

Upskilling Ireland's Workforce:

Following Through
on High Ambitions

SUMMARY REPORT

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Executive Summary

01.

Fastrack to IT (FIT) is dedicated to addressing the skills requirements of Ireland's increasingly digitalised economy, demonstrating that wider access to tech skills training leads to exciting career paths and employment opportunities.

This piece of research explores the potential boost to skills supply that can come from the newest frontiers to skills development in Ireland – the upskilling of people already in employment, and life-long learning.

Our national skills strategies are being pushed and pulled to do so by a variety of forces.

Pushed because the workforce and not just the population is ageing. Many with decades of their working lives ahead of them will see their existing jobs transformed by technology, and will face intensifying global competition for talent.

Pulled because of the extent to which an all too large number in the workforce have underdeveloped skills or skills destined for obsolescence. This is contributing to a lack of balance and unevenness in economic participation.

With all of this in mind, the research focuses on the following:

- **Ireland's New Model of Economic Development** outlines the direction of travel that has been set for skills development, in a new generation of strategies for Ireland's medium, and long-term economic development.
- **Working to Overcome Challenges in Ireland's Labour Market** reviews Ireland's performance, by international standards, and examines the levels of skills wastage in the workforce.
- **Accommodating Changes Still Needed in Education** focuses on key features of Ireland's upper secondary school system and the role it plays in anticipating and minimising skills wastage at a later stage.
- **The Differential Impact of Covid-19** examines the consequences of the pandemic on Ireland's workforce, and lessons from previous crisis recoveries are outlined.

Ireland's New Model of Economic Development

02.



Traditionally Ireland has front-loaded... learning at second and third level, but the world of work has evolved with people changing jobs multiple times throughout a lifetime.

Learning to Lead, Accenture Ireland

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Ireland's New Model of Economic Development

Updated strategies of several government departments responsible for Ireland's economic and social development now recognise the importance of upskilling the workforce.

- There is a breadth of support available suggesting that Ireland should take the 'high road' to maintain the competitiveness of enterprise and the national economy.
- Ensuring that people in low-paid and insecure work have the opportunity to up-skill for better paid and more secure employment can be considered strategic on many levels.

In order to achieve these strategies, ensuring recognition, fair remuneration and decent terms and conditions is pivotal, on the lower rungs of the labour ladder.

- In this context, a review of Ireland's national minimum wage (NMW) relative to earnings in the rest of the labour market is instructive.
- Public encouragement and recognition should be awarded to employers who voluntarily pay a higher Living Wage, i.e. a wage rate that affords employees a minimum essential standard of living.
- A Living Wage in Ireland is currently estimated to be 22% above the NMW.

Ireland's new emerging script makes it more vital than ever that education and training providers now 'step up to the mark' to advance the country's long-term economic objectives.

- The ambitions of *Ireland's National Skills Strategy 2025* and of *Skills to Advance* are that all employees, regardless of circumstance, should come to regard and practice upskilling, as a normal part of employment, in contemporary Ireland.
- 'Train first' rather than 'work first' needs to be widely embraced as the preferred or default position in activation policies.





Taking the “high road” is in line with National Economic Strategies, now acknowledging the importance of skill building within Ireland’s workforce

The Organisation for Economic Co-operation and Development (OECD) and the International Labour Organisation (ILO) make a useful distinction between employers who pursue “high road” strategies and those who pursue “low road” strategies.

Employers who pursue the “high road” consider their employees and the skills that they possess as an integral part of their business’ competitive advantage, while employers following the “low road” see labour as a commodity and a cost to be minimised.

Following the “High Road”

Taking the high road entails being prepared to see some firms close while others expand. However, pursuing this strategy can be considered strategic on many levels:

- Higher skills enables more autonomy, greater job security, and a better employer/employee relationship.
- Reduced staff turnover, improved productivity, greater business resilience during volatile economic times.
- Beneficial for the State’s finances by increasing revenue from payroll taxes.

