

# Investing in skills pays off: The economic and social cost of low-skilled adults in the EU

Low skilled adult **Vulnerable** segment of the population: low skills associated with **negative consequences**;

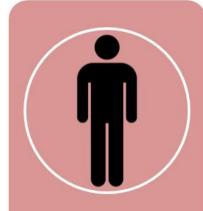
**Empowering** low skilled adults by means of promoting their **upskilling** and/or **re-skilling** is associated with large **social** and **economic benefits**;

Heterogeneous group: low skilled subpopulations;

Effective policy actions need to recognise and target the different needs and characteristics of the low skilled.



## Why investing in upskilling and reskilling matters?



Earnings and employability; health, well being, satisfaction



Productivity and return to investment; recruitment costs



Productivity and growth; tax revenues and reduced costs to the public purse (crime, heath, benefits etc.)



Social inclusion, political and civil engagement

Consequences of low skills

### Investing in upskilling and reskilling: benefits

Aggregate net income

Surplus/ compensation ratio

Benefits from improvement in health and reduction in crime

BENEFITS

Microeconomic model

Opportunity cost of Investing in Education & Training

> Net public spending

> > COSTS

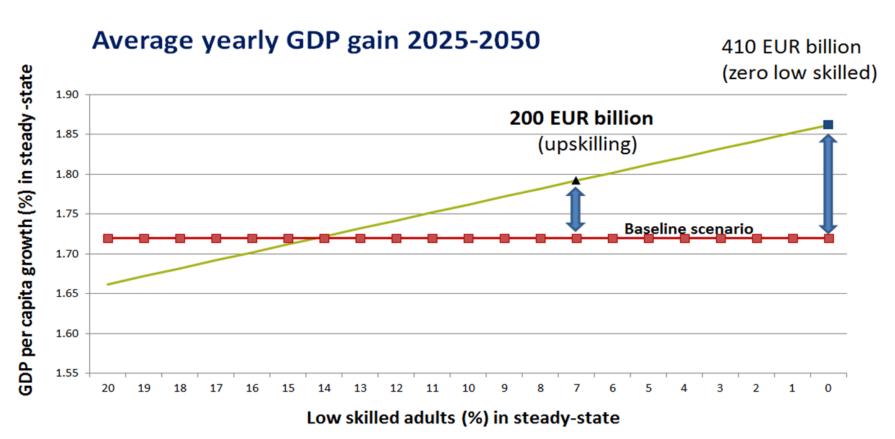
Average yearly GDP gain (2015-2025)

200 billion EUR (upskilling)

350 billion EUR (zero low skilled)

### Investing in upskilling and reskilling: benefits

#### Macroeconomic model





### Low skilled adults: a comprehensive analysis









Education

Digital skills

Literacy

Numeracy

# Mapping low skilled adult populations: further analysis

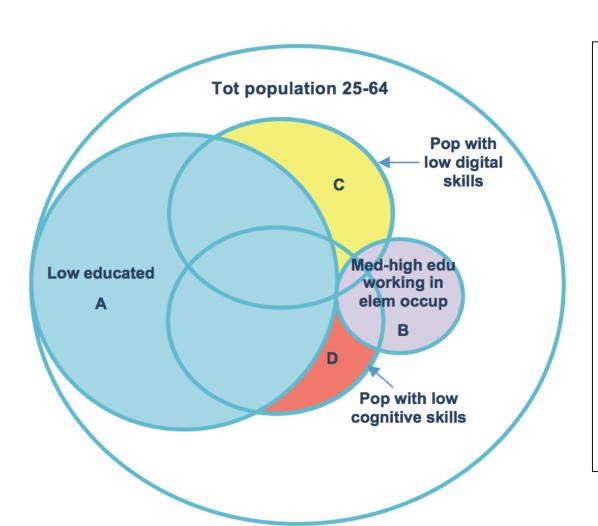
#### **Skills domains:**

- Educational attainment (LFS 2016);
- Computer and digital skills (CSIS 2015)
- Cognitive skills (numeracy, literacy, PIAAC 2012 & 2015)

