

About the group

Kristina Persson, Minister for Strategic Development and Nordic Cooperation has established three analysis groups to assist the Secretariat for Strategic Development for the Future in its work on future issues for the government. The three analysis groups are Future of Work, Green Transition and Global Cooperation. Each group operates freely under two co-chairs. The results are continuously communicated to the Government, which channel the proposals into ongoing work at the Government Offices.

The groups work independently and their proposals do not necessarily represent the view or position of the Government.

This is the first interim report from the analysis group for the Future of Work. The group as a whole endorses the analysis and proposals of the report but there may be dissenting opinions on some details.

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Lifelong learning for the future labour market

In the future labour market security will not only depend on the period of employment, but also on skills. Already good skills make us more secure, creative and mobile in the labour market. Access to the right skills is crucial for opportunities to create successful companies and new jobs. But the education people have when entering the labour market is seldom sufficient for an entire working life. In order to achieve the objectives of high employment rates, low unemployment rates and reduced social divides in the long term the system of lifelong learning in working life must be strengthened and supplemented with a new pillar.

In this report, the Minister for Strategic Development's Future of Work analysis group presents proposals for such a reform. It is also proposed that the Government initiates talks with the social parties across the entire labour market concerning the detailed design of the system. In that context it should also be possible to discuss new solutions for parts of the social security regulations for employees.

Summary

Long-term trends, such as globalisation, digitalisation and automation mean both opportunities and challenges for the economy and society. Well handled they will offer major opportunities for increased welfare, improved work environment and sustainable development. But tough international competition and rapid technological development also pose major challenges to the Swedish labour market.

The pressure for change in the Swedish economy is strong and will in all probability continue to be so. Some jobs disappear, others change and new ones appear. This takes place at a fast rate and affects the entire labour market. The task is to strengthen firms' international competitiveness and create conditions for more jobs.

Increasingly, people are required to develop and learn new skills throughout their working lives.. Security lies not only in the length of

employment but to a great extent skills determine a person's chances to employment, good working conditions and mobility in the labour market. Access to skills is also crucial for firms' opportunities to develop and grow.

Studies show that new technology and innovations increase demand for labour with longer education but reduces the demand for labour at intermediate levels. Transition to occupations and jobs that require longer training is costly for the individual in terms of time and finances. Therefore, the reduced supply of jobs at the intermediate level results to a great extent in increased competition for jobs in the lower segments. While unemployment in Sweden for people aged 20-64 with post-secondary education lies steadily at around five percent, it has increased from 10 per cent in 2005 to 17 per cent in 2014 for people with no upper secondary qualification.

To counteract polarisation and achieve a dynamic labour market with better matching and continued high employment rates we need to strengthen opportunities for continuing skills development and learning throughout working life. This is necessary to reduce the risk of unemployment and ill health, but also to make it easier for companies to find the right skills, develop and grow. When employees have the opportunity to educate themselves and broaden their skills, firms and organisations also share in new knowledge and perspectives that facilitate development and innovation. Skills development that is directly linked to the organisation is and should continue to be the responsibility of the employer. But educational needs are often far broader than that. This applies in particular to major technological shifts when everyone needs to assimilate the new technology in some form. Consequently there are common needs in this area that need to be met.

Presently, the Swedish economy is developing strongly in many respects. At the same time there are considerable challenges in the Swedish labour market. In particular, it is necessary to facilitate entry into the labour market for the relatively large groups that have difficulty in getting jobs. Vigorous measures are needed to ensure that both young people and newly arrived immigrants can find jobs faster. This has high priority both acutely and in the long-term. Quite a few measures are also being taken focusing on these groups and the analysis group presents ideas for reform for the longer perspective in a second interim report.

Having said this we also want to emphasise that our ability to manage these challenges is affected by how well we succeed in giving everyone already working opportunities to continue to contribute and develop in working life when skills requirements and the structure of the business sector change. Consequently, it is necessary to also draw attention to the challenges facing people in mid working life.

The dynamics of the business sector are reflected in the flows on the labour market. Good matching is a prerequisite for strong productivity development in the economy. The inward and outward flows on the labour market are of course important for the matching dynamic, but in terms of volume it is the people changing jobs that predominate. Between 1988 and 2012 on average just over 10 per cent of gainfully employed people changed jobs every year. In the same period inward and outward flows of people in work had an average effect of 4-5 per cent per year.

Our capability of meeting future needs for continuing skills development throughout working life is crucial for Sweden's competitiveness, welfare and cohesion. A reform for lifelong learning targeting people in work is therefore one of the most important reforms for the future to obtain high employment rates, low unemployment rates and reduced social divides. Periods of new skills development activities need to become an integrated part of working life to a greater extent in the future.

The reforms presented in this report, to improve conditions for lifelong learning during working life, rest on two pillars. One consists of measures to improve current structures so that the supply of educational programmes and other skill enhancing activities correspond better to the needs of people who are occupationally active. The measures proposed aim to ensure that:

- The dimensioning of education and training also take account of the training needs of occupationally active people
- The education and training offered will be relevant to people who are occupationally active in terms of focus and design
- Occupationally active people will have real opportunities to be admitted to the programmes

The other pillar broadens the system of lifelong learning. Here it is a matter of building something new aimed at giving people in work the possibilities of utilising the supply of skills enhancing measures. The new system has three central features:

- General information and communication in support of recurring skills development as a natural element of working life
- Individual guidance for occupationally active people over the age of 30 to support individuals in discovering their skills and possible avenues of development

- Lifelong learning insurance providing the financial conditions for individuals to participate in skills development activities in mid working life

In addition, a coherent structure needs to be created for lifelong learning, with clear assignment of roles and responsibilities between central government and the social partners as well as between different actors in the public sector. Within the context of this structure an organisation needs to be established with overall responsibility for the various components of lifelong learning. This mainly includes following and drawing attention to skills development needs among the employed and in cooperation with other actors to ensure that the supply of education and other measures meets the needs of lifelong learning.

An extensive reform process needs to be started to enable the establishment of a broad and coherent system for lifelong learning for the entire labour market. The Government should initiate such a process by appointing an inquiry with the social partners well represented. The inquiry remit should be to specify the organisation of lifelong learning in working life, the design of the lifelong learning insurance and the changes and adaptations required in the various parts and levels of the educational system. Within the inquiry central government, employers and trade union organisations should discuss the allocation of roles and financing. For a system of lifelong learning to have the desired effects, the social partners should be encouraged to agree whether requirements can be made of the individual to participate in skills development activities and in that case in what situations this could be done. In that context there may also be reason to discuss new solutions for parts of the social security regulations for employees. When employees' security to an increasing degree lies in skills and to a lesser degree in the period of employment, there is reason, when working on a reform such as this, to also review parts of the formulation of the Employment Protection Act. The purpose of the review should be to adapt the regulatory code to the new conditions that a developed system of lifelong learning would impose, without any deterioration in employment protection or change in the balance of power between the parties.

1. Introduction

Long-term trends such as globalisation, digitalisation and automation have revolutionary effects on social development in general and on enterprise and working life in particular. This entails both opportunities and challenges for the economy and society. If they are handled well they offer major opportunities for increased welfare, improved work environment and sustainable development. Technological advances and increased trade create the conditions for continued productivity growth and opportunities for increased welfare. But tough international competition and rapid technological advances also pose challenges. That is

nothing new. Digitalisation and robotisation have long contributed to major changes in the Swedish labour market. Some jobs disappear, others change and new ones appear. The changes takes place at a fast rate and affect the entire labour market.

