

WCES 2012

Providing labor market flexicurity and quality of life through better education and professional training*

Alina Stefania Chenic(Cretu)^{a*}, Coralia Angelescu^b, Andreea Roxana Gheorghita^c

^aAcademy of Economic Studies, P-ta Romana, no.6, district 1, Bucharest, Postcode 010374, Romania

^bAcademy of Economic Studies, P-ta Romana, no.6, district 1, Bucharest, Postcode 010374, Romania

^cAcademy of Economic Studies, P-ta Romana, no.6, district 1, Bucharest, Postcode 010374, Romania

Abstract

Discussions at a European level aimed at policies of economic and social cohesion, especially those aimed at a smart, sustainable and inclusive growth (Europe 2020 Strategy), provide universities an increasingly important role in achieving the link between the professional training of people and the requirements of the labor market. Given these priorities, the paper shows that efforts should be focused on education accountability, encouraging innovation and improving employment and training policies to meet labor market flexicurity. Also, a greater capacity for research, development and innovation in all sectors of the economy, combined with a good use of resources will improve competitiveness and boost new job creation. In this article is undertaken a comparative analysis of areas where action must be taken and how to be operated, pointing out some differences and performances recorded in the European Union, through the relevant indicators on employment, education and innovation, as part of the system of indicators of life quality. Providing labor market flexicurity requires major changes in the Romanian educational system, including strategies for lifelong learning, determined by the implementation of new IT and communication technologies in all sectors. The role of educational institutions is changing, education became an integral part of the process of globalization and an economic source that can sustain a relatively long-term competitive advantage, as long as they always provide an "update" of the information already processed by an individual.

Keywords: labour market flexicurity, skills, education, human capital;

1. Introduction

Europe meets the second decade of the third millennium in a uncertain position. The long era of riches which brought us where we are today is running out of steam. According to the European Commission, flexicurity is "an integrated strategy for enhancing, at the same time, flexibility and security in the labour market" (The Lisbon Council, 2011). In other words, it is a strategy which aims to reconcile employers' need for a flexible workforce with workers' need for security, in order to benefit both parties in an employment relationship. The Commission and the Member States have reached a consensus that flexicurity policies can be designed and implemented across four policy components. The four components which must be taken into consideration are: flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies, and modern social security systems. The paper at hand focuses on the second component and emphasises the role of

a* Alina Stefania Chenic(Cretu), Tel.: +40-724-262971

E-mail address: chenicalina@yahoo.com

education in insuring labour market flexicurity, and indicates the way education policies should be correlated with the other three components in order to help modernise the labour market.

2. Educational standards and life expectancy in Europe

In a large amount countries of the world, educational standards and life expectancy are improving, allowing millions of people to rise out of poverty and enter the global workforce – a development we should welcome, as it has brought much wealth and well being in its wake. And while Europe's population is set to shrink and age at a rapid pace in coming years and decades, much of the rest of the world will boast young and growing populaces, becoming the burgeoning markets of the future. These rising standards of global prosperity and demographic shifts are imposing economic and social dislocation in Europe, mostly through the engine of globalisation. Several questions that arise is imperative to try to answer: “How do we sustain high wages and comprehensive social systems in an era where many others are able to produce goods and services at least as good as ours – and often at considerably lower costs?”, “How do we generate the wealth, attract the investment and manage existing resources in a way that will allow us to fulfil growing demands and expectations – and pass on a better way of life to our children, as our parents did before us?”.

The answer nowadays is more or less the same as it was yesterday: prosperity will come frequently by producing outstanding products and services that will command a higher price than goods or services produced elsewhere. This was the key to Europe's prosperity for almost four centuries. We led the world in developing and delivering innovative products and services at the high value-added end of the economic scale. We invented the welfare state, too, adding a flare for social innovation to our already evident economic success. But where is that innovation at present? Are we really busy inventing the high valueadded goods and services of tomorrow? Are we preparing our social system for a new set of challenges, which social scientists can see as clearly as others saw the poverty that led to the creation of the original welfare state? What was wrong?

