



THE VOICE OF BUSINESS IN EUROPE

**For Education and Training Policies  
which foster  
Competitiveness and Employment**

**UNICE's Seven Priorities**

The competitiveness of companies in Europe, the only factor capable of generating sustainable growth and jobs, depends in large measure on development of a society based on knowledge and innovation. This theme will be at the centre of discussions at the forthcoming European summit to be held in Lisbon on 23 and 24 March 2000 and whose objective will be to define the strategies needed to promote a Europe based on innovation and knowledge.

The world around us is evolving rapidly. Knowledge is advancing at an increasingly rapid rate. By the year 2005, 80% of new technologies will be less than ten years old whereas 80% of education and training will have been received more than ten years ago. Furthermore, while unemployment continues to affect 10% of the EU's active population, some sectors are facing real labour shortages. Thus, the number of posts vacant in information technology is expected to triple and exceed 1.5 million by the year 2002. This skills deficit, which bears witness to malfunctioning of labour markets, is placing a brake on company development, slowing down growth and holding back employment.

Education and training are at the heart of the policies needed to meet the economic and social challenges faced by Europe. To meet these challenges, it is necessary to carry through no less than a knowledge revolution. This revolution involves putting in place life-long training strategies. In this framework, emphasis needs to be placed on:

- improvement of basic education in order to lay the foundations for life-long training;
- promotion of links between the world of education and training and the world of work;
- and definition of the roles and responsibilities of each player: governments, world of education and training, companies and individuals.

In partnership with all the players concerned, it is necessary to reform the systems, structures and methods of education and training so that they respond more fully to the needs of the labour market, in the interest of both companies and employees.

These changes should go hand in hand with structural reform of labour markets, in order to make labour practices more flexible, and to develop systems of taxation and social protection which encourage individuals to work and to train on a continuous basis, and companies to invest in human resources.

This document, which has been prepared by UNICE's "Education and Training" Working Group, describes what is at stake with the emergence of the information and knowledge society. It then presents the key elements to be taken into account in relation to life-long training strategies. I hope that it provides constructive input for the debate.



February 2000

Dirk F. Hudig  
Secrétaire Général

**E**ducation and training lie at the foundation of our economies and societies. Education and training contribute to economic and social progress, both individually and collectively. However, European companies are operating in an environment marked by rapid change due to technological progress and increased globalisation. The priority must be to promote European competitiveness, which is a pre-condition for achieving healthy growth and a high level of employment. In this context, innovation and life-long learning strategies must be developed to meet the challenges of the information and learning society.

