

Lithuania's Progress Strategy "Lithuania 2030" Open Progress Forum

Lifelong learning: potential, promise, and pitfalls

Gregory Wurzburg
Senior Analyst OECD (retired)
gregory.wurzburg@gmail.com

Lifelong learning and the emerging importance of 'human capital'- recent history

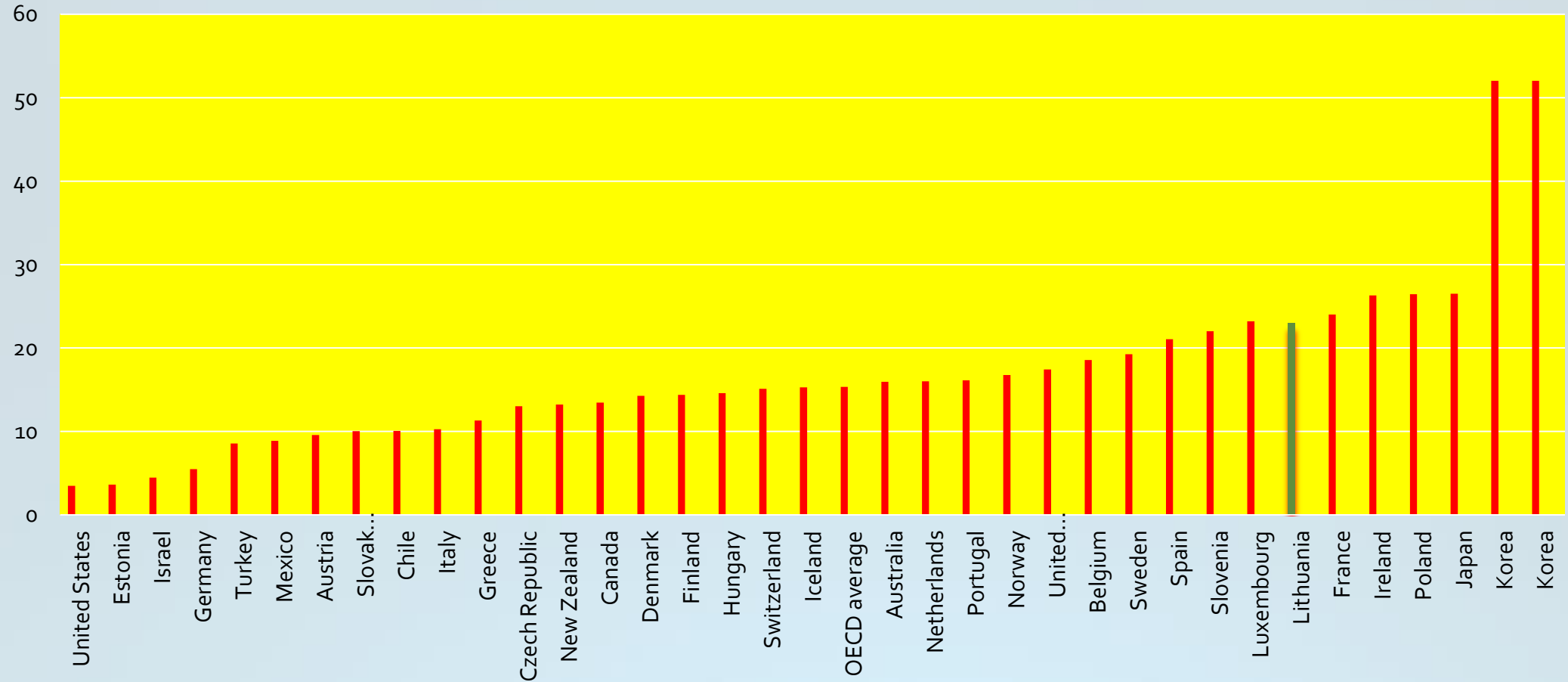
- Early 1990s OECD Jobs Study -“Human capital” -- a powerful determinant of national economic performance, enterprise productivity, and individual labour market outcomes. Skill changes were accelerating.
- Mid-1990s OECD and European Union Education identified lifelong learning as a strategic tool for updating and upgrading skills and competences, ensuring that economic progress stays linked to social progress.
- 2000 OECD Growth Study confirmed role of human resources and trade as most important determinants of productivity and growth at a macro-economic level.