+

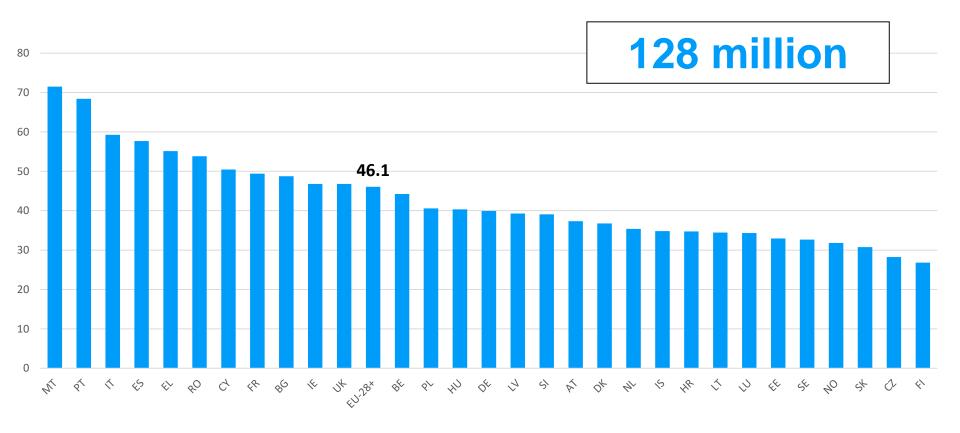
 adults with medium or high qualifications but working in elementary occupations (ISCO 88 - 09) as a proxy for <u>skills</u> <u>obsolescence/skill loss</u>.

# Estimation of the magnitude of the adult population in need of upskilling



- 1. Low educational attainment (A)
- 2. Medium- high qualified (ISCED 3-8) adults 25-64 working in elementary occupations (ISCO 88 -09) (B)
- 3. Low digital skills (C)
- 4. Low cognitive skills (D)

# Estimated adult population in potential need of upskilling by country (%), EU-28+ (\*)



(\*) EU-28+ = EU-28 + IS, NO

Source: Cedefop calculation on LFS 2016, CSIS 2015, OECD PIAAC 2012, 2015.



### Risk of being low skilled

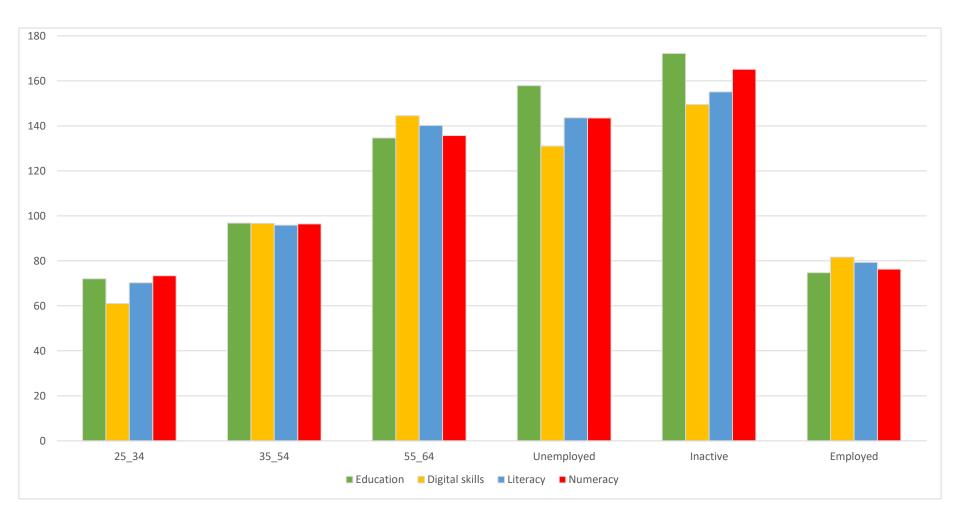
Age  Labour  market status	25-34 Employed	25-34 Unemployed	25-34 Inactive
	35-54 Employed	35-54 Unemployed	35-54 Inactive
	55-64 Employed	55-64 Unemployed	55-64 Inactive