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#### SEVEN KEY STATEMENTS

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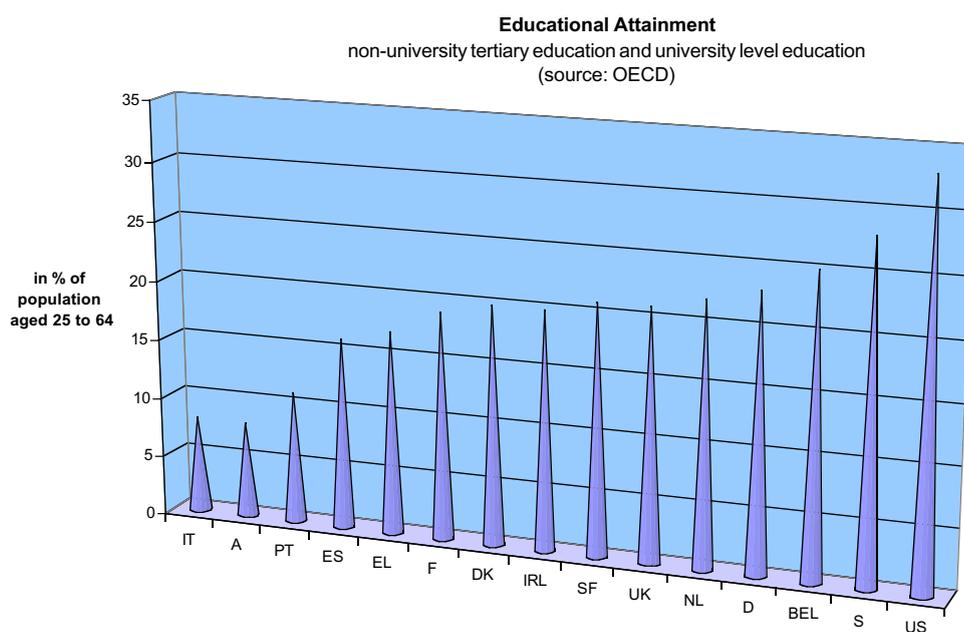
1. To remain competitive in the world market place, European companies need a quality workforce with high levels of qualifications and skills that meet their needs.
2. Foundation learning, which is a responsibility for the Member States, must meet the highest quality standards and give individuals a good basis for their working lives. Foundation learning must develop the ability to learn how to learn to adapt to changes in the work place and on the labour market.
3. Foundation learning must provide individuals not only with basic knowledge but also with soft skills, such as personal and social skills, that are needed in working life. Life-long learning must be geared towards business needs. Individuals must be equipped with a range of qualifications and skills that are relevant to the needs of employers and of the labour market.
4. Life-long learning has many benefits for companies and individuals alike. It empowers individuals as regards their employability and their continuous training – formal and informal – throughout their working life.
5. Life-long learning requires co-operation and partnership between all stakeholders and is a shared responsibility between individuals, companies and governments. Life-long learning means building a solid basis for continuous learning throughout an individual's working life, underpinned by effective strategies and flexible systems and arrangements. Strategies and systems vary from one Member State to another, depending on the different traditions and legal contexts in place. This diversity needs to be respected.
6. Labour market reforms must support life-long learning strategies so as to translate economic growth into employment.
7. The European Union has a role to play in strengthening co-operation between Member States through the exchange of experience and best practice, with the full participation of social partners, and in promoting transparency of qualifications across the Union.

#### OBJECTIVE OF THE UNICE DOCUMENT

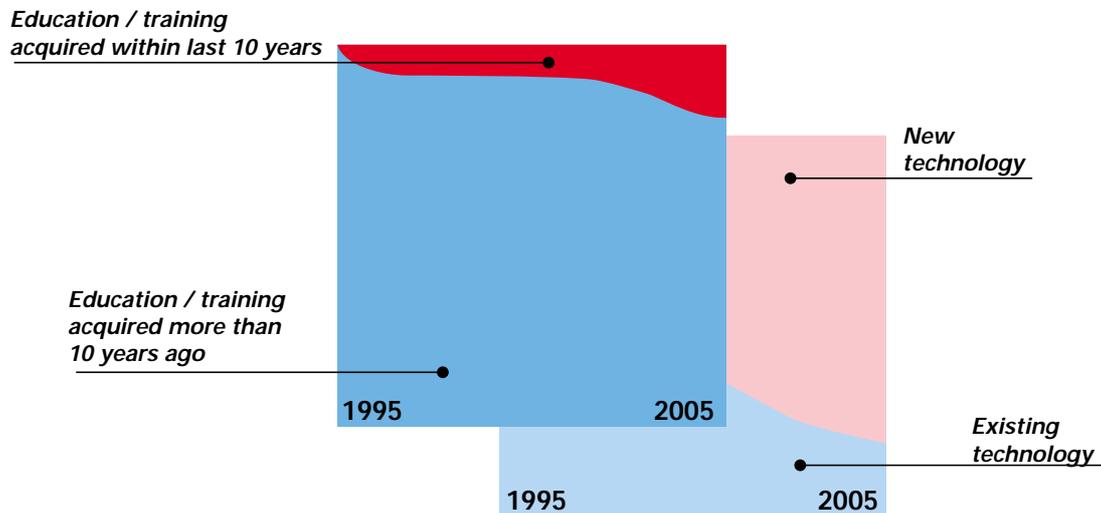
**The objective of this paper is to present the business case for establishment of life-long learning, starting with high quality foundation learning, across the European Union. Firstly, the paper identifies the main drives behind the need to reshape education and training policies. It then sets out guidelines for life-long learning strategies. The last part of the paper deals with the role of the European Union in supporting national policies.**

**Q**ualifications and skills are of fundamental economic and social importance. In a context marked by increased globalisation of economies and technological development, European companies are faced with far-reaching changes. Because companies need a highly skilled, competent and adaptable workforce, there is a need to develop strategies for life long learning supported by labour market reforms to achieve the goals of stable economic growth and higher employment.