In fact... young people and their families had already discovered this

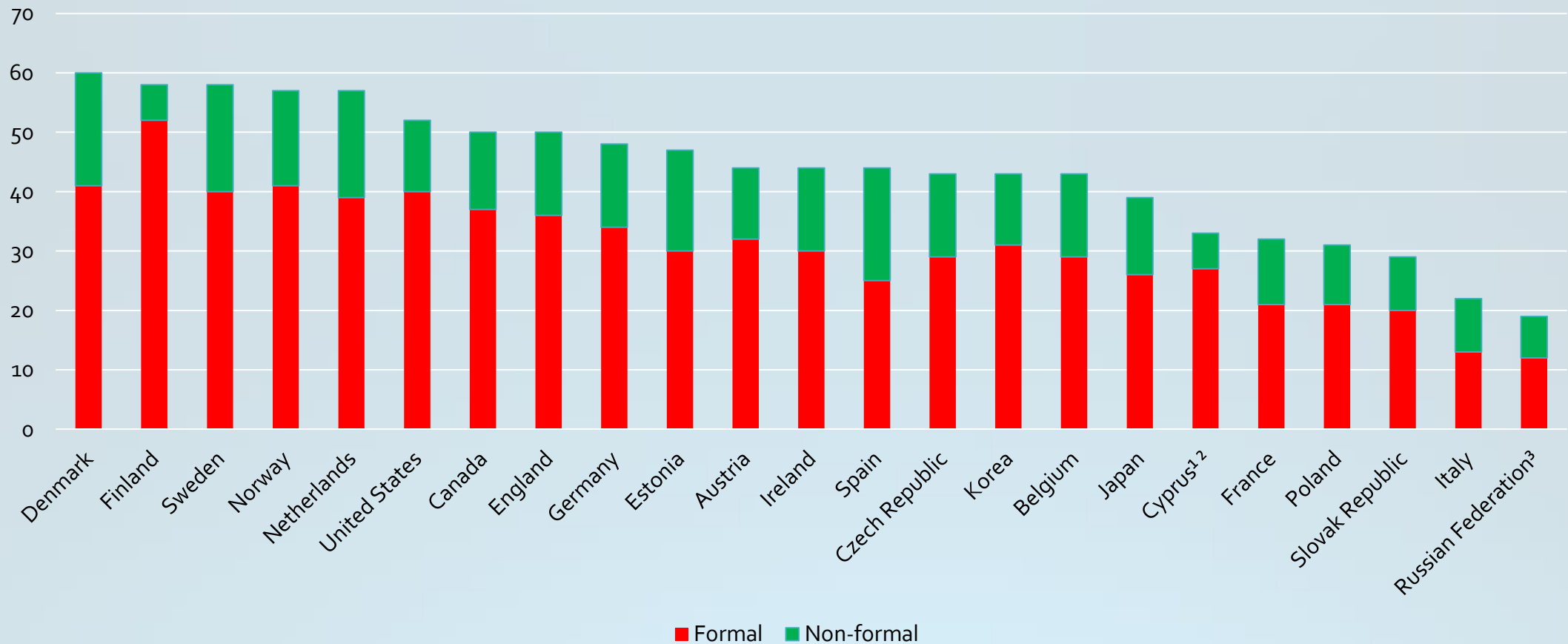
- Participation in education expanded in OECD countries starting in the 1980s and 1990s.**
- Completion of upper secondary rose.**
- Participation in tertiary education rose.**
- Easiest way to see this is to compare attainment levels of younger and older adults.**

Differences in proportion of 25-34 and 55-64 year olds with tertiary education (percentage points)

data for 2012 source OECD EAG 2014



Participation in formal and non-formal education and training in preceding 12 months (%)(PIAAC)



Where does Lithuania fit in?

- 2/3 of the working age population of 2030 is already 20 years or older
- Pace of technological change isn't slowing down
- This means LLL will be critical for upgrading and updating their skills and competences.
- Demographics: average age comparable to the average for EU, but population is declining because of low birth rates and emigration,

Are Lithuanians ready ?

