on apprenticeship programmes today.9

Learning aids social mobility and social inclusion by offering opportunities to those who have suffered from educational disadvantage in the past. The education sector has played a vital role in raising the growth potential of the Irish economy. This is attested to by the PISA reports carried out on 15 year olds in 40 OECD countries. These tests show Ireland at seventh in reading, 16th in science and 20th in mathematics. Garret Fitzgerald, in his book Reflections on the Irish State, suggests that the Irish education sector achieved extraordinary levels of productivity in the last two decades of the twentieth century.

**Making Work a Real Option for All**

Attracting more People to the Labour Market: Making Work a Real Option for All is the heading of a chapter in the Wim Kok Taskforce on employment report. It advocates that the main players - employers, governments and unions - should make work more attractive by dealing with unemployment traps and inactivity, by amending tax systems to make work more attractive; focusing on young people and others at risk, better management of active labour market policies, better childcare and eldercare and policies which have a more targeted approach to women at work.

The report strongly advocated that Lifelong Learning - investment in human capital - is a “key to productivity and employment growth.” Inadequate schooling and poor opportunities of updating and skill accumulations is a serious problem. We have no reason to believe that Ireland is exempt from these problems.

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9 Boyle Fas and active labour market policy 1985 – 2004 p.56
The Kok Taskforce urged member states to:

- Give everyone a right of access to secondary education and minimum level of basic skills;
- Cut the number of young people who drop out of school early;
- Promote access by a larger share of young people to university;
- Increase access to training throughout the life cycle, with particular attention for the low skilled and other disadvantaged people;
- Better anticipate future skill needs, including through a European network of forecasting agencies.

The Taskforce said that the social partners had a major role to play in this area. This means that unions and their representatives at all levels must take more initiatives in promoting members’ skills and thus the opportunities of sustaining employment and raising their incomes over time. The raising of members’ wages has always been a core value of unions. We have tended understandably to focus on collective bargaining to achieve this end. Unions should focus more on education and training as a means of increasing wages across a lifetime in the labour market and as a means of insuring against the threat of long term unemployment.

**Investment in Learning may be Better Than Investment in R & D**

The concept of high-technology, medium-technology and low-technology industries was devised by the OECD in the 1980s. Industries with an R & D/turnover ratio of more than four percent were classified as ‘high-tech’. Those between one and four percent were ‘medium-tech’, and those less than one percent were ‘low-tech’. This model is now used in business, in policy and economic analysis.

Should Europe or Ireland focus largely on ‘high tech’ industries, or should we focus on the growth prospects within the industries on which the European economy is actually based: low-technology and medium-technology industries (‘LMT industries’) in manufacturing and services? This is the important question asked by those involved in the EU Pilot project.¹⁰

The Enterprise Strategy Group Report recognises this – “innovation can take many forms and can be applied to any part of the business.”

LMT activities account for approximately 97 percent of all economic activity in Europe. All European economies are trade-specialised in LMT products according to the Pilot group:

“All LMT industries are innovative - they generate significant proportions of their sales from new and technological changed products. Many LMT industries and products are surviving and growing on the basis of technological upgrading, high-grade design skills and the intensive application of knowledge to innovation. They have unique forms of industrial organisation and knowledge creation, complex links to science and technology knowledge infrastructures, and important regional dimensions...”

The recognition by policymakers, firms and individuals that innovation and process improvement is occurring everywhere in the economy must mean far greater emphasis on the importance of education, training and skill enhancement at every level.

Many reports have highlighted the need to invest in R & D to develop the knowledge economy. Congress is supportive of such investment, particularly if the foreign-owned multinational companies, on which Ireland is fairly dependent, locate some of their research functions here. There can be too much emphasis on the very latest high-tech R & D when greater returns can be gained from the application of lower tech innovation and investment in education and training. Many hold that the improvement of ‘high-tech’ industries is the key to greater productivity. From this view, the so called ‘low-tech’ sectors appear to be unimportant. Yet low-tech industries are – and will be in the foreseeable future – important, not only for employment and growth, but also for knowledge formation in economies like Ireland’s.