- The scope for achieving increased employment, higher living standards and enhanced quality of life, and for maintaining existing welfare systems depends primarily upon the competitiveness of businesses and economic growth. To remain competitive in the world market place, companies need a quality workforce with high levels of qualifications and skills that meet their needs.
- Education and training can help foster economic growth, productivity and personal and social development. Societies therefore have an interest in both providing a wide range of educational opportunities for children and adults, and ensuring broad participation for the benefit of all.
- A high level of education and the provision of quality education and training have proved a valuable means of maintaining employment and alleviating unemployment. With the increasing skill requirements of today's economies, this is all the more important because persons with low levels of attainment find themselves at a distinct disadvantage on the labour market.
- **Because human capital plays an increasingly important role, the key objective is to create a society of continuous learning.** In order to achieve this, education and training structures, contents and processes need to be reformulated. This is a necessary, but by no means, sufficient condition to achieve the goals of growth and employment creation. This change must be accompanied by labour market reforms underpinning strategies for life-long learning in order to translate economic growth into employment. These reforms include increasing flexibility in labour markets and labour practices, reducing labour costs, developing tax and benefit systems which provide incentives for individuals to work and engage in continuous training and for companies to invest in human resources.



**C**ompanies operate in an environment that is subject to continuous and rapid change. While it is widely recognised that Europe's competitiveness largely depends on the availability of an adaptable workforce equipped with broad skills, the European Union's record in this area is poorer than its main trading partners. Hence, there is a paramount need to ensure that people are equipped with skills that allow them to adapt to changes in the labour market and in working life.