Looking 10-15 years ahead, international competition will probably still be stiff, but also change along with developments, above all in the new industrial countries. A basic premise for achieving high employment rates in Sweden is that our competitiveness is good and the Swedish business sector is capable of profitably producing both goods and services for the export market. This requires technical advances, research and development that also meets the needs of small and medium-sized enterprises, an active innovation policy, a good innovation and business climate and export promoting measures. These parts of a coherent growth and employment policy for the future are not covered by the analysis group.

The group's focus has instead been on questions concerning the function of the labour market, the labour force and working life as such in light of the opportunities and challenges posed by globalisation and technological advances. These are augmented by increasing migration in the wake of conflicts and disasters. What needs to be done to enable all individuals to contribute the right skills and develop throughout their working lives? What changes are required to the labour market regulatory framework to give both the flexibility and security needed? And how can we combat polarisation and strengthen trust in society?

In this first interim report from the analysis group measures are proposed to the Government to enable people in work to meet the requirements for new skills and mobility in working life that technological advances and globalisation entail. The report starts by describing two long-term trends of significance for the labour market of the future. The account is based on two background reports written by members of the group. The first, written by Anna Breman, is summarised in section 2. It deals with the significance of digitalisation and automation for the labour market of the future. The other, written by Jesper Roine, is summarised in section 3. It deals with the significance of globalisation for income distribution trends. Section 4 ties together the two trends and describes the strategic choices ahead. Section 5 describes the present situation and section 6 presents the reform idea.¹

¹. Sections 5 and 6 are largely based on two policy reports written for the group. One, "Utbildningsutbud för livslångt lärande i arbetslivet" (Supply of education for lifelong learning), was written on behalf of the group by Elin Landell, Deputy Director-General at the Ministry of Employment. The other, "Livslångt lärande – på riktigt" (Lifelong learning – for real) was written by one of the analysis group chairs, Annelie Nordström, President of the Swedish Municipal Workers' Union.

2. Digitalisation and the labour market of the future

Technological advances with consequences in the form of digitalisation and automation and robotisation affect the labour market of the future to a high degree. They contribute to the replacement of tasks and jobs with new technology, but also to the creation of new tasks and occupations.

Computerisation has contributed to major changes in the labour market in the past 20 years in Sweden as in many other countries. Initially, the changes mainly consisted of increased opportunities to rapid distribution of information and routine tasks being performed by computers and software. This has mainly led to many jobs in the middle of the distribution (in terms of both wage level and educational level) being partly or fully replaced by new technology. On the other hand, for jobs in the high skills segments, computerisation has mainly increased their productivity and status in the labour market. That difference may, however, be erased in the future. As machine learning and artificial intelligence gain greater importance technology will probably also replace tasks and jobs in these segments, too.

In Sweden, as in many other OECD countries, development has resulted in a clear polarisation in the labour market. When computers and software replaced routine tasks in both industry and services, the number of jobs in the middle segments decreased, while jobs increased in both high-wage and low-wage segments. The trend is clearest in the USA but can also be seen in other countries, including Sweden.²

New technology and innovations thus increase demand for labour with longer education but reduces the demand for labour at the intermediate levels. Transition to occupations and jobs that require longer training is costly for the individual in terms of time and finances. The reduced supply of jobs at the intermediate level therefore results to a great extent in increased competition for jobs in the lower segments. In countries such as the USA this has slowed down wage increases in the medium- and low-wage segments. In Sweden the effects on wages have been less dramatic; all groups have experienced real wage increases. On the other hand, competition for jobs at the lower levels has increased.³ The risk of unemployment has increased particularly for individuals with weak attachment to the labour market: individuals with short education, those born outside Europe and the disabled. While the unemployment rate among those aged 20-64 with post-secondary education lies steadily at around five

² See for example Goos, Maarten, Alan Manning, and Anna Salomon, "Explaining Job Polarization: Routine-Biased Technological Change and Offshoring," in the American Economic Review 2014.

³ See further 4 below.

percent, it has increased from 10 per cent in 2005 to 17 per cent in 2014 for people with no upper secondary qualification.

With rapid technological development old knowledge and skills rapidly become obsolete. Today's education system, largely designed to educate the young once and for all, seems increasingly out of date. To counteract polarisation and achieve a dynamic labour market with better matching and continued high employment rates we need to strengthen opportunities for continuing skills development and learning throughout working life. This is necessary to reduce the risk of unemployment and ill health, but also to make it easier for companies to find the right skills, develop and grow. When employees have the opportunity to educate themselves and broaden their skills, firms and organisations also share in new knowledge and perspectives that facilitate development and innovation. Skills development that is directly linked to the organisation is and should continue to be the responsibility of the employer. But educational needs are far broader than that. This applies in particular to major technological shifts when everyone needs to assimilate the new technology in some form. Consequently there are common needs in this area that need to be met.

Technological advances and changes in international division of labour also contribute to changing the structure of the Swedish business sector in a way that is of importance to both the labour market and welfare system in Sweden. Regulations and structures around today's labour market were to a great extent formed in a time when the majority of the labour force was employed by large companies and public sector employers. This is now rapidly changing. The percentage of employees in small and medium-sized firms has long been increasing⁴ and we assess that income from work in sole trader businesses, voluntary or involuntary, is growing in importance. This has consequences for social security systems and the Swedish collective agreement model and is also important to take into account when designing new systems to improve the potential for lifelong learning for everyone in working life.⁵

3. The consequences of globalisation for income distribution and the labour market

In the current wave of globalisation, developing countries have shifted from mainly exporting raw materials and agricultural products to also exporting labour-intensive industrial products. Moreover, international flows of labour and above all capital, have increased substantially. At the same time the globally integrated economy has grown immensely through the development of China and the states of Eastern Europe towards a market economy and

⁴ "Var skapas jobben?" (Where are jobs created?) Report to the Expert Group for Public Economics 2013:3 and own processing of data from Statistics Sweden's Business Register.

⁵ The consequences of these changes for the social security systems will be dealt with in one of the analysis group's coming reports.

India's market reforms. The labour force of the globally integrated economy has grown from about 1.5 billion people to almost 3 billion. Information and technology are also spreading much faster than before. Several new industrial countries have thereby been able to rapidly approach the technological front. This has resulted not only in keener global competition in low-wage sectors but in principle at all levels. In a forward-looking perspective, if this development continues it can lead to a decrease in the competitive advantage that many now rapidly growing economies have in the form of low wages, while their competitiveness grows in more advanced parts of the economy.

Development in Sweden has followed the global pattern. All in all, Sweden is one of the most globalised countries both in Europe and the world. Looking at the income distribution we find a narrowing trend in income differentials in the 1900s in Sweden as in most OECD countries, until about 1980. Since then differentials have increased. The increase in the Nordic countries, however, started at a considerably lower level. While the USA and the UK moved away from the European level the Nordic countries have moved closer to it. Differences in disposable income are greater than in the other Nordic countries but still smaller than in Germany and France and considerably smaller than in the USA and the UK.

