



## &gt;&gt; Opinion

## The Importance of Lifelong Learning

In view of the impending demographic change with its two-fold effect of aging corporate workforces and a shortage of young skilled workers, the catchword of "lifelong learning" is gaining significance. Human capital, when continuously developed and enhanced to meet the requirements of professional life, is the most important asset in the quest to achieve competitive firms, a functioning labor market, and a wealthy society. This is why workers must be enabled to adjust to the changing demands of modern labor markets. Since a lack of further training lowers the productivity of employees in aging workforces as well as their individual reemployment prospects, it will ultimately lead to higher government expenditures for labor market policy.

Countries that were running early retirement policies for many decades now have the greatest need for longer average working lives. Strikingly, it is precisely these countries that also have the greatest shortcomings in the provision and acceptance of further training. In this respect, Continental Europe lags far behind Scandinavia and the Anglo-Saxon countries. The reason is quite simple: The shorter the working life, the weaker the incentives for firms and employees to invest in human capital. Low-skilled workers have the poorest access to further training – and the highest risk of unemployment as they grow older.

Lifelong learning offers a solution to this dilemma. However, as plausible as this concept sounds, the real difficulty is to find the right instruments for its implementation. Today's employers already have strong incentives to invest in firm-specific knowledge. But this alone is not enough. The key objective must be to improve the employability of workers through the acquisition of transferable human capital. This is mainly up to each worker's own initiative.

The need for individual investment in occupational training must become as firmly entrenched in our minds as the need for private old-age provision. Systematic public subsidies in this area can be useful to prevent underinvestment that may eventually lead to long-term unemployment and wel-

fare dependence. Policymakers should therefore consider the introduction of individual training accounts that would be subsidized according to individual unemployment risk. This would encourage people to undergo further training on a regular basis, particularly those who have been rather inactive in the past.

The success of this proposal hinges on an improved transparency of the market for further training. Broad participation in lifelong learning can only be achieved if the potential participant is able to find and assess the wide range of available programs, and to combine courses offered by different providers. Independent classification, certification, and quality control of training providers must therefore become an integral part of the system.

Apart from further training, the structure of vocational and academic training at the beginning of a professional career must also be critically assessed. The ability to learn and to adjust to changing requirements at a later stage in the working life is much greater among those who have acquired general rather than occupation-specific skills before starting their careers. While Germany's dual system of vocational training is highly formalized and well-structured, it leads to an occupational specialization that tends to become problematic over the long term. Based on this insight, vocational and academic training should be reorganized to allow for a core element of basic education, which can be complemented by modular elements. In the very sense of lifelong learning, these additional elements could be acquired on the job. Important first steps in this direction that have already been taken include the restructuring of German university education towards bachelor's and master's degrees based on the Anglo-Saxon model. With regard to vocational training, there is a lot we could learn from Denmark.



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