Source : European Commission

*Companies operate in a changing environment.*

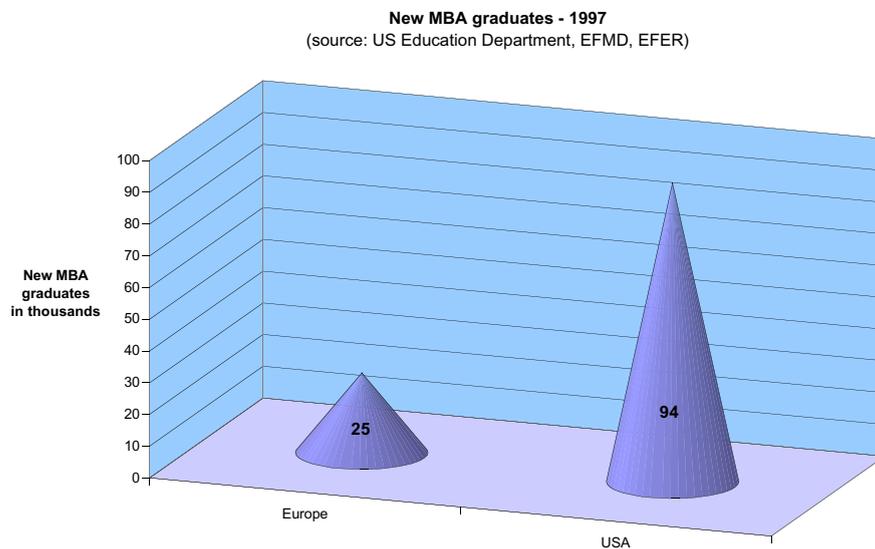
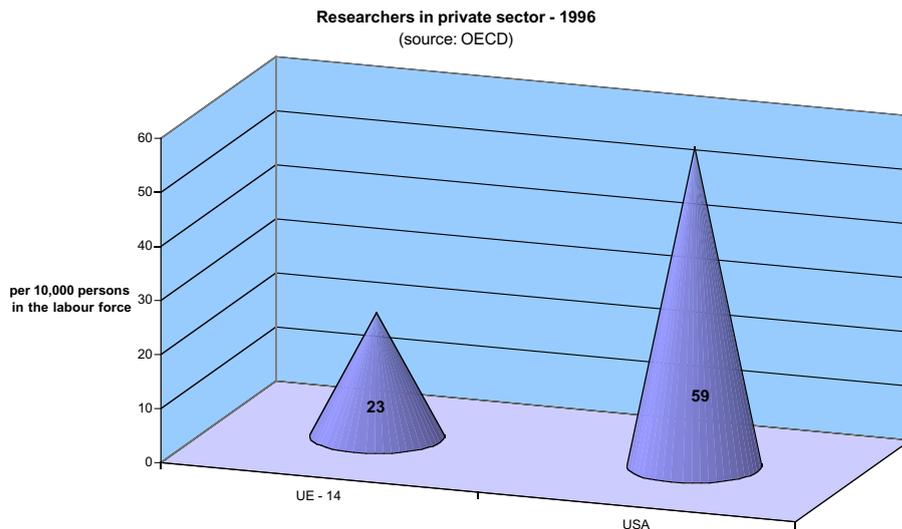
- Technological change means rapid and continuous change in companies and labour markets. Old jobs disappear and new ones are created. The concept of “a job-for-life” is disappearing, with jobs in traditional sectors diminishing and new occupations and economic activities emerging. New information technologies also offer opportunities for wider access as well as innovative approaches to life-long learning, such as tele-learning, learning tools using IT. At the same time, it is commonly estimated that, by the year 2005, 80% of technology will be less than ten years old while 80% of the workforce will have acquired their education and training more than ten years ago.
- Ageing of Europe's population will lead to fewer newly educated young people entering the labour market. According to UNICE<sup>1</sup>, this will aggravate the existing skills gap as the process of skills renewal diminishes while the pace of

change is increasing. The balance between entries to and departures from the labour market, although positive, has been decreasing sharply since the beginning of the 1990s. It will be negative in less than ten years from now. This will represent a paramount challenge for companies, as their competitiveness will depend on their ability to find, keep and transfer skills.

*Availability of a highly skilled workforce is key to Europe's competitiveness.*

- The availability of scientific and technical skills is critical to the development of many high-tech companies while management skills are an important determinant of entrepreneurial activity. However, the European Union has fewer science or management graduates than its main trade competitors. According to the UNICE 1999 Benchmarking Report<sup>2</sup>, there are three times more researchers working in business and nearly five times more new MBA graduates in the US than in the European Union.

1 See Releasing Europe's employment potential: companies' views on European Social Policy beyond 2000, UNICE, September 1999.  
2 See Fostering Entrepreneurship in Europe, the UNICE Benchmarking Report 1999, UNICE, May 1999.



- Without access to sufficient people with appropriate skills, the ability of companies to expand is seriously impaired. This is particularly important for SMEs, because small growing businesses rely heavily on the external labour market to provide them with sufficiently skilled people.

*Education and training systems need to be improved to meet the challenges posed by technological change and globalisation.*

- With increased pace of change and the need for higher skills, companies need adaptable and employable individuals. Employability is a multi-faceted concept that is more than just the capacity to be employed. Different aspects of employability include good career planning and vocational guidance, appropriate continuous

learning by motivated individuals, relevance of qualifications and skills to the needs of the labour market, individual worker adaptability and quality of employer's human resources practice.

- It is therefore vital to improve quality of education and training in order to respond to the challenges posed by globalisation and development of the information and communication society. In this context, quality can be described in terms of ability to respond to the needs of companies, of flexibility and adaptability, and of transparency. However, it should be made clear that education and training cannot be a substitute for necessary labour market reforms to address the structural causes of unemployment in the EU, although specific solutions will vary from country to country.