Remaining on the “Low Road”

Some employers regard the ‘low road’ as the only business model open to them, regarding the ‘high road’ as simply not viable, for many reasons:

- Some firms continue to make profits on the ‘low road’.
- Low road strategies can be self-reinforcing at the level of the firm.
- Low road strategies can also be self-reinforcing at the level of a local economy.

Supportive wage policies are pivotal in achieving Ireland's updated economic strategies

Between a half and two thirds of EU firms with difficulties finding skilled workers faced the problem for reasons, other than lack of skills; unattractive job offers and lack of employer commitment to talent management.

Below is an overview of Ireland's minimum wage, relative to earnings in the rest of the labour market:



In nominal monetary terms, Ireland is one of the most generous in the EU – falling just behind Luxembourg



Adjusted for Ireland's relatively high price levels, its place in the EU falls dramatically



Expressed relative to general earnings levels, Ireland's NMW ranks mid-table when compared across the 21 EU member states

Arguably, it is pay relative to what others are paid that most 'says something' about a job, and about how people doing that job are valued, and the likely status they have.

In essence, Ireland's new economic script will encourage all employees to review, renew and add to their skill sets

What can be done to achieve this innovative, dynamic and more balanced landscape?

The principle medium term objectives now set for the Irish economy are summarised below:



Working to Overcome Challenges in Ireland's Labour Market

03.



We have to shift the education model. It is no longer about primary, secondary and university or third level. It is also about how we continue to reskill people who are working for the future.

James O'Connor, MD Microsoft, Dublin

“

Working to Overcome Challenges in Ireland's Labour Market



Several major achievements make it easy to believe that a large portion of Ireland's workforce must consist of high performing employees.

- The country's economy has achieved exceptional success in exporting high-value, knowledge intensive products and services.
- Several aspects of Ireland's education system, notably the performance of its schools and its rapid expansion of higher education, have regularly been ranked highly in international comparative studies.

In this context, it is surprising that, a low proportion of workplaces in Ireland are classified as high performance by international standards.

- 22.4% of employees in Ireland are on low pay, and 8.5% are on very low pay.
- 24,500 employees were earning less than National Minimum Wage at the end of 2018, and a further 112,700 earning at its level but no more.
- According to the OECD Job Quality Framework, the proportion of Irish workplaces considered 'high performance' is significantly below best performing countries.

Where skills development and life-long learning are involved, Ireland has a lot of ground to make up to protect its future workforce.

- In order to operate at, or near, the frontiers of best practice, employees need to constantly review, renew and add to their skill sets.
- All employee skills training that purports to 'future proof' them, needs to be holistic.
- 'Soft skills' have become just as pivotal as a core degree specialisation, to be successful in our fast-changing labour market.

Ireland's economic productivity is among the world's best

25-34

Ireland has one of the highest proportion of 25-34 year olds with a tertiary educational attainment in the EU.

41

The occupational group, 'Managers, Professionals & Associate Professionals', accounts for over 41% of total employment.

78

78% of these 'Managers, Professionals & Associate Professionals' are educated to degree level or higher.

The country punches far above its weight in the scale and knowledge-intensity of the goods and services it exports to global markets



High levels of productivity do not translate into all areas of the workforce

The unfortunate reality for a large number of Ireland's workforce, is that they are not being sufficiently supported to upskill.

Within Ireland's knowledge-intensive exporting enterprises, continuing vocational and education training (CVET) is not a major practice:

59

59% of employers see the education sector as lagging behind industry needs

60

60% of employers who had not increased their investment in training and developing their employees' skills in the past three years

Ireland has the single highest level of **overall qualifications mismatch in the EU.**

In assessing 'how effectively skills are used' in the workplace, the OECD places Ireland in the **bottom 20 to 40% of 37 countries.**

30

30% of workers reported being **underqualified**

15

15% of workers reported being **overqualified**

What can be done to future proof Ireland's labour market?

Ensuring that all employees can remain in decent employment as the world of work continues to rapidly change around them, requires a focus on skills that will prepare them for a lifetime.