¹⁰ PILOT – ‘Policy and Innovation in Low-Tech’ EU Commission project (see pilot-project.org)
The innovative capabilities of so-called ‘low tech’ industries are often underestimated and they can be important in supporting rapid technological change elsewhere; in value chains and for the design, fabrication and application of high-tech products and services of various kinds. The importance of skill development in industries and services in the so-called low tech industries is crucial. The dominant industries and services are fairly low-tech, but also use new advanced systems and products in areas. Constant upskilling is needed to use and to develop new products and processes in all sectors of the economy. Seventy percent of the job growth in the Irish economy in recent years has been in five sectors, which can generally be categorised as LMT sectors. These are: construction, hospitality, sales, transport and communication and finance. Each of these sectors has recorded growth of over 30 percent since 1987, and in a telling connection between training and growth, each of the sectors with the exception of finance has drawn significantly on FAS as a source of trained labour.11

The Enterprise Strategy Group advocated that to satisfy the needs of high level skills and to ensure that those with low level educational attainment can continue in work, Lifelong Learning must become “an integral part of the mainstream educational and training systems.” The ESG also advocated building business networks where firms would work together and cooperate in developing their sectors. It also advocated that the business networks should work with educational and research institutions in response to their skill and other needs. As Europe scrutinises grants to FDI in an increasingly severe manner it is surely time to look at Lifelong Learning initiatives as a tool to steer inward investment. This tool has the advantage that it cannot be challenged under EU rules.

**Shortages & Sources of Labour**

The strong economic growth of the 1990s, was fuelled by a rapid drop in our high unemployment, a fall in net emigration, a high number of young persons entering the labour force after the high birth rates of the 1960s and 1970s, a rapid growth in female participation, particularly with married women joining the workforce and latterly, net immigration. One of the greatest problems facing the Irish economy in the next few years will be the shortage of labour, particularly skilled labour. This is wonderful economic problem compared to high unemployment and mass emigration of past decades. However, as a society we were well accustomed to the great many problems associated with high unemployment, but we have fewer templates and much less experience, in dealing with the problems of labour shortages.

The solutions will prove challenging to execute and complacency with our economic success will frustrate attempts to find solutions. With far fewer young people joining the workforce, due to the fall in the birth rate in the 1980s and few additional women joining it either and with low unemployment, it is estimated that many of the new job entrants will be immigrants. The estimates are that up to 60,000 immigrants could be needed over the next few years.

Congress does not accept the view by some put forward that the labour supply problem will be solved solely or largely by immigration. There must be upskilling of existing workers, far greater funding of childcare to encourage women to rejoin the workforce, if they so choose. FAS argues that as the labour force participation rate is above the EU average (which is dragged down by low participation rates in some countries), “the labour supply will continue to rely on immigration to fill the job opportunities that are projected.”

**Migration**

The dramatic change in Ireland’s economic fortunes, from mass emigration between the late 1700s and the 1970s, to net inward migration, is most welcome. Congress supports immigration, which adds to our overall economic wellbeing, and contributes to social diversity. In 2004, the proportion on non-nationals in our workforce of 1,836,000 was 6.2 percent or 114,000 persons. Of these, 35 percent were from the UK, the major destination for Irish emigrants for over two

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11 Boyle Fas and active labour market policy 1985 – 2004 p.110
12 FAS, Quarterly Labour Market Commentary, Q1, 2005
centuries with 20 percent coming from the EU (pre-accession) 15. Since May 2004, the potential for sourcing labour from within the EU, rather than the permit system, increased with the accession of 10 additional member states. There has been a sharp increase in the number of workers from the new member states seeking employment in Ireland. In 2004, from May 1 (accession date of the 10 new states to EU) to December, some 53,582 new PPS numbers were allocated to persons from the new states, half of whom were from Poland. The number of new work permits issued to workers from ‘third countries’ was halved in 2004, when compared with 2003. While it is early to be definitive, it appears that there is no displacement of Irish nationals from employment by the new immigrants from the new member states. The number of work permits fell substantially in 2004.

Whether you take the ILO figure of 90,000 or the live register figure of 162,000, it is agreed that Ireland has low unemployment at 4.3 percent, particularly compared to the average 8.9 percent in the Euro area, or 8.8 percent for the 25 member states. All forecasts are for continuing low unemployment for the next few years.

Immigration, at a relatively high level, contributing up to half of all new labour entrants, will continue, while Ireland has a labour shortage problem.