Europe was and is a leader in world-class education(Lisbon Council, 2011). And it is important to note that our educational standards and attainment rates have not decreased. What has decreased is our relative standing in the world. At the level of formal education, Europe still teaches roughly the same skills to the same, or even slightly increasing, number of students. And international comparisons show that the basic skills we teach are not deteriorating. But the problem is, the rest of the world is improving its educational performance – and quickly at that. The result is that – in an age of unprecedented global competition – Europe has fallen to the middle of the global pack on educational attainment, offering what is by global standards an average education to a roughly average number of people (the notable exception is Finland, which consistently tops international comparisons of secondary school systems.).

2.1. *The importance of skills and human capital. What can EU do?*

Human capital and education are at the centre of a knowledge economy. Particularly, our level of education and skills will determine future social cohesion, prosperity and sustainability. Europe was once a beacon of educational performance, and a model for other countries to follow, but much has happened in recent decades to undermine Europe's education record. Too few resources are spent, too little self-responsibility is given to our schools and universities, and too little attention is being paid to other regions that are rapidly advancing their own education systems.

Europe 2020 is the centerpiece of EC president Barroso's new mandate. Intended to correct the main failures of its predecessor, and aiming to bring together a comprehensive roadmap for the EU's economic recovery and growth for the next eight years, the strategy has been praised by some but has also raised a number of doubts and criticisms. Concretely, the Union has set five ambitious objectives - on employment, innovation, education, social inclusion and climate/energy - to be reached by 2020. Each Member State has adopted its own national targets in each of these areas. Concrete actions at EU and national levels underpin the strategy. Smart growth means improving the EU's performance in: education (encouraging people to learn, study and update their skills);research/innovation (creating new products/services that generate growth and jobs and help address social challenges);digital society (using information and communication technologies)

Politicians at the European level have recognised that education and training are essential to the development of labor market flexicurity(Crețu Alina Ștefania, 2010). The EU's strategy emphasises countries working together and learning from each other. The long-term strategic objectives of EU education and training policies are: making lifelong learning and mobility a reality; improving the quality and efficiency of education and training; promoting equity, social cohesion and active citizenship; enhancing creativity and innovation, including entrepreneurship, at all levels of education and training. EU level activities are being developed to address priority areas in each of the different levels of education and training – early childhood, school, higher, vocational and adult education – based on these overall aims. These include, for example, expanding opportunities for learning mobility or enhancing partnerships between education and training institutions and the broader society. Other actions are relevant to all levels of education, such as promoting multilingualism, innovation, creativity and adoption of ICT (Information and Communication Technology). A series of benchmarks are set for 2020(Commission staff working document, 2010):

- at least 95% of children between the age of four and the age for starting compulsory primary education should participate in early childhood education;
- the share of 15-years olds with insufficient abilities in reading, mathematics and science should be less than 15%;
- the share of early leavers from education and training should be less than 10%;
- the share of 30-34 year olds with tertiary educational attainment should be at least 40%;
- an average of at least 15 % of adults (age group 25-64) should participate in lifelong learning .

3. Tools and methods used to enhance flexicurity in the labour market through transferable skills

According to available sources, improving flexicurity in the labour market and adaptability to various occupations clearly linked to skills transferability is an issue which has received scant attention and on which few information sources are available. This shows that awareness of this problem is limited. The following description of practices, procedures, methods, etc. which serve to improve mobility in the labour market via skills and their transferability is based on relevant literature and enriched with the results of an EU survey and assorted good practice examples. Educational institutions some methods to promote labour mobility through transferable skills: Self-awareness, Career counselling, Assessment centre (AC/DC), Coaching, Mentoring, ICT-applications, Extra-curricular activities, Job-search skills, etc.

Concerning to *Self-awareness*, individuals can create their profiles which are then compared with current labour market demands. Gaps in skills are filled through targeted training. At the end of this process, learning outcomes are monitored and compared with targets according to profiles. Many testing methods which have been validated to a greater or lesser extent have been used to assess individuals' personality and talent in order to support self-awareness; e.g., MBTI (Myers-Briggs Type Indicator), Strengthsfinder (Gallup institute), etc. *Assessment centre (AC/DC)* is based on a variety of testing techniques designed to allow candidates to demonstrate, under standardised conditions, the skills and abilities that are essential for success in a given job. The assessment centre proceedings consist of a variety of exercises, such as oral exercises, counselling simulations, problem analysis exercises, interview simulations, role play exercises, written report/analysis exercises and leaderless group exercises. Assessment centres allow candidates to demonstrate more of their skills through a number of job-relevant situations.