Gender

**Nationality** 



#### Risk of being low skilled

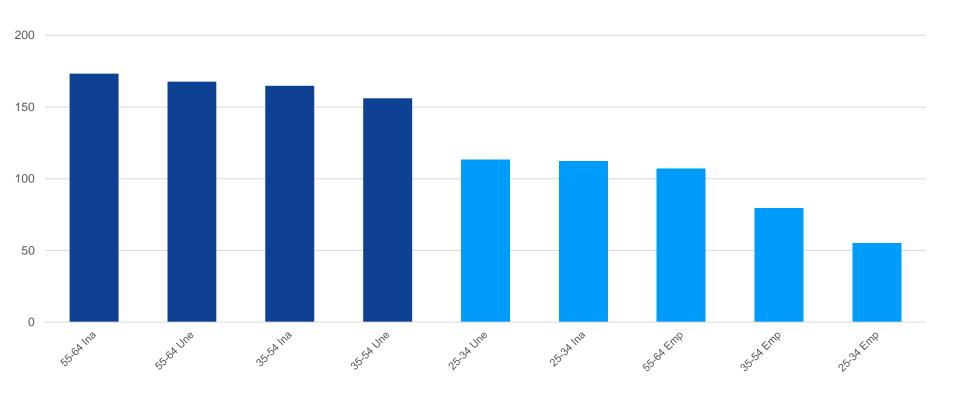


Note: European average: EU28+ for education; EU28 and NO for digital skills, PIAAC countries for literacy and numeracy.

Source: Cedefop calculation on LFS 2016, CSIS 2015, OECD PIAAC 2012, 2015



## Risk of being low skilled, composite index (\*), EU-28+



Note: (\*) Low skilling composite index: calculated as the unweighted average of the relative risk of being low skilled in four domains: education, digital skills, literacy and numeracy.

Source: Cedefop calculation on LFS 2016, CSIS 2015, OECD PIAAC 2012, 2015.





