

Development of Digital Skills – The Road to a More Inclusive and Diverse Labour Market



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The aim of this policy brief is twofold:

- 1** Provide background information on existing policy initiatives and practices for development of digital skills in Latvia.
- 2** Introduce scenarios and recommendations for a more efficient approach to development of digital skills, taking into account the specific needs of Latvia's labour market.

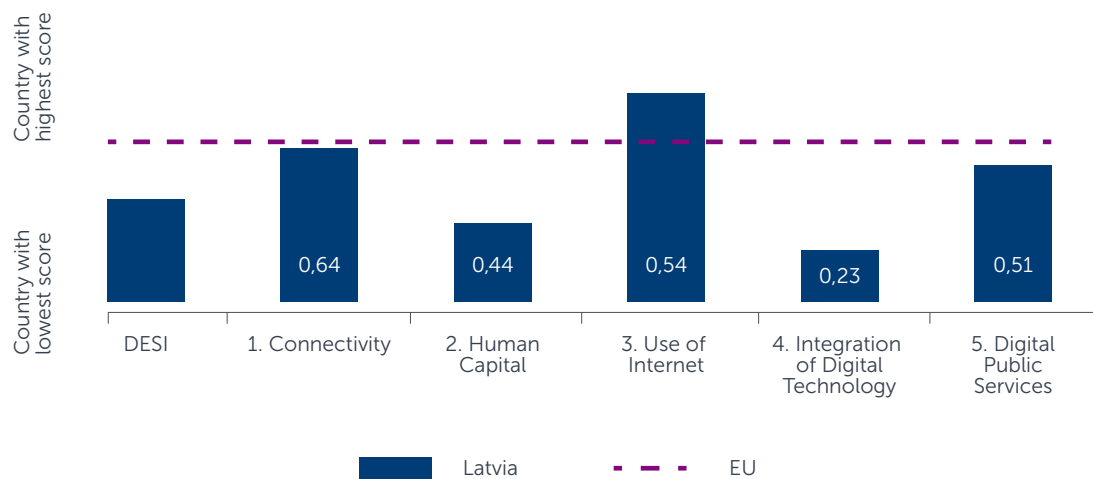
Summary:

People in Latvia lack digital skills and the acquisition of these skills is slow-paced.

Policies are in place but are not implemented in context with the needs of the industry or are project-based.

Three additional mutually compatible venues are available to ensure appropriate and necessary digital skills for the industry – promote cooperation with employers, enhance partnerships with industries, provide tax reductions.

DESI 2017 – relative performance by dimension



Changes in modern economy and business models create both challenges and opportunities for ensuring a more fair approach to employment in a way that can also boost productivity. With self-employment, innovative and flexible forms of work, and technological advances on the rise, an adaptation of existing lifelong learning and re-skilling policies, initiatives and practices must follow, inter alia, with emphasis on digital skills.¹

With increasing digitalisation and more flexible work forms, 90% of future workplaces will require digital skills, but nearly half of Latvia's population do not have sufficient skills in this area.² Despite Latvia's aim to become a data-driven nation³, EU's Digital Economy and Society Index 2017 (DESI) saw Latvia at only 19th place among EU member states. Moreover, it only placed 23rd in the human capital dimension, meaning that development of digital skills in Latvia is slow-paced⁴.

At the same time, the Eurobarometer data for Latvia show that self-evaluation of digital skills for daily tasks and work is significantly higher than DESI indicates. Namely, 79% of the respondents fully or partially agree that their digital skills are sufficient for daily tasks, 85% consider their skills sufficient for their current job⁵, and 73% think their digital skills would suffice in case they would change their job. That interferes with government's plan to promote re-skilling and lifelong learning programmes, as people do not see the need for their participation in such programmes.