Transferability of skills as a concept for increasing employability and helping people to take an active part in the labour market is understood on a general level, and put into practice in some countries. Among the most frequently mentioned instruments and tools are: initial and continuous education and training; motivating people by various means (financial motivation, career prospects, etc.);vocational and activation counselling; job-search skills development; evaluation, recognition and accreditation of knowledge and skills previously acquired in learning;career guidance and job matching systems.

Job-search skills development is one of the most efficient and frequently used methods for supporting occupational mobility. Instead of “giving the fish for free” it is much better to teach people “how to catch it”. Usually, this method is applied to the unemployed but it should be trained at secondary school level at the latest. These job-search skills have already been integrated into school curricula in Denmark.

Special attention must be paid to systems of accreditation and recognising previous learning outcomes. These represent combined efforts and initiatives of key players (public sector, education sector and enterprises) on strategic and operational levels. In the majority of European countries such systems have been developed as combinations of tools and methods that are used to assess learning outcomes, especially those acquired during the process of non-formal and informal learning.

4. Romania and Spain' positions on the future „EU 2020” strategy compared to Nordic countries

Human capital development stands for the main objective to put into practice the future employment agenda by implementing integrated policies for active inclusion in the areas of employment, social protection and education dedicated to groups at risk of social exclusion. The reconciliation between labour market flexibility and security needs should be synchronised with the modernization of the national systems of social protection in order to guarantee the access to quality services for all citizens. Adapting the workers skills to the labour market demand and self-employment may represent solutions to fight against labour market segmentation. The role of the cohesion policy should remain crucial in decreasing the social and economic development gaps between the EU regions and improving the regions competitiveness. Lifelong learning and the modernization of the national educational and vocational training systems will be the cornerstones in preventing long-term unemployment and increasing the labour force mobility. European universities is needed as well in order to transform them into real and worldwide competitive growth and innovation centres. Long time ago EU admitted that knowledge and innovation represent key drivers in a global economy. Investments in technological development and innovation continue to represent decisive elements for the economic recovery and for effective approach of the climate change.

Romania supports the stimulation of partnership within the knowledge triangle and the further strengthening of the potential for research, development and innovation by developing the European Research Area(Romania's position on the future “EU 2020” strategy). Put simply, lifelong learning means that people can – and should have the opportunity to – learn throughout their lives. A lot of learning takes place in a lot of different situations and much of this occurs once we have finished our formal education. Lifelong learning serves not only to make people more employable, but also to further their personal development and encourage active citizenship and social inclusion. Also, starting with 2011, on a background of economic growth recovery, labour market is expected to improve as well; conditions to increase number of new jobs and improving employment for population aged 20-64 years will be accomplished, in order to achieve objective assumed in *Europe 2020* Strategy(Gouvernement of Romania, 2011).

Table 1. Labour force in Romania

	2010	2011	2012	2013	2014
Employment rate for population aged 20-64	63.3	63.9	64.3	64.7	65.5
- man					
- women	70.8	71.6	72.0	72.4	73.1
Unemployment rate(ILO) - %	55.9	56.1	56.5	57.0	57.8
	7.3	6.4	6.2	6.0	5.8

Source: National Commission for Economic Forecasting

With regard the reduction of early school leaving rate, Romania aims at a final target of 11.3% in 2020, reaching a mid-term target of 14.8% in 2013 (starting from 16.6% in 2009). The main key-actions for reaching the target are: expanding the application framework of early education reform; providing the necessary support to prevent early school leavin, etc. As for increasing of the share of population aged 30-34 with tertiary education or equivalent, Romania aims at reaching a final target of 26,7% in 2020, with a mid-term target of 20.25% in 2013, starting from 16.8% in 2009. The main key-actions designed to reach this target focus on: finalising the National Qualification Framework in Higher Education and its linking with the labour market needs, creating mechanisms for recognition of skills acquired through formal and non-formal education for tertiary education routes; fostering participation to tertiary education by means of financial stimuli, for example through setting-up a Loan System for Romanian Students or the exemption from payment of 75% of the loan for studies for the higher education graduates