Characteristic for recent development in Sweden is, however, that the changes are generally not driven by changes in factor incomes (wages and capital income) but by changes in disposable income. At the very top of the distribution, i.e. the percentage with the highest incomes, the changes have largely been driven by factor incomes. Again, this is not driven mainly by an increased wage dispersion but by a more uneven distribution of capital income and realised capital gains.⁶ Wage dispersion in Sweden continues to be low and, unlike the USA for example, real wages have increased in all income groups.

The division of production in global value chains, in which various components are produced in different parts of the world, creates increased competition and downward pressure on wages for activities that can be moved. At the same time the globalisation process entails lower costs for many goods and services, which raises purchasing power for traditionally low-paid jobs as well. However, major demands, in terms of capacity and capability of learning new skills and taking on new tasks, are made on individuals affected by structural transformation and readjustment. All in all therefore, the consequences of globalisation on income distribution depend to a large extent on the design of traditional redistribution

⁶ Capital income, and also realised capital gains, may, however, be more or less linked to an individual's work and the Swedish tax system includes incentives to convert earned income into capital income in various ways. This may affect the picture of the link between changes in income distribution and technological advances and globalisation. Under another regulatory framework it is possible that parts of what today takes the form of capital income would instead be paid as earned income, in particular at the upper income distribution level.

instruments such as taxes and public expenditure and on the development of the level and distribution of skills in the labour force.

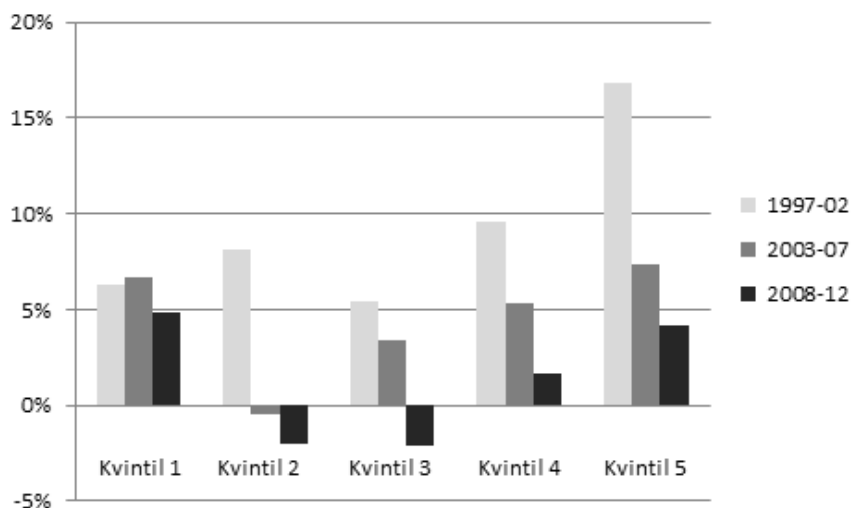
4. Choices

Until the turn of the millennium structural transformation in Sweden was largely characterised by upgrading, i.e. manual jobs with low educational requirements being replaced by better paid jobs with higher educational requirements, at the same time as the level of education increased throughout the population. Thereafter the Swedish labour market has become more polarised, as Figure 1 below illustrates. It is based on a breakdown of all jobs into a large number of categories by occupation and sector. The categories were then ranked, based on the average wage level in the respective category, and divided into five groups, quintiles. The jobs with the lowest wages are in quintile 1 and those with the highest wages are in quintile 5. Even if the breakdown is based on the wage level, there is a strong correlation between the wage level of the jobs and the educational requirements.⁷ The lowest quintile contains most of the jobs with no special educational requirements, as well as some jobs requiring upper secondary qualifications. Higher up in the quintiles we find jobs that require at least upper secondary qualifications and, to an increasing degree, also jobs that require some form of higher education qualification. The highest quintile mainly consists of jobs requiring longer higher educational programmes and various management functions.

The number of highly paid jobs with higher educational requirements has increased – as has the number of jobs with shorter educational requirements. On the other hand, the jobs in the middle segment have decreased. The predominant driving force seems to be the same as in other countries, namely technological advances, but there are also other factors of significance.

⁷ See Åberg (2015).

Figure 1. Changes in job structure 1997 – 2012 by income quintiles. (Percentage change in the number of jobs in the respective segment in each time period.)



Note: The division into quintiles is based on categorisation of each job by occupation and branch of industry. Each job category is then ranked on the basis of average median pay in the respective period.

Source: Rune Åberg Arbetsliv & Arbetsmarknad no 4, 2015

In the first place, the demographic trend has meant that the number of jobs in healthcare, social services and education has increased. A closer analysis of the change in the number of jobs in the respective quintile group in each different sectors shows that the number of jobs in healthcare, social services and education is increasing in all quintile groups, but particularly in the second quintile.⁸ Since this refers to publicly funded jobs, this part of the development has mainly been needs-driven, but has also been affected by economic policy priorities. In the second place, the number of private service jobs has increased considerably, which mainly affects the lowest quintile group. Here the driving force lies mainly in increased demand for personal services resulting from increased real wages and income differentials, changed lifestyles, principally in urban environments, increased tourism and business and targeted tax relief.

As computerisation and globalisation force individuals in the middle segment to seek jobs with shorter educational requirements, there is a risk that competition for jobs in the lower segment will increase. At present the unemployment rate at the medium levels is low. In the absence of reforms there is a risk that a continued decrease in the proportion of jobs in the middle will primarily lead to increased competition for jobs at the lower levels. Without sufficient opportunities for skills development and readjustment there is a risk that skills at these levels in both manufacturing and the service sector will stagnate. At the same time firms

⁸ See Åberg (2015) Figure 3.

will find it hard to recruit the right skills for the new jobs that new technology, with a greater service content in the products and more advanced service production, could give. Many public sector organisations may also be expected to have problems in finding the skills needed to develop and modernise their operations.

Two main strategies for meeting the challenges on the labour market are usually discussed. One focuses on creating acceptance and providing support for the emergence of more "simple" jobs, i.e. jobs with shorter educational requirements and lower wages, for groups that today find it hard to enter or who have been excluded from the labour market. The other aims at equipping people with skills so that all employees, and thus also individuals with a weak position in the labour market, will have the opportunity to develop.

There is no doubt that several of the forces we see ahead – globalisation, digitalisation and also immigration of people with skills other than those in demand today – may entail downward pressure on wages for large groups. However, wage-setting is not the task of the Government. That is the responsibility of the social partners. We recommend that the Swedish model with collective agreements between the parties remain the predominant system for wage setting. It is the task of the parties to construct solutions that enable both entry into and development in the labour market. This is something that further emphasises the need to improve opportunities for skills development that increases the chances of individuals to contribute and achieve further wage increases while also improving employers' chances of finding the new skills needed.

An effective labour market assumes that matching between employers' labour needs and jobseekers' skills functions effectively. Matching in the Swedish labour market has deteriorated over a long period of time.⁹ The percentage of jobs only requiring pre-upper secondary education has fallen from about 20 per cent to less than 10 per cent in the past 15 years. At the same time the percentage normally requiring post-secondary education has increased from 36 to 45 per cent.¹⁰ The deficient matching means that unemployment is high while there are many vacant jobs. On average it also takes longer for firms to recruit than before, despite a high unemployment rate.

The high long-term unemployment rate is one of the major problems of our time. Since the financial crisis of 2008 we have had an unemployment rate of about 8 per cent. Unemployment hits some groups harder than others. Since the financial crisis unemployment has increased by far the most among workers who lack upper secondary education. In this

⁹ See for example the Swedish Public Employment Service "Arbetsmarknadsutsikterna våren 2015" (Labour market outlook 2015).