How can Ireland's levels of skills wastage be reduced?

Understanding why people do not Upskill

There are a significant number of employees in low paying jobs who may not be interested in upskilling.

- They may be **secondary workers** earning additional household income
- The hours are **convenient**
- **Status** of employment is **not an issue**
- Non-monetary work aspects may be of higher importance

These observations help explain why some of these workers are content '**where they are**'.

Encouraging Upskilling and Lifelong Learning

For the many others, who want to **review, renew and add to their skill sets**, these opportunities should be **encouraged**.

A World Bank Report (2018) on the EU summarises:

As machines increasingly take over routine tasks previously performed by humans, tomorrow's jobs will become ever more about non-routine, cognitive, analytical, and interpersonal tasks.

Enforcing and Strengthening Policies

The challenges Ireland faces are now a stated objective of Irish policy.

Ireland has made a decided start to ensure people, once in the workforce, continue to learn and improve their skills.

The country has adopted its first **employee skills development plan** that aims to upskill an additional 25,000 employees over four years.

A second national strategy for the FET (future educating and training) sector commits to radically improving the quality and profile of post-school, advanced technical programmes and promoting centres of excellence among FE Colleges and Institute.

Accommodating Changes Still Needed in Education

04.



While each step is an important stage, there is evidence that they operate in silos to the detriment of students and employers, that are often disconnected despite a common purpose.

Learning to Lead, Accenture Ireland

Accommodating Changes Still Needed in Education

The Education-to-Employment journey is made up of incremental steps – from school, to college, and to the workplace



Ireland's secondary school system has a major role to play in anticipating and minimising skills wastage at a later stage.

- Currently, over half of Irish school leavers progress to higher education immediately on completing school.
- There are many strong reasons for this, including the fact that multiple, attractive career options are available for students who attain a higher education.

There are however, several awkward facts that throw doubt on the general perception that higher education is the surest route to good employment and decent earnings in Ireland.

- While the share of total employment held by workers with a tertiary education in Ireland is much higher than the EU average, so too are the proportions of elementary, service and sales workers who are tertiary educated.
- A major imbalance needs to be acknowledged and addressed between Ireland's supply of HE graduates and the current and on-going skills profile of the jobs that need to be filled.
- Large numbers of emerging job profiles that need to be filled between now and 2030, are for, what are currently classified as, medium qualified and lower qualified occupations.

In general, the secondary school system delivers well for the large majority of its students. There are features, however, that make it difficult to ensure it delivers for the full population.

- Ireland's curriculum, and particularly the pedagogy of the Leaving Certificate programme has been, and remains, the subject of deep concern to employers – who have a strong view that aptitude is overly rewarded, while attitudes are under appreciated
- It is suggested that employers and educationalists appear to have 'diametrically opposed views'.
- Accenture Ireland's 2020 Survey (Learning to Lead) finds that while, only 36% of businesses think education is moving in the same direction as industry, almost two thirds of teachers believe school is adequately equipping students for the working world.

Ireland's higher education system plays a supporting role in anticipating and minimising skills wastage

64%

Ireland currently has some 64% of students progressing immediately to higher education (HE) on completing school. This is the highest proportion in the European Union.

There are strong reasons that encourage these students to progress in this fashion:

A large majority of multinational companies in Ireland recruit primarily from among HE graduates.

These career paths pay well and have attractive working conditions.

In addition, HE is a route to secure and prestigious employment within the Civil Service and higher echelons of the Public Sector.

There is also a wide awareness and appreciation of the substantial non-monetary benefits associated with attaining a higher education.

There are a number of disappointing realities for graduates that need addressing

The grave truth for a relatively large proportion of workers with a higher education in Ireland, by EU standards, is that they are in jobs that do not match, or draw on their core capabilities.



13% of **tertiary educated** employees are on **low pay**.



16% of **tertiary educated**, 25-34 year old employees, have earnings that are at or below one-half the median (**very low pay**) – a proportion almost double the EU average of 9%.