who will practice their profession for at least 5 years in rural areas; stimulating lifelong learning. The estimated impact of envisaged measures for reaching this target is also twofold: at the labour market level through a better insertion of graduates on this market and a better synchronisation between education supply and labour market demand and at individual level, through increasing the labour force mobility and skills. In Romania, lifelong learning is not a functional concept, yet. As a proof, participation in education or training for population aged between 25 and 64 years is very low, the second lowest in Europe after Bulgaria (but very close, 1,5% versus 1,4% in Bulgaria). The situation is more worrying as the average in European Union is 9-10% and the Nordic countries record levels over 20%(Şerban Andreea Claudia, Aceleanu Mirela Ionela, 2011). In order to measure progress achieved on 2020 Strategy objectives, they are accompanied by indicators and European benchmarks.

Table 2: Employment rates for 15-64 year olds by skill level (2010). Skill level is based on UNESCO classifications; medium skilled means secondary or equivalent; high skilled means tertiary attainment or equivalent

Country or Region	High Skilled	Medium Skilled	Low Skilled	Total Workforce
EU27	83.8%	70.2%	48.6%	65.4%
Denmark	87.6%	81.8%	64.2%	77.1%
Germany	86.0%	73.6%	44.9%	69.4%
Ireland	85.9%	74.1%	49.3%	69.1%
Greece	81.9%	60.8%	52.3%	61.4%
Spain	82.5%	68.2%	57.5%	65.6%
France	79.6%	69.5%	47.7%	64.6%
Italy	77.7%	67.9%	46.5%	58.7%
Luxembourg	83.4%	67.3%	49.8%	64.2%
Netherlands	87.5%	79.9%	61.0%	76.0%
Austria	86.5%	75.9%	51.9%	71.4%
Romania	85.8%	63.9%	40.3%	58.8%
Slovenia	87.5%	70.8%	43.1%	67.8%
Finland	85.1%	73.9%	46.4%	70.3%
Sweden	87.6%	80.6%	53.4%	74.2%
United Kingdom	87.1%	76.7%	60.0%	71.3%

Source: Eurostat, EU LFS

Regarding Spain, investment in scientific and technological knowledge is a key factor to increase the added value of products and services offered by companies, stimulate innovation and improve the economy's productivity and competitiveness. R&D expenditure in Spain rose from 1.06% of GDP in 2004 to 1.38% in 2009, an increase of 30.2% (far above the European average in the same period). Further progress requires structural reforms in the R&D system, more ambitious support for innovation by the private sector, and deeper development of the information society(CEDEFOP, 2009). Spain has set the objective of increasing R&D spending to 3% of GDP by 2020, two-thirds from the private sector (2% of GDP) and one-third from the public sector (1% of GDP). To achieve this objective, Spain must overcome the following challenges identified during the drafting of the new Science Act and the National Innovation Strategy(which are coherent with the diagnosis performed under the "Innovation Union" initiative as part of the Europe 2020 Strategy): the need to improve excellence and organisational efficiency in scientific institutions; low capitalisation of the knowledge that is produced; insufficient funding and market opportunities for innovative companies, leading to a low level of private sector R&D&I spending; low international profile of our R&D centres and innovative SMEs, and room to improve coordination between regional, national and European policies; barriers that prevent human capital (particularly female) from producing cutting-edge knowledge thus reducing the potential for innovation in industry; need to definitively consolidate an advanced, secure digital society and increase the capacity and extent of telecommunications networks.