¹⁰ See the Swedish Public Employment Service "Arbetsmarknadsutsikterna våren 2015" (Labour market outlook 2015), page 97.

group, unemployment has almost doubled since 2008. Apart from the generally high level of unemployment, the major rise in unemployment among people with only pre-upper secondary education is seen as a consequence of the job polarisation described above. An increasing number of employers require upper secondary qualifications, even in occupations where educational requirements have traditionally been low. Ambitions to raise skills levels risk leading to exclusion and increased competition for jobs with low educational requirements. To avoid this, good opportunities on offer for development and learning in working life. This does not always have to mean that people without an upper secondary education must complete such a programme. Knowledge can be acquired in different ways. Consequently, it may often be warranted and more effective to focus initiatives on developing certain occupational skills. For example, care assistants or assistant nurses could have the opportunity to gradually learn skills that qualify for duties that currently require an upper secondary qualification or some form of higher education.

The responsibility for continuing education and training required to enable employees to perform their duties and be able to conduct their work more effectively now rests with the employer and should continue to do so. Professional development and training of those already employed is an important part of firms' strategic competence management. When new technology is introduced or the organisation changes it is virtually a survival strategy for employers to ensure that their staff have the right skills for the job. But there is often a need for skill enhancing measures of a broader type that may well be of value to the current employer. But the employee may take the new skills to other employers. Therefore, the return on such investments to the individual employer is uncertain. This applies in particular to major and more general technological shifts, when many people need to assimilate the new technology. In the absence of joint initiatives, the total investment in new competencies and skills will then be too low. Consequently, we will have simultaneous problems with high unemployment and skills shortages.

5. Current situation

5.1 Continuing education and training of employees¹¹

People gain new knowledge in many different ways throughout life. This can be through both formal and non-formal education.¹² Formal education refers to education through the regular education system. Non-formal education corresponds for example to courses and conferences at the workplace and also leisure-time activities, such as study circles and courses

¹¹This and the next section are mainly based on the background report "Utbildningsutbud för livslångt lärande" (Supply of education for lifelong learning) prepared by Elin Landell on behalf of the analysis group

¹² Besides formal and non-formal education, informal learning contributes a great deal of the new knowledge and skills we acquire throughout life. The statistics are limited, however, to formal and informal education and training.

at adult education associations and voluntary associations. Both formal and non-formal education is conducted as staff training, i.e. it is partly or fully paid for by the employer or attended in paid working time, as well as outside work.

Compared with other EU countries the percentage of people aged 25-64 participating in some form of education is high in Sweden. For the EU the average was 40 per cent in 2011/12. In Sweden it was 72 per cent. Among the employed the percentage is even higher. In Sweden the figure was 80 per cent, since many employed undergo staff training. To a very great extent, however, it consisted of short, non-formal training. The proportion of all employed participating in non-formal education and training in Sweden was 75 per cent while the proportion participating in formal education and training was 10 per cent.¹³

The continuing education and training carried out as staff training consists to an even greater extent of non-formal education. As a rule it is considerably shorter than formal education and generally does not lead to a graduation diploma or certificate. For 65 per cent of the participants in non-formal education the duration was less than 50 teaching hours, while most participants in formal education had more than 200 teaching hours and every fifth more than 1000 hours.

The percentage participating in some form of staff training varies between different groups. The variation between different age groups is relatively small but participation is highest in the 35-49 age group. The gender difference is greater and women participate to a greater extent than men. For women in the age groups 35-49 and 50-64 the proportion is 8-9 percentage points higher than for men. We find somewhat greater differences between people born in Sweden and people born elsewhere. Among people born in Sweden, 73 per cent participated in some form of staff training. The figure was 15 per cent lower for people born outside Sweden. The greatest difference in participation is between groups with different educational backgrounds. While 49 per cent of all individuals with pre-upper secondary education had participated in staff training the figure was 81 per cent for those with post-upper secondary education. Among those with upper secondary education the figure was 66 per cent. The longer education a person has at the outset the more common it is to participate in staff training.

According to the participants' own assessment, the most common effect of staff training is that it contributes to better performance in the current job. 60 per cent state this alternative. Less frequently it leads to new tasks of work (10 per cent), higher pay (4 per cent) or a new job (2 per cent).

¹³ See "Adult participation in education 2011/12", Report 2014:3, Statistics Sweden.

5.2 The supply of education for continuing education and training

To enable occupationally active people to participate in education leading to qualifications that broaden and deepen skills and are viable even with employers other than the current one, it must be possible to combine participation with the requirements imposed by working life. This makes particular demands on the length, pace and form of distribution of the educational programmes.

With regard to higher education, two studies have recently been conducted to examine the supply of education adapted for occupationally active people and how it has developed over time. In these studies, short part-time and distance courses are regarded as courses specifically suitable for continuing education and training. The studies give a coherent picture.¹⁴ The number of such courses with older students increased sharply between 1994 and 2008. Since then, it has decreased by 27 per cent. In terms of the number of students, calculated as full time equivalents, the decrease is even sharper. The number of summer courses has also decreased in recent years. The transition from freestanding courses to programmes has been in progress for a long time and above all was driven by student demand. However, the sharp decrease in short freestanding courses of recent years has mainly been for economic reasons. More constrained allocation of resources and the design of remuneration systems has meant that freestanding courses, in particular distance courses, have often been used as a buffer.

In many ways higher vocational education fills an important function for continuing training and education. The average age of admissions is just over 30 and more than half of the students are studying to change occupations. Four out of ten are studying to enhance their vocational expertise. Higher vocational educational programmes function badly, however, for those in need of studying concurrently with gainful employment, part time or through distance learning. There are no freestanding courses at all and only 23 per cent of the educational programmes last for 1 year or less. The proportion of students in these programmes is lower; 17 per cent, and only 3 per cent of all admissions started a programme shorter than 1 year. The share of places on shorter distance programmes is currently 7 per cent, and only 4 per cent of the students are in short part-time programmes. The very limited supply of short courses that are suitable for people needing to supplement their vocational expertise more specifically have recently been given attention and a proposal made to the Government to make freestanding courses available in higher vocational education.¹⁵

¹⁴ See "Högre utbildning under tjugo år, Betänkande av utredningen om högskolans utbildningsutbud" (Twenty years of higher education, Report from the Inquiry on Higher Education Supply" Swedish Government Official Reports SOU 2015:70 and "Ny kunskap för nya jobb – Eftergymnasialt utbildningsutbud för yrkesverksamma" (New knowledge for new jobs – post upper secondary education supply for the occupationally active), Confederation of Professional Employee Report 4/15

¹⁵ Ministry of Education and Research (2015), "En stärkt yrkeshögskola – ett lyft för kunskap" (Strong adult vocational education – a boost for knowledge), Ministry Publications series 2015:41

The programmes offered by municipal adult education (komvux) mainly target people not yet established in the labour market. A person over the age of 20 is already entitled to participate in municipal adult education at upper secondary level for the purpose of obtaining basic eligibility for higher education or vocational higher education. That right will be extended from 2017 onwards to include education that gives special eligibility for post-secondary education.¹⁶ Applicants who need the education for these purposes will have priority over those who need the qualification for development in their present occupation or to be able to change jobs. Since vocational courses are often considerably more expensive than courses in general subjects, the supply of adult vocational programmes is relatively limited. Particular initiatives have, however, been taken through adult vocational training (yrkesvux). These have mainly resulted in an increased supply in the area of health and social care and in trade and administration. However, this supply does not primarily target those who are occupationally active; priority is to be given to applicants whose previous education is short or who have a weak position in the labour market.