- Educational attainment – the foundation for further learning:
 - Completion of upper secondary education or tertiary education– Lithuania is well above the EU average.
- Participation of adults in education and training is about half the EU average.

Growth of lifelong learning for adults has been uneven almost everywhere

- Elsewhere the highly qualified participate the most in lifelong learning, and the poorly qualified participate the least.

Why do Lithuanians participate so little?

- Don't they read what the EC says?
- Or are incentives too weak?
- How affordable and accessible is lifelong learning?
- What do trade unions say? What do employers say?
- Lack of capacity?
- Other reasons?

Incentives for Lithuanians to invest in lifelong learning

- Are they sufficiently strong?
- Can they be strengthened?
- Is lifelong learning a risky investment?
- Are there 'asymmetries' in burdens of cost and flows of benefits?

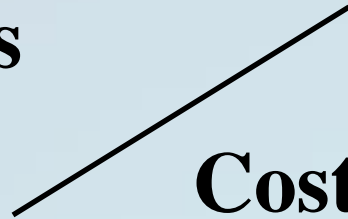
Internal rate of return as a measure of strength of incentive to invest in LLL

$$\text{Internal rate of return} = \frac{\text{Benefits}}{\text{Costs}}$$

(adjusted for the cost of capital)

Incentives to invest can be raised by increasing benefits

Benefits



Costs



**Internal rate
of return**

Benefits can increase...

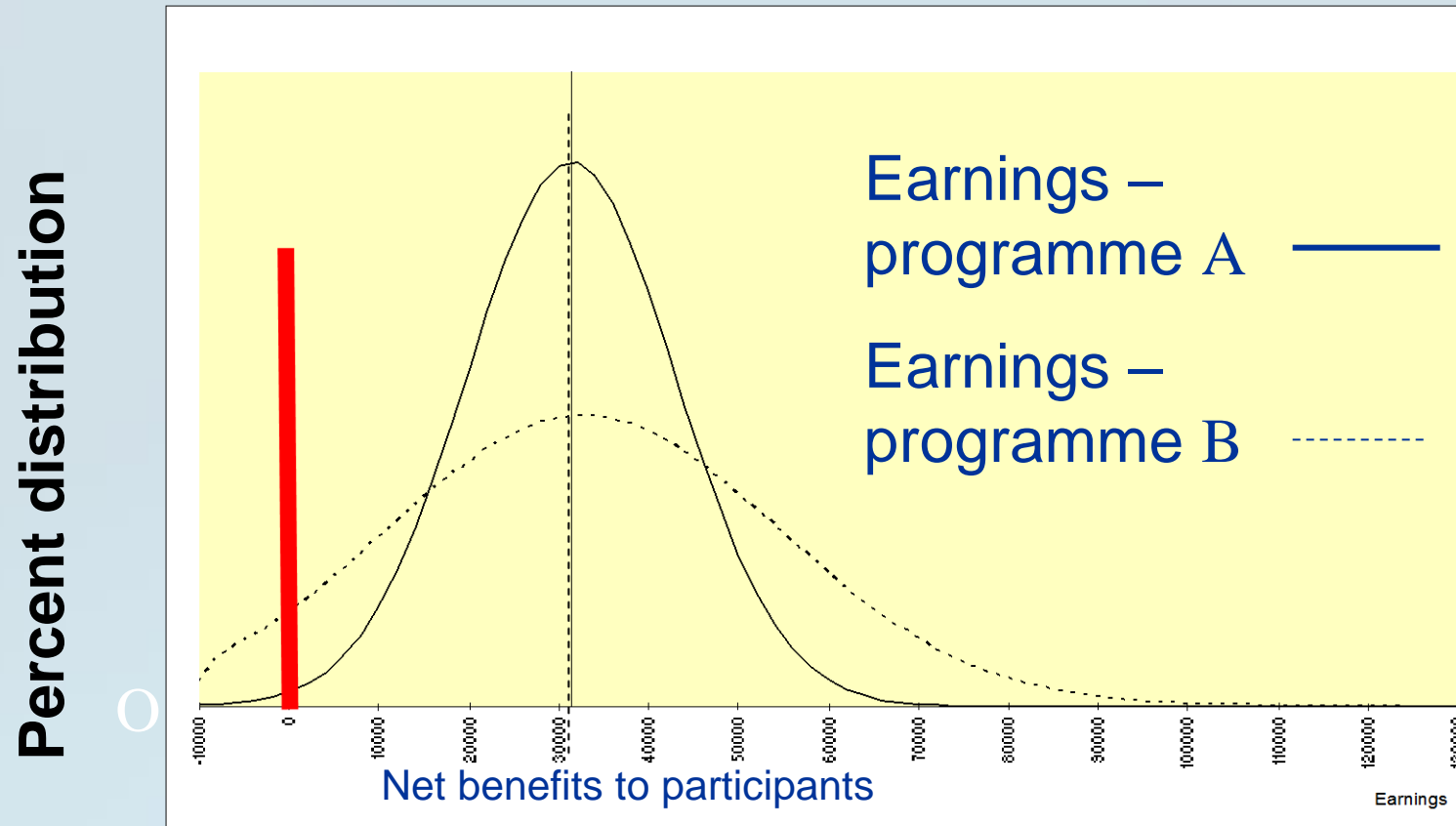
- **With improved quality of learning opportunities**
- **With motivation for teachers as well as learners**
- **With systematic recognition of learning outcomes**
 - In internal as well as external labour markets**
 - In collective agreements**
 - In education and training institutions**
- **With transparent markets for learning**