**Education** 



**Digital skills** 

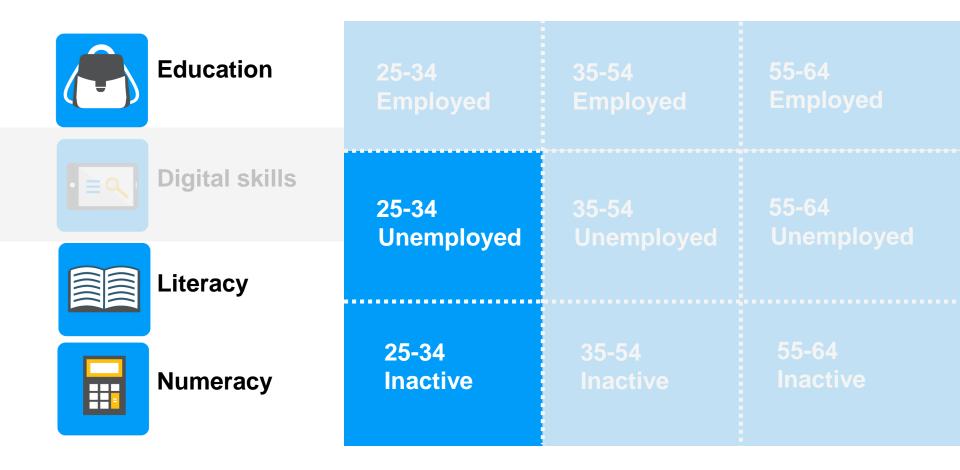


Literacy



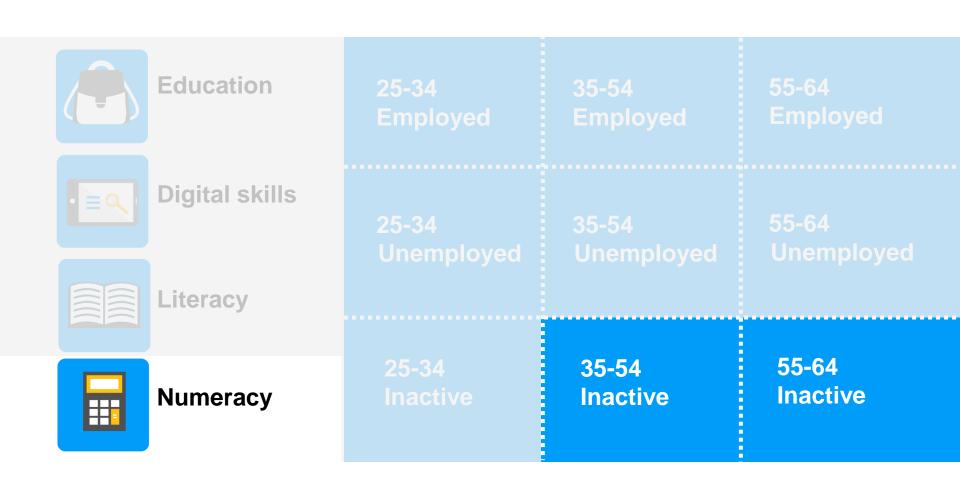
**Numeracy** 

25-34	35-54	55-64
Employed	Employed	Employed
25-34 Unemployed	35-54 Unemployed	55-64
25-34	35-54	55-64
Inactive	Inactive	Inactive



Education	25-34	35-54	55-64
	Employed	Employed	Employed
Digital skills  Literacy	25-34	35-54	55-64
	Unemployed	Unemployed	Unemployed
Numeracy	25-34	35-54	55-64
	Inactive	Inactive	Inactive







# Cedefop analytical framework for developing upskilling pathways for adults:

#### Aims

- Support stakeholders to develop strategic and coordinated approaches to upskilling pathways for adults
- Ongoing basis for discussion and a tool for countries to identify key areas for action

# Cedefop analytical framework for developing upskilling pathways for adults:

#### Methodology

- Extensive literature review and good practice analysis aimed at identifying important systemic features for developing a coordinated and coherent approach to upskilling pathways for adults
- Features are organised around 10 key areas of the policy process

#### **Decision-making level**

- Integrated approach to upskilling pathways for adults
- Identification of target groups
- Governance (Multilevel/Multi-stakeholder)
- Monitoring evaluation

#### Support level

- Financial and non-financial support
- Outreach
- Lifelong guidance system

#### Implementation level

- Skills assessment
- (A) Tailored learning offer leading to a formal qualification
- (B) Tailored learning offer with work-based learning
- Validation and recognition of skills and competences



# Cedefop Policy Learning Forum on Upskilling pathways for adults: a vision for the future



http://www.cedefop.europa.eu/en/events-and-projects/events/second-policy-learning-forum-upskilling-pathways-vision-future

#### **Cedefop resources and tools**

#### supporting implementation of upskilling pathways



Resources for guidance



European database on validation of non-formal and informal learning



Financing adult learning database



VET toolkit for tackling early leaving



**European database on Apprenticeship schemes** 



For more information see <u>Cedefop's analytical</u> <u>framework for developing upskilling pathways for adults</u> and the briefing note <u>Preventing low skills through lifelong learning</u>

More information on Cedefop research and access to publications:

Adult learning and continuing vocational training

<u>Lifelong guidance</u>

Early leaving from education and training

Financing training

Validation of non-formal and informal learning

**Apprenticeships in work-based learning** 





### Thank you

www.cedefop.europa.eu

www.cedefop.europa.eu/ events-and-projects/projects/adult-learning

Lidia Salvatore Cedefop expert on adult learning Lidia.Salvatore@cedefop.europa.eu

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