5.3 The overall picture

In summary we can note that the educational activities in which occupationally active people participate consist to a very great extent of short, non-formal educational programmes. People with a longer educational background participate in education and training to a greater extent than those with a short education. The educational programmes mainly improve performance in the current job. Only rarely do they lead to new tasks of work or a different job. Few activities result in a graduation diploma or certificate.

The participation of adults in continuing education and training seems mainly to be a matter of company-specific education that improves the individual's general employability to a limited extent. Today employers have, and should continue to have, full responsibility for training their staff to perform existing and additional tasks of work. This responsibility does not, however, include building up skills aimed at strengthening the individual's position in the labour market in general and making more far reaching shifts in work tasks possible.

The supply of formal educational programmes at all levels for adults is also to a very great extent directed at equipping people before entry into the labour market. This is of course a high priority task and ambitions in this area should not be reduced. But with the current scope of overall educational initiatives the consequence will be that occupationally active people will have little opportunity to build up their skills or change occupation during their working life.

¹⁶ A proposed formulation of the extended right to municipal adult education for eligibility will soon be presented in a Ministry memorandum.

6. Develop and broaden the system of lifelong learning

While Sweden's economy is developing robustly in many respects, the challenges in the Swedish labour market are considerable. In particular, there is a great need to facilitate entry into the labour market for the large groups that have difficulty in getting jobs. Vigorous measures are needed so that both young people and newly arrived immigrants can find jobs faster. These groups often do not have the skills demanded nor the networks that facilitate access to jobs. These difficulties are both acute and have long-term high priority. Quite a few measures are already being taken focusing on the current needs of these groups and the analysis group will later present ideas for the longer perspective.

At the same time we want to emphasise that our ability to effectively manage these challenges is affected by how well we succeed in giving everyone in work today opportunities to continue to contribute and develop in working life when skills requirements and the structure of the business sector change. Consequently, it is quite necessary also to draw attention to the challenges facing people in mid working life.

The dynamics of the business sector are reflected in labour market flows. Good matching is a prerequisite for strong productivity development in the economy. Inward and outward flows in the labour market are of course important for the matching dynamic, but in terms of volume, people changing jobs are predominant. Between 1988 and 2012 10.3 per cent of gainfully employed people changed jobs every year on average. In the same period, inward and outward flows of people in work affected 4.4 and 4.7 per cent respectively of the work force each year in average.¹⁷

In order to reach high employment levels and counteract polarisation in the longer term it is crucial to improve the conditions for meeting future demands for continuing professional development and mobility in working life. Education cannot be regarded as something you go through once and for all when young. Skills requirements change. Periods of developing new skills and knowledge therefore need to be included as an integrated part of gainful employment to a greater extent than today.

Our conclusion is that the system for adult learning needs to be strengthened and broadened so that people with a job will gain the power and opportunity to develop their skills as a natural, recurring part of working life. The measures should strengthen individuals' opportunities to remain and contribute in their present job or actively go on to a new job

¹⁷ Changes of job within the same establishment are not included in the statistics. Data obtained from "Sannolikheten att byta jobb" (The probability of changing jobs), by Andersson, Andersson & Poldahl in Information om utbildning och arbetsmarknad, Report 2014:3, Statistics Sweden.

when the current job is redesigned or for various reasons cannot make justice to the capabilities of the individual. Thereby they will reduce the risk of lock-in and prevent exclusion. They should also help secure firms' skills needs and introduce new knowledge and perspectives that stimulate development and innovation in firms. The developments we foresee indicate that work in insecure employment and self-employment will continue to increase. Therefore it is important that the reforms are designed so that they include the entire working population, regardless of the legal form of work. The measures must also be designed to counteract the current imbalance, where continuing education and training is considerably more common for people who already have a long education.

An effective system for lifelong learning in working life needs to rest on two pillars. One consists of a sufficient and relevant supply of educational programmes and other skills enhancing activities targeting those who are occupationally active. The second pillar consists of tools making it possible to use the available supply in mid working life. To be able to meet the skills development requirements during working life, which we believe will be even greater in the future, measures must be taken in both pillars. The proposals are presented in the following two sections.

6.1 Supply of education for lifelong learning in working life¹⁸

Our proposals concerning the first pillar of lifelong learning mainly involve strengthening existing structures. A number of initiatives and reforms are now being implemented to strengthen the first pillar of lifelong learning. This is being done for example in the form of an increased number of study places, improved quality of educational programmes and an extended right to municipal adult education. But this is not sufficient to meet future challenges. Further measures are needed for the supply of educational programmes and other skills enhancing measures to fulfil the needs of occupationally active people as required in the future. Above all, the opportunities for occupationally active people to attend formal continuing education and training must be improved.

Reforms are required focusing on three aspects: educational programmes need to be in *sufficient supply*, they must be *relevant* to occupationally active individuals in terms of focus and design, and they must be *accessible* to occupationally active.

Through initiatives in the 2015 Spring Fiscal Policy Bill and the Budget Bill for 2016 the number of study places will increase in municipal adult education, higher vocational education and higher education. This should improve access to continuing education and

¹⁸ This section is mainly based on the background report "Utbildningsutbud för livslångt lärande i arbetslivet" (Supply of education for lifelong learning), prepared by Elin Landell on behalf of the analysis group.

training for occupationally active people. But the overall educational needs are great. In order to effectively meet changed skills requirements for the occupationally active regular education must take into account the need for education after entry into the labour market. We therefore propose the following:

- That the needs of the occupationally active for continuing education and training should be accounted for explicitly in educational planning
- That education follow-up includes reporting of performance indicators for continuing education and training for occupationally active people

The supply of education must also be *relevant* for occupationally active people both in terms of focus and design. Well-functioning interaction between education and working life is central to make the focus relevant and contribute to better matching in the labour market. For higher vocational education the relevance in relation to the labour market is strongly pronounced. Representatives of working life must also be in the majority in the higher vocational education management groups. Institutes of higher education have a broader remit which, unlike previously more detailed formulations of objectives, do not point out labour market needs in particular. It is true that the appropriation directions specify that the education programme must meet both labour market and student demands, but while students' demand has a direct influence on the education programmes offered, it is not as clear how the needs of the labour market are to be identified. Legislative support for educational collaboration is considerably weaker than that for utilisation of research findings. At the same time studies show that effective educational interaction makes a better contribution to a country's competitiveness and innovation capacity than research and research collaboration.¹⁹ We therefore propose:

- Creation of arenas for regular and systematic collaboration between each education institution and representatives of working life concerning the dimensioning of higher education
- That educational institutions be instructed to give an account in their annual reports of how systematic collaboration with working life is implemented
- That consideration be given to how educational collaboration can be made clearer in the Higher Education Act

We also see the need for strengthening regional collaboration and governance of the focus and scope of the post-upper secondary education supply. Since circumstances vary across

¹⁹ See Tim Wilson "A review of business-university collaboration, Department for Business, Innovation and Skills" London 2012.