44% of employees in Ireland are considered to have **qualifications not appropriate to, or required by**, the jobs they are doing - which is the highest proportion in the EU.

One size does not fit all within Ireland's education system



There are some key features of Ireland's education system that are deeply amiss, compounding the difficulty faced in ensuring it delivers for its full student population.

Ireland's Curriculum

- Firstly, there is major focus on general education with a correspondingly small space allowed for vocational preparation.
- The proportion of all secondary school students in Ireland who pursue general rather than vocational programmes is 98%. This is, by some margin, the highest in the EU.
- The foundations for soft or socio-economic skills, becoming increasingly essential for enterprise and career success, are simply not being adequately prepared for at schools in Ireland.

Pedagogy

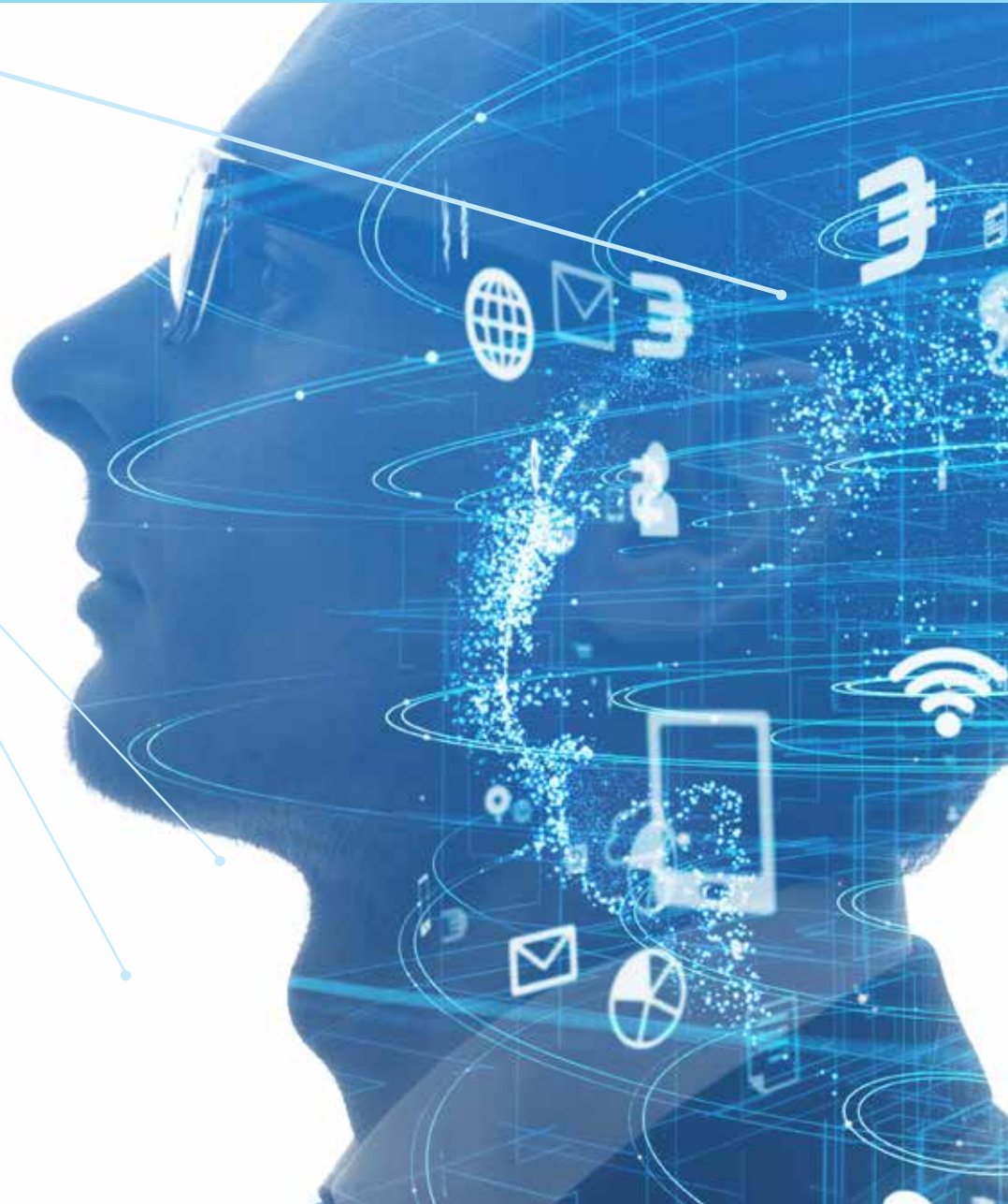
- A second disturbing feature of secondary education in Ireland is the extent to which it is concentrated on preparing the majority of its pupils to enter higher education.
- This compounds the disadvantage of the minority who do not progress in this fashion, leaving them at risk of completing school 'more aware of what they do not have than of what they do have'.
- An over-emphasis on higher education as the royal road to decent employment has been cogently analysed as having a 'boomerang effect' – the danger is that standards are raised so high to prepare more for university, that a significant number of lower-performing students fail to complete and become even more alienated from schooling.