**I**n order to anticipate the ever more rapid changes in society and in working life, it is necessary to instil a culture of life-long learning in all parts of society. In implementing strategies for life-long learning, emphasis must be placed on strengthening the foundations for life-long learning, promoting coherent links between learning and work, and on defining the roles and responsibilities of all parties involved. Employers therefore need to be consulted and heard by governments and public authorities on how to implement life-long learning strategies, including vocational guidance, so that they meet the needs of businesses in order to bridge the skills gap and to help reduce unemployment.

† *Fully-fledged life-long learning strategies need to be implemented.*

- Traditionally, the focus of education and training policies has been on preparing young people for working life. Structural changes affecting today's economies have increased the importance of up-to-date qualifications and skills. This requires developing life-long learning strategies, starting from the initial school system, along with a new approach and a change in attitudes.
- Life-long learning means building a solid basis for continuous learning throughout working life. Early childhood programmes prepare young children socially and academically for entry into primary education. Primary and secondary education provides a foundation of basic skills that prepare young people to become productive members of society. Higher education provides a range of opportunities for individuals to gain advanced knowledge and skills.
- Life-long learning is broader than the provision of second-chance education and training for adults. Life-long learning is an all-encompassing concept: it embraces formal (in schools, vocational, higher and adult education institutions) and informal (at home, at work) learning. It also means that a culture of life-long learning needs to be spread in schools, education and vocational training institutions and at workplaces.

† *Strategies for life-long learning must meet the needs of businesses to be effective.*

- Changing customer demands, new technologies and new forms of work organisation require continuous upskilling of the workforce. In order to be competitive, companies are increasingly seeking to become "learning organisations", i.e. companies with a work structure and a business culture that promote continuous development of the workforce. Given Europe's ageing population, it is essential to develop strategies that also take the needs of older workers into account.
- Life-long learning must be geared towards business needs. This means that employees must be equipped with a range of qualifications and skills that are relevant to the needs of employers. They include:
  - ⊃ values and attitudes that are compatible with work;
  - ⊃ basic skills (numeracy skills and literacy);
  - ⊃ key skills (such as social skills, ICT, problem-solving);
  - ⊃ intercultural skills, including language skills;
  - ⊃ up-to-date job-specific skills.
- With the accelerating pace of change and new technological developments, it is difficult to predict what knowledge and skills will need to be acquired.

Therefore, the responsibility for life-long learning must be personal, and individuals must be adaptable, flexible and keen to acquire new skills. **Life-long learning must therefore be built on the ability to learn how to learn to cope with the changes in the work place.**

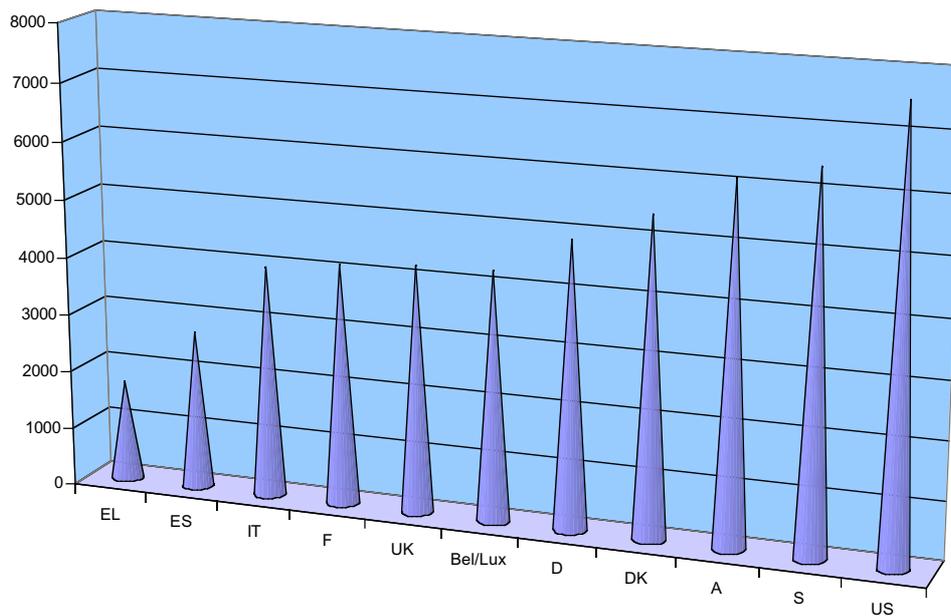
- Driven by change, companies increasingly seek to introduce flexible models of work organisation. Training must therefore be provided in a flexible way, integrating different forms of training (on-the-job training, informal learning) and using new technology. The priority must be to target training investment on the needs of the company within the framework of a comprehensive strategy. In addition, there are ways other than traditional provision of training for the acquisition of skills. Companies seek to maximise and develop skills within their workforce. Investment in training should therefore not only be measured in terms of inputs (expenses) but also in terms of outputs (increased performance of the company). The development of benchmarks could be a valuable tool in this respect.
- Another important element is to build bridges between the academic and research world and the business world for education and training outcomes to meet business needs.
- Specific problems faced by small and medium-sized enterprises (SMEs) also need to be addressed. Because of their size, they often encounter greater difficulties in providing in-house training.