Risk

**Investment decisions are influenced by expected returns
(earnings, productivity, adaptability)**

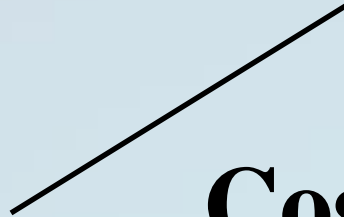
- Evidence of average returns...**
- And where an individual – as well as an employer--
situates herself or himself in relation to the average**

An example -- Same average earnings, different risks (different chances of achieving average expected returns)



Incentives to invest in can by strengthened also by reducing costs

Benefits

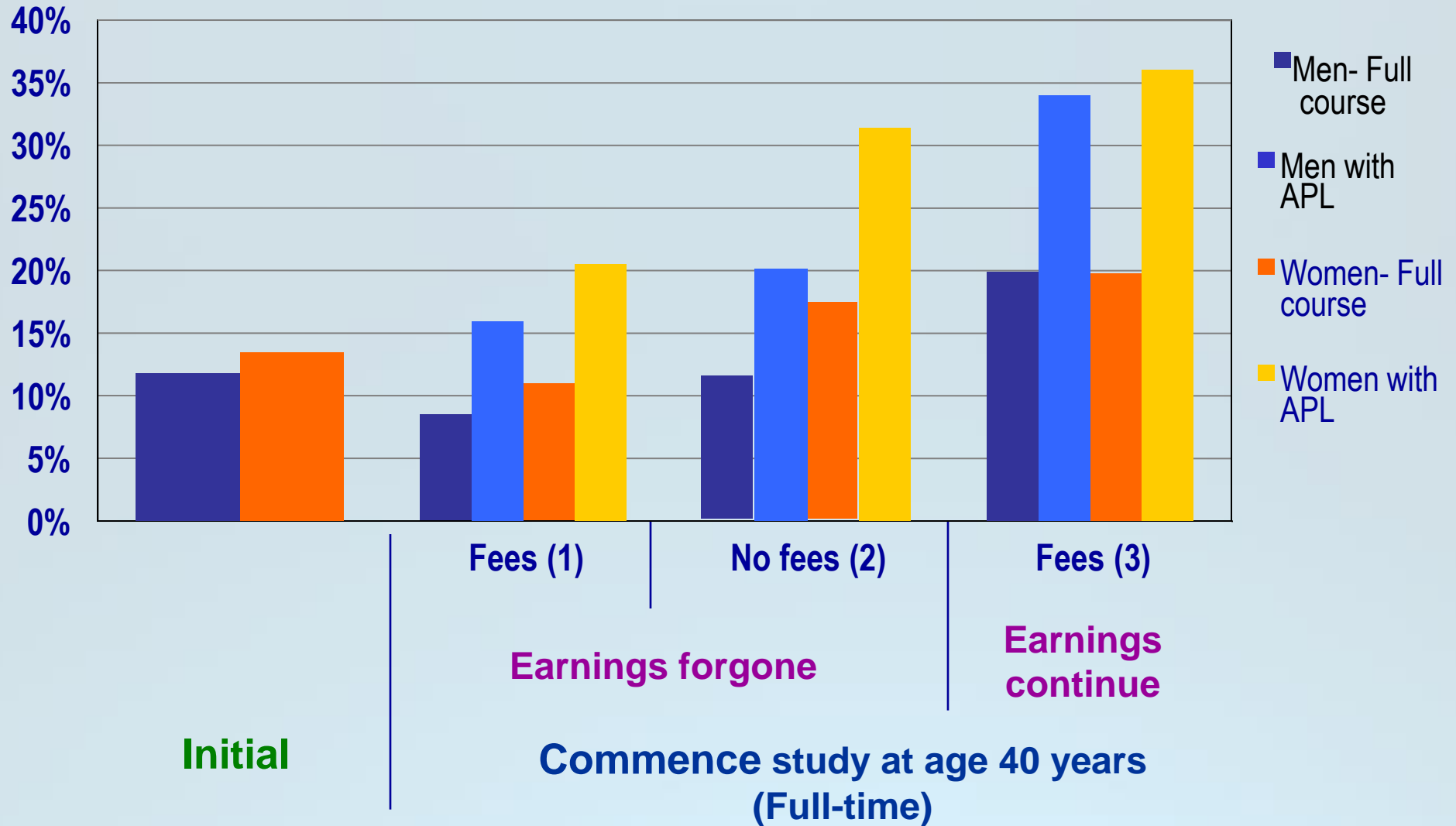


Costs



**Higher
internal
rate of
return**

Private rate of return to higher education under policy scenarios to reduce/shift cost (example of the United States) (an old example)



Initial

Earnings forgone

Earnings continue

Commence study at age 40 years (Full-time)

Gregory Wurzburg Brussels, Belgium
 gregory.wurzburg@gmail.com

Reducing costs

- Pay attention to what drives costs
- How important are direct costs (tuition) relative to indirect costs of foregone earnings?
- Duration and location of learning may determine whether it is compatible with family and work commitments.
- Are « learning markets » transparent?
- The role of 'recognition of learning outcomes'

Lessons about incentives

- **Policy and institutional arrangements need to address benefits as well as costs**
- **LLL is interesting with some income replacement**
- **Reduced duration (through credit for prior learning) has powerful incentive effect**
- **In most countries incentives at secondary level are weaker than at tertiary level**