Moreover, Ministry of Economics predicts that by 2022 there will be a significant shortage of labour in the following industries – natural sciences, mathematics and ICT; engineering, production and construction; and healthcare and social welfare. The Ministry intends to solve this deficit in labour supply through higher education programmes, return migration and re-skilling⁶. However, the pace of re-skilling is much slower than expected – The Europe 2020 strategy has a goal to reach 15% of the adult population in Europe to participate in lifelong learning by 2020, it has remained rather steady in Latvia and reached only 5.8% in 2016.⁷ For comparison, the average involvement in lifelong learning activities in the EU is 10.8%.⁸

Even with the slow pace of re-skilling and high self-evaluation of digital skills, State Employment Agency data shows that courses on digital skills are among those most demanded among unemployed and job-seekers, but their enrolment in the labour market upon course completion is low (approx. 30%).⁹ That can be explained with insufficient interlinkage of the courses with the industry and the needs identified by employers.¹⁰

¹ For more information on the future of work, see, for example, "Good Work: The Taylor Review of Modern Working Practices" of July 2017 (available here: <https://www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices>) and the UK Government's response to it from February 2018 (available here: <https://www.gov.uk/government/publications/government-response-to-the-taylor-review-of-modern-working-practices>).

² http://www.tvnet.lv/tehnologijas/internets/653079-37_eiropas_iedzivotaju_darbspējiga_vecuma_klibo_digitalas_prasmes; Digital Economy and Society Index 2017 – Latvia, available at: ec.europa.eu/newsroom/document.cfm?doc_id=43022.

³ Latvian government has developed conception of data-driven nation, Cabinet of Ministers press release, 08.12.2017., available at: <https://www.mk.gov.lv/aktualitates/m-kucinskis-latvijas-valdiba-ir-izstradajusi-datos-balstistas-nacijas-konceptu>.

⁴ Digital Economy and Society Index 2017 – Latvia, available at: ec.europa.eu/newsroom/document.cfm?doc_id=43022.

⁵ Special Eurobarometer 460 "Attitudes towards the impact of digitisation and automation on daily life", May 2017.

⁶ Report on Midterm and Long-term Trends in Latvia's Labour Market, Ministry of Economics of Latvia, 2016, available at: https://www.em.gov.lv/files/tautsaimniecibas_attistiba/dsp/edited_EMZino_06_160616.pdf

⁷ Presentation of Ministry of Economics at the Employment Council, 19 January 2017; Report on Midterm and Long-term Trends in Latvia's Labour Market, Ministry of Economics of Latvia, 2016, available at: https://www.em.gov.lv/files/tautsaimniecibas_attistiba/dsp/edited_EMZino_06_160616.pdf

⁸ "More than 800'000 consultations provided in the framework of e-skills partnership", press release, Ministry of Environmental Protection and Regional Development of Latvia, 27.03.2017., available at: http://www.varam.gov.lv/lat/aktual/preses_relizes/?doc=23984.

⁹ Informative Report "On Short-term Labor Market Forecasts for 2017 and Priority Training Directions of the Unemployed and Jobseekers", Ministry of Welfare, 09.06.2017., available at: http://www.lm.gov.lv/upload/darba_tirgus/a/lmzino_19052017.pdf, statistics provided by Ministry of Welfare.

¹⁰ "Identifying regionally specific challenges of labour market and developing activities for strengthening competitiveness of regional labour market. Report," Projektu un kvalitātes vadība LLC, 2014, available at: http://www.nva.gov.lv/docs/28_53abbd7c02ee19.16060069.pdf.

- Sustainable Development Strategy of Latvia until 2030 and National Development Plan 2014-2020 includes intentions to promote a digital learning environment, improve e-services, and promote digital skills through lifelong learning. EU-level initiatives such as Council Recommendations on Key Competencies of Lifelong Learning and Digital Education Action Plan are reflected in national policy planning documents in a timely manner.
- Information Society Development Guidelines 2014 – 2020, a medium-term policy planning document, was developed to determine priorities of the ICT field for EU Structural Funds, with the aim to build a knowledge-based economy. The Action Direction “ICT Education and E-Skills” includes the following activities:
 - Public awareness and readiness to use E-opportunities;
 - Development of E-skills of the population and entrepreneurs;
 - Increase of ICT competencies in public administration;
 - Preparation of ICT practitioners according to the requirements of the labour market;
 - Promotion of algorithmic thinking and information literacy in educational programmes.