Ways to overcome these problems include the setting-up of partnerships between SMEs and bigger companies, and creation of networks of SMEs to facilitate training for their employees. SMEs also face particular problems in finding relevant outside training. New ways need to be defined to cater for their needs, including by using new ICT .

*t Life-long learning requires co-operation and partnership between all stakeholders.*

- **Life-long learning represents an opportunity that has many benefits for individuals and companies alike.** Life-long learning enables individuals to maintain their employability, to progress in work, to keep up with a changing job and job environment, and to transfer to new professions. All companies will benefit from a more employable and adaptable workforce, thereby contributing to higher profitability and productivity.
- While life-long learning places great responsibility on the individual to maintain his or her employability throughout his or her working life, it requires partnership between all stakeholders: employers, individuals, government, education and training providers. Co-operation is needed at all stages of the educational process and between all the parties involved. How the responsibility for such interests is shared will vary from one country to another, depending on the different traditions, and legal and fiscal contexts in place in each Member State.

**Educational expenses per capita in 1997 in Euro**  
(source: European Commission)



- Foundation learning must remain the primary responsibility of governments. Member States' foundation learning systems must meet the highest quality standards and give young people a solid basis for their working life. In particular, emphasis must be placed on new skills: language and communication skills and ability to use the tools of the information society. In this context, it is of great importance to instil a culture of change, starting in basic education. Particular attention should be paid to the changing roles and needs of teachers and trainers. **Life-long learning will only come about when a culture of life-long learning has spread in schools, in universities and in training institutions.** This means that learning environments must be open and interactive, including by using new ICT.
- Employers have a central role to play in the development of life-long learning strategies. However, they can only take financial responsibility for the part of life-long learning that is directly job-related, in accordance with existing national legislation and practices. While the task of management is to formulate objectives for competence development within the workforce and offer good opportunities for learning, each individual has a responsibility for his or her competence development in working life.
- Improvement of the levels of Europe's workforce depends not only on companies' investment but also on government outlays on education and training. The key objective must be to target government spending more effectively on meeting the requirements of a changing world of work. In this context, it is important to strengthen co-operation between business and educational institutions.
- In this context, the development of vocational guidance and counselling should become a priority, starting in schools and throughout working life, and individuals should take responsibility for seeking guidance, as and when necessary. This would reduce the existing skills gap and make individuals more employable. Employers should be closely involved in vocational guidance, among other things by providing information on companies' needs.

**C**ompletion of the Single Market, and in particular the free movement of workers as well as growing internationalisation of companies, raises the central issue of the European dimension of education and training. This more generally poses the question of the role of the European Union in the field of education and training, within the limits of the powers conferred on it by the Treaty. According to UNICE, the European Union should aim to strengthen co-operation between Member States through exchange of experience and best practice, with the full participation of the social partners, rather than seeking to harmonise national education and training systems. Moreover, a key role is also for the European Union to increase transparency of qualifications. UNICE would not support Community proposals aimed at developing European qualification standards for education and vocational training.