regions, regional coordination is required to make education relevant and of good quality. The supply of upper secondary education for adults is a municipal responsibility. But many municipalities are too small to be able to offer the wide range of education needed. Although the municipalities in many regions have chosen to cooperate, the regional dimension in educational planning needs to be strengthened. The regional platforms of competence, composed of different actors of importance for the region's skills provision, may constitute an important arena in this. At present they contribute coordination support and a knowledge base but have no mandate to directly influence the supply of education. In some industries there are also examples of regional collaboration, prompted by the parties concerned, between firms, trade union organisations, municipalities and private providers of education aimed at influencing the supply of education to better meet future skills needs. But most industries lack regional bridges between demand for skills and those responsible for the focus and dimensioning of educational programmes. We therefore propose that:

- stronger requirements for regional coordination of municipalities' supply within municipal adult education be introduced and that the government grant to adult vocational training is used to stimulate and support collaboration
- the focus of the supply of education in adult vocational training must be clearly based on a regional analysis of skills provision needs
- regional bridges be created between working life and education actors to ensure the relevance of focus and design of educational programmes

The relevance of educational programmes to people who are occupationally active is also a matter of how they are designed. Being able to study part-time, in the evenings and in the form of distance learning is particularly important for people who are occupationally active. It is also important that the supply of education is based on freestanding courses, as is the case in both municipal adult education and higher education. The distance learning opportunities are also relatively good in higher education and municipal adult education in most municipalities, with well-functioning learning platforms as technical support. The share of distance and part-time educational programmes in higher vocational education is still very low, even if the trend is in the right direction. But the main deficiency in this part of the education system is that few programmes meet the needs of working life for shorter, free-standing courses that can be used to build up certain specific skills. Consequently it is important that the Government's instruction to the Swedish National Agency for Higher Vocational Education to investigate how free-standing courses can be included in the ordinary programmes offered by higher vocational education produces results.

The third aspect in a supply of education for occupationally active people, *accessibility*, concerns admission. Individuals who have worked for a number of years often have higher actual skills than their formal educational qualifications show. To give the individual admission to relevant education and for the educational input to be directed towards the precise elements that need supplementing it is important to base admission on actual skills. At present there are rules that support this in all parts of the education system. But to be able to plan and take a position on the viability of a particular educational programme it is also important to have skills validated in advance, so that it is clear which courses and course elements a person will be able to have credited. This is possible in municipal adult education but not in higher education and higher vocational education. Advance notification resulting in a formal certificate would also strengthen individuals' possibilities of changing jobs. We therefore propose the following:

- an investigation be carried out as to how validation of actual skills at post-upper secondary level can result in advance notification of credit transfer and formal course certificates.

The possibilities of being eligible for a particular educational programme assessed on the basis of actual skills is an important first step to give occupationally active people access to relevant education. But eligibility does not guarantee a study place. To manage the selection process for the programmes where the number of applicants is greater than the number of places, a merit value is also needed. It is true that each university and higher education institution has the possibility of allocating up to one third of places on the basis of criteria they themselves decide. However, this is rarely used and the number of admissions with eligibility based on actual skills is very low. We therefore propose the following:

- an investigation be carried out to determine how a special quota group can be designed for people applying to higher education institutions on the basis of actual skills.

6.2 A new system for lifelong learning in working life

Measures related to the first pillar of lifelong learning mainly concern strengthening existing structures. When it comes to the second pillar, however, it is a matter of building something new. The necessary tools for giving those in work real opportunities to utilise the current education supply do not exist today. Access to guidance and advisory services are needed as well as better financial conditions for participating in skills enhancing activities in mid working life. The new system of lifelong learning we propose is intended to prevent unemployment and lock-in effects. It should be targeted towards those above the age of 30

who are in work, regardless of whether they are employed or self-employed. It should not target young people before entry into working life, nor the unemployed. It can supplement but should not replace readjustment initiatives for people made redundant or company-specific staff training. For these situations, there are systems in place that might need improvement, but that should continue to take care of these groups.²⁰

The central components of the system we envisage are:

- general information and communication in support of recurring skills development as a natural element of working life
- individual guidance for occupationally active people over the age of 30 to enable them to see their skills and possible avenues of development
- lifelong learning insurance providing the financial conditions for the individual to participate in skills development activities in mid working life.

Our proposals entail extensive changes in the infrastructure for lifelong learning. To enable their implementation an inquiry is needed to specify the set up and organisation of the support for lifelong learning in working life, the design of the lifelong learning insurance and the changes and adaptations required in the various parts and levels of the educational system. For the reform to be successful, the social partners must be well represented on the inquiry. The inquiry should thereby provide a platform for central government, employers and trade union organisations to reach an agreement on the allocation of roles and financing. For a system of lifelong learning to have the desired effects, the social partners should be encouraged to agree whether requirements can be made of the individual to participate in skills development activities and, if so, in what situations this could be done. In that context there may also be reason to discuss new solutions for parts of the social security regulations for employees. When employees' security to an increasing degree lies in skills and to a lesser degree in the period of employment, there is reason, when working on a reform such as we are proposing, to also review parts of the formulation of the Employment Protection Act. The purpose of the review should be to adapt the regulatory code to the new conditions that a developed system of lifelong learning would impose, without any deterioration in employment protection or change in the balance of power between the parties.

Communication and information

Even if some changes in attitude can be discerned, in particular among younger people, the vision of working life is still very much that you choose an occupation when young and get the education it requires before entering the labour market. A more realistic picture of working life already today and even more in the future is that it is something embarked on

²⁰ Annelie Nordström deals with the delimitations of the target group for the new system in more detail in her background report to the analysis group, "Livslångt lärande – på riktigt" (Lifelong learning – for real).

with some measure of education under one's belt, which then both can and must be added to in light of one's experiences and development in the course of working life. To help individuals who feel that their occupational skills are not being utilised, or are not sufficient, to really use the opportunities for preventive skills development initiatives the proposals here would lead to, will require some communication and information activities.

To some extent this is a matter of influencing attitudes and expectations concerning continuing education and skills development as a natural feature of working life. In addition it will be important to communicate on a broad front what the general premises are for lifelong learning. Broad information will be needed concerning the opportunities for individual guidance and the remuneration that can be expected for part of the loss of income from participating in various skills development activities. In addition, more targeted information will be needed to make it possible for the individual to form a realistic picture of what future development may require and the opportunities that exist in that person's particular field. Descriptions of expected development in various parts of the labour market, the areas where major changes can be expected and the specific educational programmes and other skills enhancing activities that are available, will therefore also need to be made generally accessible and known to the relevant parts of the labour market.

This type of communication and information activity may be partly based on analysis already being undertaken by various actors in both the labour market and the education system. The information must, however, be adapted and communicated to new target groups. Supplementary strategic analysis focused on how changed skills requirements affect people who are already occupationally active may also be needed. As mentioned by way of introduction the question of how the new parts of a broadened system of lifelong learning can best be organised needs to be investigated in more detail. However, we envisage that some form of central function will be needed, with overall responsibility for the various components of lifelong learning. That responsibility includes following and paying attention to the skills development needs of the working population so as to be able, in collaboration with other actors, to ensure that education supply and other initiatives meet the needs of lifelong learning. The function should also include some communication and information activities.