Guidelines for the Development of Education 2014 – 2020 envision activities for promoting ICTs in all stages of education through developing study materials and training teachers, as well as improvement of digital skills through lifelong learning programmes with the targets set forward in Europe 2020 strategy in mind.

- Adult Education Governance Model Implementation Plan 2016 – 2020 further emphasizes the need to reach Europe 2020 goals for adult involvement in lifelong learning activities, as well as reiterates the commitment to promote digital skills to the whole population, regardless of their age, gender, previous education, residence, income level, ethnicity, functional impairment or other characteristics. Adult Education Governance Council, uniting responsible ministries, social partners and other relevant organizations, oversees the implementation of this plan.
- State Education Development Agency is the EU National Agency for Lifelong Learning in Latvia and is currently implementing an ESF project “Improvement of professional competences of employed persons”. One of the priority study programmes focuses on ICTs, which has been the most popular among applicants as well.
- Guidelines for Inclusive Employment 2015 – 2020 set digital skills as one of the priority skill sets to be acquired through training of unemployed persons and job seekers.
- Latvia’s Information and Communications Technology Association (LIKTA) unites leading industry companies and organizations, as well as ICT professionals with the goal to foster growth of ICT sector in Latvia by promoting the development of information society and ICT education thus increasing the competitiveness of Latvia on a global scale, inter alia, by increasing the level of digital skills of citizens of Latvia to empower their participation in public and private sector activities. LIKTA also coordinates the national Digital Skills and Labour coalition and implements targeted training projects, for example, ERDF project “Training of small and micro enterprises for the development of innovations and digital technologies in Latvia”.

- Based on interviews with representatives of ministries, employers and foreign investors, as well as progress reports on implementation of the aforementioned policy guidelines, the following challenges were identified:
- Content of courses provided for unemployed, job-seekers and in the framework of lifelong learning programmes is detached from actual labour market needs, and they are low in quality. Moreover, only a fraction of those trained move on to using the newly acquired skills in the labour market.
- State-provided courses rely on EU project funding, thus are fragmented, and often only one course is available for each person, which delays reaching the necessary level of digital skills in a continuous and sustainable manner.
- Teachers are not equipped to teach about and with the most modern ICTs, and classrooms are often not suitable for introduction of new study modules.
- Number of graduates in science, technology, engineering and mathematics programmes is low, even though employers recognize their skills as suitable for the needs of the industry.
- Assessment of actual involvement in lifelong learning and of availability of re-skilling or up-skilling is limited, as many private sector initiatives exist but are not well communicated with policy makers.
- Most initiatives operate independently – there is a lack of interlinkage and collaboration between the industry and policy implementers and public digital skill course providers. In addition, the role of localities and municipalities is unclear. That means that the full potential of existing consultation and association forums has not been tapped yet.

Recommendations

Taking into account existing efforts to promote lifelong learning, re-skilling and up-skilling and the challenges linked with acquisition of digital skills, as well as the changing nature of work, there is a need to change also the nature of training. There are three possible venues to take in the context of Latvia:

- Within the existing training system, promote cooperation with employers. For example, link the courses provided at State Employment Agency with specific employers – set up companies' courses at the Agency with private co-financing and expertise and introduce more flexible time-frames for the courses in order to ensure that the company co-financing this activity receives the specialists they need upon completion of the training.
- Enhance partnerships with the industry and transfer the available funding to companies in dire need for specific skills who have developed their own training programmes already.
- Provide tax reductions to companies who re-skill or up-skill those belonging to vulnerable groups such as people with disabilities, women after lengthy maternity leaves or continuously unemployed.