### t *Co-operation vs harmonisation at European level.*

- Community action in the field of education and training has to be seen within the boundaries of the powers vested in it in articles 149 and 150 of the Treaty. The Treaty therefore recognises that the main responsibility in the area of education and training lies with Member States. However, UNICE believes that the European Union has a key role to play in supporting activities at national level. Co-operation at EU level takes different forms. Clear objectives must be set and synergy between the different Community activities must be sought. **The Community should not seek to harmonise education and training policies and systems across Europe but rather promote co-operation between Member States, with the full participation of social partners.**
- An example of that co-operation between Member States is the recent Bologna Declaration “*The European Higher Education Area*” that was signed on 19 June 1999 by 31 governments. UNICE supports this Declaration and considers that its underlying objectives of increasing the international competitiveness of the European system of higher education and of promoting mobility of students and teachers are worth pursuing. UNICE calls on governments to give effect to that Declaration and make rapid progress on this very important issue.
- UNICE is also of the opinion that the benefits of the second-generation education and vocational training programmes (Socrates II, Leonardo da Vinci II, Youth) need to be fully exploited. These programmes must be geared towards increasing quality and innovation in education and training. It is also important to develop valorisation and dissemination activities to promote outcomes of these programmes. However, because of the differences in national education and training systems and policies, care should be taken not to seek to implement one-size-fits-all solutions. Rather, UNICE considers it important to continue exchanging information and experience through dissemination of good practice and innovation in products and systems.

### t *Promoting transparency is key to creating European dimension of education and vocational training.*

- UNICE agrees with the aim of improving transparency of qualifications to promote mobility throughout the European Union and of smoothing the way for everyone to exercise his or her chosen profession anywhere in any EU Member State. It supports arrangements established at national level, either by employers alone or jointly between employers and employees, which will facilitate opportunities for all people leaving the educational system at every level to have a formal, nationally recognised qualification.
- This might be given in due course in a standardised way to facilitate transnational recognition, but the essential thing is that it is nationally recognised. However, UNICE feels that Community proposals aiming to develop European qualification standards for education and training would not be justified.
- In the recruitment process, employers have a general understanding that skills acquired through informal training and job experience are of great value. Equally, they try to obtain information about all skills and knowledge and evaluate them in relation to company needs. In this context, the work of CEDEFOP and that of the European Forum on Transparency of Qualifications is of great value and should be further strengthened.

† *Education and training policies are only partial answers to the EU's unemployment problem.*

- There is a clear link between education and training policy and the European Employment Strategy that is centred around four pillars: employability, entrepreneurship, adaptability and equal opportunities. A large number of the 22 employment guidelines and of the national action plans (NAPs) implementing these guidelines deal with the contribution of education and training to the employment strategy.
- UNICE believes that these guidelines provide an opportunity to develop policies aimed at increasing competitiveness by placing emphasis on development of human resources. For these measures to have a real impact on the overall employment situation, they have to meet the needs of businesses and be part of an integrated strategy.
- Implementation of necessary labour market reforms is primarily the responsibility of Member States. However, comparisons of national employment policies can add value by giving pointers on how to tackle high levels of unemployment.

† *Preparing accession of applicant countries: the role of education and training.*

- UNICE believes that the European Union has an important role to play in preparing accession of applicant countries. As part of pre-accession strategies, projects have been financed to help reform of education and training systems through curriculum development and development of teaching material, supported by projects to increase mobility of teacher and student, mainly through the TEMPUS programme. Applicant countries have also been associated in Community programmes such as the Leonardo da Vinci programme.
- Specific needs of applicant countries, including business needs, in the area of education and training have to be assessed. Against this background, a strategy needs to be defined to look at the ways and means to involve applicant countries in Community education and training initiatives, in preparation for future entry into the European Union.