CAO Points

- Finally, is the weight given to the Leaving Certificate, and the far reaching influence of the grades that pupils achieve.
- The awarding of Leaving Cert points and their conversion into CAO points for the purposes of entry to HE is, currently, widely accepted as transparent, fair and efficient in matching young people's preferences for what and where they wish to study in HE.
- CAO points however, are simply not sufficient as a metric on their own, in capturing an individual's abilities and capabilities.
- This is FIT's deep conviction after many years' experience working with disadvantaged jobseekers.

Differential Impact of Covid-19

05.



The Differential Impact of Covid-19 on Ireland's 'essential workers'

The employment shock resulting from the economic lockdown, imposed as a result of the Covid-19 pandemic, is a dramatic illustration of the current inequalities in Ireland's labour market.

The pandemic has also given a new meaning, and a deeper public appreciation of just which jobs are 'essential', creating an opportunity to underline the importance of the new emphasis on job quality and skills for Ireland's future workforce.

Ireland's 'Essential' Workforce

- On one hand, as the global economy slowed, Ireland was the **only EU country to record a growth in its exports** over the January – April period of 2020.
- On the other hand, the **economy's large domestic sectors were hammered**:
 - Almost one-half of those in receipt of the emergency Pandemic Unemployment Payment are from just three sectors – Accommodation & Food Services, Wholesale & Retail, and Administration & Support Services.
 - The previous terms and conditions of these workers have now come to public attention, highlighting that the €350 temporary weekly payment is more than what many had been earning.
- This highlighted, what is now considered as, **Ireland's 'essential' workforce**.
 - Firstly 'front line' health workers came into view – extensions quickly embraced not only doctors and nurses, but porters, cleaners and others.
 - Another major extension brought into focus a much wider swathe of jobs frequently regarded as ordinary and relatively low skilled – shelf stackers, warehouse workers and others.
- These two dimensions to the crisis, have **highlighted the particular vulnerability** of countries that entered it with extensive labour market inequalities.

A Covid prompt for moving forward

The Pandemic can be regarded in two key instances as **prompting a renewed interest in the general direction Ireland's welfare state needs to take, if everyone in society is to sustain their ability to participate and contribute fully, in a constantly changing labour market.**

In first place, the capabilities, capacity and reach of public health services were exposed and tested; in second place, the efficiency and effectiveness of social welfare transfers.

People have been given a 'crash course' in the structure, functioning and capabilities of Ireland's public health system. As awareness of the seriousness, complexity and unique nature of the Covid threat has emerged, so has appreciation of, the need for, and value of, a public health system that is fully resourced to have the capacity and workforce to deal effectively with more frequent public health challenges that are now considered inevitable.

In addition to the Department of Health and HSE, The Department of Social Protection (DSP) should be acknowledged as playing a major role by the speed and effectiveness with which it extended income support to 25% of the workforce.