Guidance document

The major part of the Swedish labour market is at present covered by various transition agreements. They have been gradually developed over a period of more than 40 years. Their main purpose is to support people who have been given notice or made redundant in their transition to new jobs so that it can be as fast and smooth as possible. Studies show that 75-80 per cent of people offered support find a solution within the period of the agreement.

Experience from these services also shows that personal meetings, with professional counsellors, are of central importance for people's chances of taking the steps required to move forward in working life. In this context it is a matter of mapping the individual's skills, experience and future plans and assisting with labour market orientation to find possible ways forward. This part of the support is individually tailored to the individual's needs throughout.

Experiences of the current employment transition agreements are also applicable to giving people in work the support they need to be able to continue to contribute and develop their activities – or seek new jobs. This is shown for example by activities conducted preventively in the framework of some of the agreements. Individual guidance and counselling have also been a central feature of negotiations on developed transition agreements conducted between the parties in various parts of the labour market in recent years, with a focus on preventive initiatives. Here too it is a matter of giving individuals better conditions for seeing their various skills, both those used in their current work and those that are not. It is also a matter of obtaining help to see how existing skills can be supplemented to be able to better contribute and develop at the current workplace or achieve better opportunities to move on to a new job.

In the reforms we propose to broaden the system of lifelong learning, offering individual guidance and counselling from a neutral person working professionally and independently of the employer is a central component. The extent of the offer and the pace at which it is to be built up is a matter that should be determined in consultations with the social partners as part of the inquiry we propose that the Government should set up.

One solution could be to initially restrict the offer to individuals or groups where the parties see that there is a heightened risk of redundancy in view of expected business development in a slightly longer perspective. With that type of solution it is necessary to establish that the purpose of the initiative is not to get the individual to leave the business but to provide an opportunity in time to build up or redirect skills to find avenues forward with the current employer or, if the individual so decides, with another employer.

Another solution is that everyone over the age of 30 who is in work should be offered guidance after a certain period in work. This part of the new life long learning system can then be extended gradually. In the long term it may be that everyone over the age of 30 who has a job should be offered counselling. The purpose is to assist individuals to see their skills and possible avenues of development and identify any need for further action. Often the talk will not give rise to any further action. But sometimes it will bring to light the need for further counselling and activities, which must be reviewed in each individual case on the basis

of the guidelines applicable to the service. A pilot scheme of this type has been implemented by Trygghetsrådet TRS (council for redundancy support and advice) with support from Vinnova (Swedish Governmental Agency for Innovation Systems) with positive results in the sense that the sessions helped the participants to start thinking to a greater extent about their current situation and any changes. Among participants there was also a higher percentage than among other employees who took concrete steps to change their situation. Combinations of these two alternatives are also conceivable.

Apart from being receptive and able to assist the individual to identify his or her needs and skills the counsellor, with the support of the new service, needs to have good knowledge of relevant skills development initiatives that meet the needs of the individual. It is equally important to have a good knowledge of the skills that are in demand in the labour market.

The best form in which to organise the guidance needs to be investigated further. Experiences from transition organisations show that it is important to have sound knowledge of the sector where the individual is active. At the same time it is important that the service is organised to facilitate opportunities for the individual to move between sectors. The central function, with overall responsibility for the various components of lifelong learning, as discussed earlier, can have an important role to play here. A common strategic intelligence function, with particular capacity to analyse future skills needs, may contribute knowledge to the guidance functions of the more sector-focused counselling activities. At the same time a central function can contribute to preventing stovepipes and facilitating matching between sectors.

Individuals should be entitled to the guidance. If there are also to be situations where individuals are required to participate in guidance and skills development activities this should not be regulated in law but be agreed on by the parties. A well-designed system of lifelong learning will improve individuals' potential for security in working life through their skills rather than in the length of employment. However, it should be left to the parties to agree on how employee security should be handled when skills development activities are undertaken with a view to leading away from the current employment.

Lifelong learning insurance

The study support available today is perceived by many people in mid working life as insufficient to finance continuing education for adults. A sample survey by the Confederation of Professional Employees shows that half of all white-collar workers do not have real opportunities for skills development or continuing education that would strengthen their chances of moving to other jobs or employers. Half of the respondents also state that they would find it difficult to manage financially if they were to participate in continuing education

for one year. With compensation equivalent to unemployment insurance benefit just over 80 per cent state that they would choose to participate in continuing education in the next few years.²¹ Data on the percentage of people who study with study support in mid-life also shows that today's study support system is not in general perceived as an alternative at that stage. In higher education the figure is about 35 per cent at the age of 40. The percentage falls gradually to 20 per cent at the age of 45 and 13-14 per cent at the age of 50, 8 per cent of whom only have student grants.²²

The current study support system therefore needs to be supplemented with some form of income loss compensation that arises when a person decides to study in mid-life to strengthen their opportunities for continued work. What can and should be done to improve individuals' financial chances of building up their skills in the course of working life has long been discussed in several contexts and various proposed solutions have been presented. In the early 2000s the main discussion concerned a model of individual learning accounts and a government inquiry presented a solution that was never put forward for legislation. Thereafter various forms of collective insurance-like solutions were discussed.²³ An international survey also shows some solutions that have been used in other countries to give individuals the financial capacity to participate in continuing education during working life. Some solutions closely resemble the model of individual learning accounts that was discussed in Sweden while other examples, such as that in Finland, are more in the nature of lifelong learning insurance.²⁴

A collectively agreed model has several advantages. One drawback is, however, that it does not cover the entire labour market, but only employees at workplaces with collective agreements and then in general only those who are permanently employed. Consequently we believe that the Government should initiate the establishment of a general and compulsory lifelong learning insurance scheme for the entire labour market. The detailed design and how it can be coordinated with the solutions discussed by the parties needs to be investigated in close collaboration with the social partners. One alternative could be to find a solution based on collectively agreed models that are supplemented by a regulatory framework for the parts of the labour market that are not covered by collective agreements. Another is to allow the parties through agreements to take over part of the financing and responsibility for administering the insurance scheme or to contribute with further co-financing. Regardless of

²¹ See TCO granskar, (Confederation of Professional Employees publication) issue #3/2010 "Växande behov av vidareutbildning" (Growing need for continuing education?).

²² Data is based on statistics from Statistics Sweden.

²³ A more detailed account of the proposed reforms presented earlier is given in Annelie Nordström's background report to the analysis group, "Livslångt lärande – på riktigt" (Lifelong learning – for real).

²⁴ The background report "Livslångt lärande – på riktigt" (Lifelong learning – for real) describes initiatives taken in four different countries: France, the United Kingdom, Canada and Finland.

the entry point chosen, the objective should be to create a solution that gives occupationally active people the possibility of compensation for parts of the loss of income when they study or participate in other skills development activities.

The insurance scheme should be mainly financed within the existing scope for wages and reform. It should be done mainly through some form of collective contribution or provision. A small part of the loss of income arising in connection with studies and similar activities should be the individual's own responsibility. For that purpose some form of statutory individual contribution or individual learning account can be considered.

An inquiry also needs to determine the details of how an individual is to qualify for compensation. In existing transition agreements the triggering criterion as a rule is that the individual has been given notice or is in the course of being laid off. For the system discussed here there is no such clear triggering event. Consequently, rules for how an individual qualifies for compensation need to be formulated. It may seem plausible that the guidance function in the new structure should be responsible for this assessment. However, such an interconnection of functions risks undermining the purpose of the guidance. The main purpose is to support individuals in the process of seeing their opportunities and limitations in the labour market and where necessary mobilising them to take the steps necessary to change their situation in working life. If at the same time the guidance aims to make assessments on which decisions of the individual's rights will be based it will be difficult to create the trusting relationship required in counselling and guidance. Consequently, it is important to keep separate the guidance functions from tasks linked with decisions on the right to compensation.