Regarding Denmark, active life safety and education are the pillars which ensure dynamic performance of the Danish economy. The main feature of the Danish education and unique (first law of compulsory primary education dates back to 1814) is a combination of state responsibility in terms of financing and provision of quality education with freedom of organization of education in accordance with different cultural values and teaching methods. Local and state authorities are primary and secondary education suppliers, focusing on communication skills training, cooperative and social competence(The Danish *Gouvernement,2011*). The result of this type of

education has created over the years a homogeneous society, which operates on trust. Welfare state, taking over a part of traditional family responsibilities such as childcare and oldpeople care, helped create a highly individualistic social system in which individual success is possible due to the homogeneity of society and equal opportunities given to its members. The lesson arising from the Danish economic model is that, by providing continuous training and workforce training, creating a flexible labor market and a safe working life based on decisions taken by consensus by the social partners, it is possible to build a state of welfare centered around agriculture, if comparative advantage is turned into competitive advantage dictated by the circumstances of each moment(De Beer P., Schils T, 2011).

5. Conclusion

Making flexicurity, lifelong learning and mobility a reality – progress is needed in the implementation of lifelong learning strategies, the development of national qualifications frameworks linked to the European Qualifications Framework and more flexible learning pathways. Mobility should be expanded and the European Quality Charter for Mobility should be applied. Improving the quality and efficiency of education and training – all citizens need to be able to acquire key competencies and all levels of education and training need to be made more attractive and efficient(Sapir Andre et al, 2009). Promoting equity, social cohesion and active citizenship – education and training should enable all citizens to acquire and develop skills and competencies needed for their employability and foster further learning, active citizenship and intercultural dialogue. Educational disadvantage should be addressed through high quality inclusive and early education. Enhancing creativity and innovation, including entrepreneurship, at all levels of education and training – the acquisition of transversal competences by all citizens should be promoted and the functioning of the knowledge triangle (education-research-innovation) should be ensured. Partnerships between enterprises and educational institutions as well as broader learning communities with civil society and other stakeholders should be promoted. Regarding skills and lifelong learning, the good news is that – in terms of return on investment – the quickest turn around in raising an individual’s skill level can often be achieved with post-formal education training. Also the people who need training, the most are the least likely to get it. Specifically, political leaders must deliver on four things – what will be called here “the four deliverables” – if they are to devise and implement a successful human capital strategy for their country: create it, attract it, keep it and activate it. In conclusion, two conditions for success funding: sufficient, efficient and well-targeted; and governance that enhances transparency and empowers institutions to play to their strengths.

*Acknowledgement

This paper was co-financed from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/89/1.5/S/59184 “Performance and excellence in postdoctoral research in Romanian economics science domain

References

- Belan P., Carre M., Gregoir S. (2010), “*Subsidizing Low-Skilled Jobs In A Dual Labour Market*”, Labour Economics;
- CEDEFOP(2009),*Future Skill Supply in Europe: Medium-Term Forecast Up to 2020, Synthesis Report* (Luxembourg: Office for Official Publications of the European Communities, 2009)
- Crețu Alina Ștefania., *Labour market flexibilization*, ASE Publishing , 2010;
- Commission staff working document, *Progress towards the common European objectives in education and training, Indicators and benchmarks 2010/2011*
- De Beer P., Schils T., (2011), “*The Labour Market Triangle: Employment Protection, Unemployment Compensation and Activation in Europe*”, Cheltenham UK, Northampton M.A., USA
- European Commission(2011): *Learning program throughout life -Request for Proposals*;
- Government of Romania(2011), *National Reform Programme(2011-2013)*, Bucharest;
- The Danish Government(2011), *Denmark,s National Reform Programme*;
- The Lisbon Council, Eu 2020 Strategy(2011), *Why Skills are the Key for Europe’s Future by Paul Hofheinz*;
- Lisbon Council (2011), *Skills and Human Capital Summit, Remarks by Adam Tyson European Commission*;
- Sapir Andre et al., *Europe’s Economic Priorities 2010-2015: Memos to the New Commission*(Brussels: Bruegel, 2009);
- Schliecher, Andreas(2006), *The Economics of Knowledge: Why Education is Key for Europe’s Success*(Brussels: The Lisbon Council)

- Şerban Andreea Claudia, Aceleanu Mirela Ionela (2011), *Lifelong Learning – Necessity For Romanian Labour Market Flexibility*, *Proceedings of the 6th International Conference on Business Excellence*, Vol 2; <http://www.science-journals.eu/edu/index.html>