The contribution of immigrants to the economy is recognised, but it is the view of Congress that more skill enhancement, more investment in Lifelong Learning for the existing workforce must become a greater priority. Other policy moves, such as improving access to work by improving childcare facilities and incentives, also helps in the utilisation of the existing potential labour force.

The supply of skilled labour will continue to play a key role in the Irish economy. It has often been observed that the Celtic Tiger boom of the late nineties was fuelled by the availability of labour in the form of students and of women returners. The continuing development of the Irish economy will require a mix of policy instruments involving both the quantity and the quality of the labour force.

- Quality is an upskilling issue.
- Quantity is a migration issue.

Both are related and migration is not a panacea. We must tackle other problems such as childcare, which is reducing the number of women in the labour force. Similarly, social equity and social cohesion dictates that existing Irish workers who have contributed to the success of the Celtic Tiger should be allowed the opportunity to upgrade their skills.

Who is Responsible for Training?

Individual workers, firms and the government all should take responsibility for training. While the management of the firm has the main responsibility, workers, shop stewards and officials all play very important roles in training. Workers and unions can play an important role in initiating training. Unions representing groups as diverse as engineers, teachers, nurses, electricians and fitters have taken a lead role in providing or brokering continuing professional development for their members. Some unions have taken a lead role in EU or exchequer-funded programmes in these areas. This development should be encouraged.

The higher levels of workplace training found in both larger and unionised firms is well established and is welcome. Continued reliance on existing policies will not be sufficient to promote a broader learning culture within the workplace. Workers inhabit labour markets, not just firms. They may wish to change employment, move to a less vulnerable sector or just update their skills. Unions can play and are playing a role in this process. In so doing they are helping to ensure that the needs of the broad economy rather than the individual workplace are being served.

What is our Vision of a Lifelong Learning Structure?

Our vision is one of a system which will deliver the benefits of Lifelong Learning for all Irish citizens, but in particular for workers. Those who combine study with work and family life deserve significantly more support than they currently receive. Such a system would serve the needs of the individual, the economy and of society. It would have as a core value that each citizen who has contributed
to our economic wealth through their participation in the labour force should have the facility, at some point in their working life, to either update their skills or to acquire new ones. This facility should be exercisable through a combination of:

- Workplace learning
- Distance learning
- Return to learning as a regular student

The skills or qualifications acquired might or might not be relevant to the individual’s current employers. We are often told that people will increasingly change jobs in the course of their careers. People work for a firm at a point in time but over the medium to long-term they inhabit labour markets with changing skill requirements. This is a strong argument for linking a significant element of resources to the education and training needs of the individual. Such a move may well benefit future employers.

Much of the physical and organisational infrastructure needed to deliver such a programme is already in existence. For example, the national qualifications framework is in place. It has a number of characteristics which achieve a broader objective than just the certification of qualifications. These are the encouragement of access and progression. This means that learners will be able to have learning acquired in one area recognised in part or in whole, in another area. Of itself, this is relatively insignificant for traditional learners in the 12-19 age bracket. It is, however of huge significance for adult learners. The national qualifications structure facilitates labour market mobility in its approach. Learners will not need to repeat a piece of learning which they have completed before. This approach provides a dual challenge: it provides a challenge to the certifying bodies to maintain a robust and credible system of quality assurance and places a reciprocal challenge on providing institutions to be more open to the needs of the adult learner and to see them as more of a core part of their business, than as an exotic species.

The providing institutions are, to a great extent, already in place in existing education institutions and in FAS. What is needed is an increased orientation towards mature learners. Developing a Lifelong Learning structure would in fact help to fill the gaps which are becoming apparent in attendance since the demographic declines of recent years. While some areas and institutions have benefited from an intake of adult learners, this has been much less the case in the engineering and science faculties. This is a paradoxical mismatch, as graduates in this area are in high demand with vacancies commanding high wages. Lifelong Learning can mean filling places which are currently empty rather than creating new places.

What is not in place is a support and encouragement structure to allow those in work to engage with learning in a structured and disciplined manner. Our average levels of participation in Lifelong Learning bear this out. We are attracting back to learning only the most committed and most disciplined. Unions have emerged as brokers of learning for their members and in some cases as direct providers of continuing professional development. If we are to succeed in adapting the economy to the knowledge society, we must significantly increase Ireland’s number of lifelong learners.