The support has been on a major scale during 2020:

€6bn through the Pandemic Unemployment Payment

€4bn through the Temporary Wage Subsidy Scheme/ Employment Wage Subsidy

The speed and inclusiveness with which these programmes were rolled out may serve to increase support for Ireland's welfare state becoming decidedly more social democratic and less reliant on means-testing.

Important lessons for post pandemic recovery

Ireland's experiences in recovering from the unemployment crisis of the 1980s and the bank crisis of 2008-12 provide some important lessons that education and training providers should draw on to make strong contributions to the post-Pandemic recovery.

Unlike responses to the earlier crises cited, this time the public employment service and the Further Education and Training (FET) sector are each more strongly equipped to identify and deliver when and where training is key to individuals' reemployment prospects.

- **Applying vigilance** and innovation to ensure a 'lost generation' does not emerge – paying particular attention to those who have lost jobs and are in receipt of Pandemic Unemployment Payment and of the employees benefitting from the Temporary Wage Subsidy.
- **Ensuring fairness** in the design and implementation of recovery measures, and that where pain was most inflicted, support is proportionately concentrated.
- **Working through mainstream policies** and bodies, rather than creating programmes and bodies exclusive to disadvantaged job seekers and areas.



Recommendations

06.



Recommendations

Below are some immediate recommendations and a brief context for each:

EDUCATION AND TRAINING PROVIDERS

1

There is already a wide acceptance in Ireland across FET and HE providers that robust programme and course evaluations are important in promoting the efficiency and effectiveness with which resources are used.

Recommendation

A periodic forum or mini-conference should take place for representatives of every type of provider engaged in Ireland, to review together, selected national and international research of 'best practice', considered to have significance for Ireland's upskilling objectives.

LABOUR MARKET POLICIES

2

Typically, discussions on the appropriate levels of NMW, and the benefits of a higher Living Wage, revolve around ensuring damage is not done to employment, by making current jobs unviable or closing off jobs that otherwise, may be created.

Recommendation

The effects of a higher NMW and, even more so of a Living Wage, on the incentives of employers and workers to have recourse to training, needs much more study and discussion - in particular, research is needed in the Irish context around what 'high road' business models look like, where low pay is currently most prevalent.

3

Ireland's new employee skills development programme, Skills to Advance, is undertaking to upskill an additional 25,000 employees over the 4-year period, 2020-2024. This target is considered by SOLAS and the ETBs, to be stretching the current capabilities and capacity of the sector.

Recommendation

The quantitative targets set in Skills to Advance should be significantly raised, but in tandem with substantially higher investments in developing the capabilities and expanding the capacity of SOLAS and the ETBs to deliver on them.

4

Labour market recovery from the pandemic will require major attention to, and investment in, activation measures that are adequate in scale and designed according to the profile and needs of those put out of their jobs or unable to re-enter employment.

Recommendation

SOLAS's Skills to Compete programme should be prioritised and expanded. It sets out how three strands of FET provision can be combined and linked to tailored advice and support, to achieve an immediate and powerful labour market activation response.

5

The new apprenticeships are now at a stage where they are capturing the attention of more employers and young people, and there are ambitions to create more. Additionally, the new FET Strategy 2020-2024 contains several innovative and important measures that will reduce the pressure on young people to seek immediate entry to higher education by strengthening the alternatives.

Recommendation

The further expansion of new apprenticeships, and the development of an integrated portfolio of alternatives, designed for direct entry to careers and employment, should all be proceeded with, without delay.

WIDER EDUCATIONAL REFORMS

6

Drawing on the enforced experience in 2020 of reviewing how its Leaving Certificate generation should have their capabilities fairly assessed, progress should be accelerated that will end 'teaching to the exam'.

Recommendation

The current pivotal significance of CAO points to young people's futures makes research vital into the extent to which they genuinely capture attainments that underpin successful labour market careers and the skills demand of employers. This research should explore the types of intelligence and specific capabilities being rewarded and those that are not.





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