



THE ADECCO GROUP

Briefing Paper

Individual Learning Accounts

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Introduction

The world of work is rapidly changing. The green transition, megatrends like AI and digitisation, and the increased mobility of jobs and the workforce mean that established work models will soon be a thing of the past. If we are to harness the potential of these developments and create inclusive economic growth, we need to ensure the adaptability of the workforce through large scale investments into continuous skills development.

As individuals, we will have to actively update our skills to compete on the job market. As employers and governments, we have a common duty to enable our workforce and our citizens to do just that. As social partners, we have a responsibility to facilitate and foster a culture of lifelong learning and the understanding that skills are the determining factor in the future world of work.

Succeeding in this is not only a social responsibility, but also a financial and economic necessity. The European

Economic and Social Committee [estimates](#) that the European economy loses 2% productivity p.a. to skills mismatches. Investing into skills development means to safeguard prosperity and social cohesion in the long-term. As has been highlighted in the 2020 [Global Talent Competitiveness Index](#), the battle for talent is set to intensify as talent rises to become the determining battleground for competitiveness. It is therefore imperative to make investment into skills development an integral part of business and government budgets in the future. Importantly, accounting models should reflect that investments into human capital and talent are investments into key assets, which should make them amortisable.

The Adecco Group believes that Individual Learning Accounts (ILAs) hold strong potential to keep pace with the rapid speed of skills evolution, particularly by investing in all workers, including those in diverse forms of work. We therefore welcome the plans announced by the European Commission to promote ILAs across the EU. In this paper, we share our vision on how to design an ILA system for optimal outcomes that reflects the reality and diversity of the world of work.

Not within the scope of this paper, however also in need of urgent attention, are the other elements of a necessary holistic approach towards delivering portable and individual social rights that society still needs to address, including for example the design of the education system, taxation of investment in skills, and certification of the outcome of informal and non-formal learning.



Funding



Studies examining different ILAs in various countries, 5 of which within the EU, have shown that in order to guarantee successful implementation and high participation, the right funding scheme is indispensable.

ILA funding should be continuous and remain predictable in spite of changing administrations and political agendas. Methods to avoid subjecting ILAs to the changing winds of politics and to safeguard lifelong learning, could include long-term commitments as well as supranational supervision.

Furthermore, ILA funding should not go at the expense of existing employers' investment into re-/upskilling of employees. However, employer provided training may not reach those in most need of training,

such as low-skilled workers, workers with non-linear careers or those in diverse forms of work. Funding for training of these groups of workers therefore needs a careful balancing between public and private sources.

The European Commission has raised the possibility of financing ILAs through the European Social Fund+ (ESF+) and stressed the importance European Investment Banks's (EIB) role for social investments and the re-/upskilling of the European workforce. We consider this a promising aspect that would support the abovementioned challenges. The coordination of policy planning together with resting the financial risk on the broader shoulders of the EU could initiate an important new push for ILAs in the member states.



Social partnership



It is important not to confuse policy coordination with one-size-fits-all approaches to ILAs. Different labour markets and social conditions make for different solutions. That is why the realisation of ILAs will have to be handled by national and regional stakeholders, who know the specific demands of local labour markets and their complex social structures. In order to design the best ILA schemes a careful consideration of lessons learned from best-practises around the world and the input of all social partners are needed. Engaging in new fora in order to enshrine lifelong learning within a new social contract must happen

inclusively between policy makers, employers, unions and individuals. Making sure that the supply of training programmes addresses the demand of the labour market has proven to be the make-or-break obstacle for schemes around the world. The Singaporean Future Economy Council provides a positive example of all stakeholders sharing labour market insights in defining a comprehensive skills agenda. Involving labour market actors from all spheres helps to avoid a mismatch between programmes and skills demand, which in turn prevents fraudulent practises.



Accessibility and Participation



Assessments of ILAs by the ILO and the OECD have highlighted that co-financing by individuals and ex-post reimbursement schemes can constitute participation barriers for disadvantaged groups and enforce social inequality. The changes underway affect the entire workforce and we cannot afford to exclude those that have the greatest need for reskilling and upskilling. Particularly workers in diverse forms of employment and non-linear careers still face structural disadvantages when it comes to accessing training rights.

Complicated procedures and bureaucracy in the registration process have been a big risk to schemes as they too constitute hurdles for many potential participants. Here, the recent launch of the French mobile application “Mon compte formation”, which provides a simple gateway to the French ILA (Compte personnel de formation, CPF), highlights the benefits of digital solutions by registering more than 1 million

participants in the first 3 months. Still, the OECD points out that while it is effective to utilise digital solutions, keeping alternative channels for applications and guidance available is of vital importance to those less experienced in the digital world. This is particularly important in light of the re/upskilling need of older workers. Simplifying registration is a good start, but guidance throughout the process is essential to achieve lasting participation and engagement.

The need for simplicity also underlines the risk of creating a scheme that is targeted to only a limited set of workers. ILA's are excellently suited to support workers throughout labour market transitions and should therefore not be dependent on overly complex procedures establishing a workers' employment status or skills level before granting certain training rights.





Guidance and quality



Funding and supply are not everything. It is a well-established fact that workers who need it most, are often the hardest to reach, and low participation rates among low-skilled workers, older workers and workers in diverse forms of work send a clear message to stakeholders that accompanying measures are needed.

This should already start during initial education at school, where students should be infused with a lifelong learning mindset.



As part of the ILA, a set of measures should be developed:

- Providing guidance and counselling to workers and addressing concerns about the future needs to be part of active labour market policies. Inclusivity means that providing the tools to staying relevant in the labour market must go hand in hand with teaching workers, particularly those already in precarious situations, how to make use of them.
- The OECD finds that the most decisive factor for employees to undergo training is the enabling environment created by the employer. However, when needed, governments should consider providing supplementary income during training, especially to low-income workers.
- For workers to feel empowered to use the ILA, they need to be able to rely on the quality of training providers. Quality control of providers should therefore be part of establishing an ILA. Part of this quality control should be a process that incorporates learnings through evaluations by programme participants. This gives workers a stronger voice as part of a truly inclusive approach.



The Adecco Group calls for action



Heading into the future, a common concern for all social partners will be the widening skills gap. A well designed and comprehensive scheme for ILAs facilitated by the European Union and implemented by a strong public-private partnership of governments and employers can lead the way in effectively addressing it. We need to make ILAs a central

aspect of individualised and portable social rights within the framework of a New Social Contract that takes account of the transforming world of work. The Adecco Group calls upon all social partners to engage in this crucial endeavour and will remain committed and responsible in helping to make the future work for everyone.