In order to increase Ireland’s level of participation to a level equal to the best, we should identify key strategic steps, and proceed to take them. Congress recommends the following priority steps -

1. Introduction of paid learning leave

This would be proportionate to time spent in the labour force in order to facilitate the upgrading of skills and knowledge, and to allow workers’ skill levels to keep pace with innovation in their sector. Payment could be met partly from the social insurance fund in the manner of maternity benefit. Studies have shown that Ireland and the UK are at the bottom of the league of our European partners in not having some form of learning leave entitlement. This is hardly consistent with the vision that is projected of Ireland becoming a more knowledge-based society. The most significant study can be downloaded from:

http://www2.trainingvillage.gr/etv/lll/paid.asp

While we may anticipate an initial adverse reaction from some employers, we believe that progressive people will consider that the main impact will be on employers who make no provision in this area,
rather than on employers who have some arrangements in place. The study quoted above has shown that the uptake of learning leave has been much lower than originally anticipated. Despite this we believe that such leave will be a key driver in expanding adult learning to a wider audience.

2. Development of the networking approach to develop support networks for adult learners

These bodies could include variations of providers, certification bodies, unions and industry bodies. In order to encourage and promote the uptake of Lifelong Learning opportunities, it is necessary to engage the widest possible range of stakeholders. Networks provide a useful way of getting the message across, in disseminating best practice and in promoting a culture of Lifelong Learning in the workforce.

3. An equal treatment for fees purposes of full and part time learners

This is an obvious barrier to part-time education, which bears heaviest on those combining work and study. This has been recommended on a number of occasions, but without any progress to date. The state already refunds 20 percent of fees through the tax system for part time students. This is a key issue for us, and its resolution is a litmus test of whether the government takes Lifelong Learning seriously.

4. The National Training Fund

This was established in 2000 and is funded by taking 0.5 percent of employer's PRSI and allocating it to the fund. The overall contribution level has remained the same. We recommend that a similar course should be followed with employee’s PRSI, with 0.5 percent of the existing PRSI contribution being allocated to the national training fund, with no increase in overall contribution levels. The National Training Fund should then be opened up to individuals seeking to increase their levels of qualification. This would be the single most effective response to the ‘one step up’ approach advocated in the O’Driscoll report. The priority in awarding support would be for those who had already received least from the state education system. This would be a practical measure for lower-skilled workers to upskill themselves. The use of the social insurance fund in this manner can be justified on the basis of the proven links between increased education improved and labour market participation. This measure, combined with educational leave, would allow individual adults to return to learning in areas that might not necessarily attract the support of their existing employers, thus serving the needs of the wider labour market.

5. Synergy

Congress believe that the combined power of our seven universities and 13 institutes of technology should be harnessed in a single institution tasked with providing distance learning on the model offered by the Open University in the UK. The Open University has been one of the most enduring policy initiatives of the British Labour government. Providing an Irish equivalent is a challenge for the tertiary sector, acting in concert to make a key contribution to Irish society. The emphasis should, we believe, be on a blend of classroom, distance and e learning, thus making it attractive for those in work to participate.

When Donogh O’Malley announced the provision of free secondary education he made a radical break with the past and confronted the forces of conservatism which had helped to keep Ireland so poor for so long. Once again, the Irish economy is at a crossroads and we need to take similarly bold decisions if we are to maintain Ireland’s position as a modern developed economy. This means implementing new ideas, devising new systems of delivery and funding and of agreeing new systems to allow people to combine work with study, in accordance with the ESG.

Within a few short years of O’Malley’s initiative the Irish education system at secondary and tertiary level was unrecognisable from what had previously existed. What Congress is proposing should cause a similar change in the adult education sector. While we have made great economic progress in the last decade, Ireland performs poorly in spending per head for primary, secondary and to a lesser degree for third level. Our record is even worse for pre-school education and Ireland ranks fifth out of 11 countries on the numbers of 25-65
The policy changes recommended in this report may involve the rebalancing of budgetary priorities. This is recommended in the Wim Kok report which states that: “The structure of the European budget must reflect the priorities of the Lisbon strategy - as should national budgets. R&D, infrastructure and education and training are examples of spending that promote economic competitiveness. The EU budget should be reshaped so that EU spending reflects the priority accorded to growth and employment.”
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