Various forms of points systems are one solution that has been mentioned in earlier discussions. An advantage of such a system is that it can be made clear and predictable for the individual. It also means that the individual can independently take the initiative to exercise the right to compensation, after earning sufficient points. One drawback, however, is that the ranking of who should have the opportunity to use the insurance in a particular year would in principle only be based on the number of years in working life, even if some weighting of other factors could conceivably be part of the system. Another solution is to base the ranking on an assessment of the risk of unemployment (or ill health) within a certain period. This solution would mean that a person in greatest need of preventive measures would have the highest priority, which is attractive. How and by whom this assessment should be made is, however, not self-evident.

The educational programmes that would give the right to support should be broadly defined. Leisure-time or hobby-oriented programmes should, however, not qualify for support. Apart from short programmes that qualify for study support, the possibilities should be examined of also including workplace based training and programmes initiated by the new service, even if they are not covered by the study support system. A distinction should be made, however, from company-specific staff training. It should therefore be a requirement that the educational programme leads to a qualification to ensure that it is a matter of knowledge and skills that are transferable between workplaces. In the detailed formulation of lifelong learning insurance the possibilities of implementing certain changes to the study support system linked to the use of the lifelong learning insurance should also be discussed. The purpose of the new structure should be to support and facilitate individuals in work to supplement their skills in order to strengthen their continued potential to make a broad contribution in working life. In cases where the individual decides to leave working life for a period and undertake a longer educational programme, this should on the whole take place within the framework of the ordinary system of education and student financial support.

Coherent responsibility for lifelong learning

A coherent structure for lifelong learning in working life needs to be created, with a clear division of roles and responsibilities between the State and the social partners and also between different actors in the public arena, such as the Swedish Public Employment Service and the various education policy actors. Within this structure an organisation should be established with overall responsibility for the various components of lifelong learning. Whether that part of the organisation is to take the form of a foundation, a government agency or something else should be decided by the Government together with the social partners. The remit for that part of the new structure is:

- to be responsible for overall analysis of how long-term trends and changes affect skills requirements and the impact they have on the occupationally active
- to contribute to increased general awareness of the importance of continuing skills development in working life
- in collaboration with other actors to ensure that the supply of education and other measures meet the needs of lifelong learning.
- through these functions to support the guidance activities.

This part of the organisation must therefore have the capacity, in collaboration with other actors, to identify and analyse trends that affect skills requirements in the labour market. In addition to this, the specific remit of this service is to relate these needs to the skills that exist among people who are already occupationally active. It is necessary both to provide good

support to the guidance activities and to be able to influence the supply of education so that it meets the needs of the business sector and other operations.

The responsibility for the other parts of the reform – the more targeted communication and information activities, the individual counselling and management of lifelong learning insurance – can also be organised in different ways. The solution chosen here depends to a great extent on the conclusions of the inquiry as regards the division of roles and responsibilities of the various components between state actors and the social partners. One alternative could be to build further on the existing transition organisations. Another is to build up new organisations, owned by the parties. It is also conceivable that these parts of the reform, or some of them, could be incorporated into an existing government agency or that a new agency be set up for this purpose. In so far as this takes place, the social partners should sit on the board of the new organisation and be expected to participate actively in developing the service. Regardless of the form chosen, the individual counselling in particular will need to be implemented in a local structure to be relevant and accessible to everyone.

Of existing agencies today, only the Swedish ESF Council's activities, within the framework of the European Social Fund, focus on equipping individuals in work to build on their skills. Within what is called programme area 1, support is given to projects to facilitate for people in work to develop in pace with the requirements of working life. However, at present support is only given to fixed term projects, not continuous operations. The activities are also to a great extent subject to frameworks that the EU determines. The Swedish Public Employment Service may then appear to be a more relevant alternative. However, the reform we propose is intended for people who have a job, which is a different target group from those whom the Swedish Public Employment Service currently focuses on. To enable the service to be built up well and win the necessary confidence among the relevant target group it is important that the remit is clear and of high priority, particularly in the building up phase. Even if it is important to be restrictive in setting up new organisations, the difficulties associated with creating something new of this type in an existing organisation should not be underestimated. In so far as the service is to be organised in a government agency at all there should be openness to the possible need to set up a new agency.

To meet the increased demand for education and training that the reform is aiming for, the total capacity of the education system will need to grow. Moreover, some amendments to the regulatory code and resource allocation system governing the various parts of the education sector will be required to ensure that the education supply meets the needs of lifelong learning. Continued development of new forms of delivery of education other than the traditional forms will be needed. Demand will probably also increase for other types of skills

enhancing initiatives, such as validation and assessment of actual skills. Better opportunities for validation and assessment of earlier education and actual skills are not just important for granting access to various educational programmes on relevant grounds, but also to make it easier for other employers to assess people's actual skills and thereby facilitate mobility in the labour market.

6.3 Initiatives that pay off – an investment for the future

A reform for the future of this kind naturally entails costs. Apart from the contributions that must be channelled to lifelong learning insurance, the new system will require resources for the organisation with a local structure that will be responsible for general and individual guidance and information. There will also be a demand for more study places and the overall responsibility for the various components of lifelong learning will also entail some, but more limited resources.

The extent of the costs naturally depends on the level of ambition on which the system is designed. In the first instance they should be financed within the existing scope for wages and reform, but consideration should also be given to redistribution of both central government's and the social partners' commitments, as well as changes in the tax intake. Both the question of the reform's level of ambition and the question of how financing of its various components is to be shared between the social partners and central government need to be discussed between the Government and the social partners.

Even if the reform entails costs that require funding it should above all be seen as an investment in increased mobility and real security in the labour market and better skills provision. In our opinion it is an investment that is necessary to capture the opportunities arising from digitalisation, automation and globalisation. The effects of investment in continuing education have been analysed in numerous theoretical and empirical studies.²⁵ These have shown that for the individual there is a correlation between continuing education and increased pay and employability. For firms the studies have noted effects in the form of increased productivity, profitability and innovative capacity. The investment in the knowledge and skills of occupationally active people that the reform constitutes is also intended to reduce the risk of exclusion and increased polarisation of society that a rapid structural transformation entails. If this is handled well, the costs of the initiatives that must be taken when ill health and unemployment have actually arisen should be less than they would otherwise have been. This refers to costs for unemployment benefit and labour market policy programmes, sickness absence and rehabilitation as well as the municipalities' costs for

²⁵ See Thomas Ericson "Personalutbildning: en teoretisk och empirisk översikt"(Staff training: a theoretical and empirical overview), Report from the Institute for Labour Market Policy Evaluation 2004:8.

income support and other support to people who can no longer find a place in the labour market.

It is true that dynamic effects of this type cannot be taken into account in financing the reform. However, they are quite central in a more general assessment of its economic and social significance. Together with other proposals that the analysis group will present the reform is expected to improve conditions for firms to find the right skills, to grow and create new jobs and also to facilitate the provision of skills and development of operations in the public sector. In addition, it can be expected to limit social and economic costs of unemployment and work-related ill health.