- **Risk needs to be taken into account**

Incentives alone are not enough. What are the means to act on incentives?

- Good incentives are signals of *potential* net gains
- Financing mechanisms provide the means for *realising* those potential gains
- To work they should
 1. Be sufficient in scale
 2. Mirror the flow of benefits

Why don't Lithuanians participate more in lifelong learning?

1. Are the average returns to lifelong learning substantial enough to make lifelong learning interesting?
2. How can average returns be raised?
3. Is it feasible to reduce risk?
4. Are there appropriate 'institutional arrangements'?
5. Beware of over-emphasising *requirements* to train or invest in training capacity

Learn from other countries!

Participation in formal and non-formal education and training in preceding 12 months (%)(PIAAC)



Questions for Lithuania

- 1. What exactly is the question to which lifelong learning is the answer?**
- 2. Are the incentives to lifelong learning sufficient for individuals to invest? For employers? For governments?**
- 3. Are there opportunities to raise benefits of LLL? Reduce costs?**
- 4. Who enjoys the actual benefits? Who would enjoy the potential benefits? Who pays for lifelong learning now? Are the flows of financing and benefits symmetrical?**
- 5. Is the scale of lifelong learning arrangements appropriate? If not, how do you know? If not, why not?**
- 6. Where does LLL fit into the demographic dynamics?**

Ačiū

Thank you for the opportunity to
speak today