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Competency Management, Coordination and Responsibility in Slovenia

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Abstract

The purpose of this article is to highlight the importance of investments into competencies. The identification of competencies should belong to the strategic goals of any socially responsible society. The right competencies are a crucial precondition for a functioning labour market in times of digitalisation and technological changes: for good economic performance as well as to ensure lifelong productive and inclusive individuals. Relevant skills and competencies should respond to labour market needs as well as to economic requirements. The approach to this study is linked to the practical deficiencies of ineffective competency management in Slovenia and its consequences. The methodology combines study of theoretical models and specific skill framework in selected countries with chosen policies. The findings confirm that educational paths in Slovenia are not aligned with the economy requirements. Competencies do not correspond to actual industrial policy priorities. The article identifies the reality of competency policy in Slovenia and governance gaps in comparison with EU and OECD countries. It focuses on foreseen skills challenges and skills forecasting needs. The article offers solutions and policies for better skills matching and further reflections on more co-ordination and governance between educational policies and competency requirements in the economy. One limitation of this study is the variety of policies in countries, hindering the transferability. Nevertheless, the article tackles skill and competency challenges, which are common in most of the countries and require actions.

Keywords: competencies, skill mismatches, skill gap, industrial policy, forecasting

Introduction

Skills and competencies are becoming the essential driver of productivity and competitiveness in companies. The term “competencies” is broader than “skills.” While skills are specific to a task, competencies incorporate a set of skills with abilities and knowledge. For the purpose of this paper, both terms are used according to the context. Employers require qualified and flexible workers who can cope with fast changes in the working environment, which can contribute to the company’s success and face global pressures with aplomb. To achieve these goals, adequate policies and effective cooperation and governance among relevant bodies should lead from the right educational pathways towards work efficiency and job matching.

The reality shows substantial skills and competency mismatching and deficiencies across Europe. According to the European Commission, 70 million Europeans lack adequate reading and writing skills, and 40% of European employers have difficulties finding people with the right skills (EC, 2016a). The situation varies by country, but requirements for the right skills and competencies are increasing across the board. According to the OECD Skills Strategy Diagnostic Report (2017), many recent graduates in Slovenia lack strong cognitive and social-emotional skills, as measured by the PIAAC¹ survey. But it is not only young people; one can observe skills deficiencies in all ages. One third of 16-to 65 years old in Slovenia (almost 400,000 adults) have low levels of literacy and/or numeracy and most of them are not interested in adult learning. Research confirms that low-educated adults are three times more likely to be low-skilled (27%) than those who are highly educated (9%) (CEDEFOP, 2017). In Slovenia, data show that while only 13% of Slovenia's adult population has not completed upper secondary education, they account for 40% of low-skilled adults (OECD, 2017). The knowledge society is still distant. The technological progress leads into automatization of jobs: according to OECD, about 26% of workers in Slovenia face a high risk of seeing their jobs automated; the EU average is lower at 14% (Nedelkoska & Quintini, 2018).

The rising awareness of investments in skills and competencies should be intensified and pronounced more loudly. It is important to know what information is needed for different users to be successfully included into the skills agenda. Active inclusion of all the relevant stakeholders, which can influence the skills challenges and offer educational guidelines, should become the norm. This fact demands closer cooperation, governance and coordination among educational and labour market institutions on one hand and the economy on the other. It is an important tool to increase productivity, which leads to more effectively allocated human talent to jobs (OECD, 2015). The complexity of policy decisions deteriorates the variety of different stakeholders involved in skills investments. There are 20 ministries and 212 municipalities in Slovenia with different legislative acts and responsibilities, lacking systematic and appropriate mechanism for skills development costs sharing (OECD, 2018).

The methodology for this article includes theoretical models and theories, together with existing good practices in time and their results. The article starts with the explanation of importance of investing in skills and competencies, continues with advantage of skills and competency recognition for individuals, companies, and society, and concludes

with findings and conclusions. The goal of the article is to search for reasons why the skills agenda and adequate competency levels in Slovenia are not efficient and do not enable adequate matching. The research question focuses on possible improvements of identified gaps and problems with skills use to ensure well-functioning labour market.

Recognizing the Importance of Skills and Competencies

Neoclassical models imply that a one-off increase in the stock of human capital leads to a one-off increase in productivity growth, while endogenous models suggest that the same one-off increase in human capital can lead to a permanent increase in productivity growth. In the short term, both models produce similar results, each dependent on their specifications, but in the long term the endogenous models imply significantly higher returns on investment in human capital (Wilson and Briscoe, 2004). Regardless of the specific models adopted, there is strong evidence that higher education increases productivity and higher levels of national growth. Furthermore, empirical research in recent years has shown that if education is measured by the skills learned, the education of a population is very closely linked to its nation's long-term growth rate (CEDEFOP, 2017).

The theoretical background of measuring the impact of education on economic growth developed two discrete approaches. The first, the theoretical model, was developed in 1950s and based on microeconomic theory of human capital. The second, the endogenous growth model, stressed the role of education and diffusing new technologies and new ideas (CEDEFOP, 2017). The role of human capital in relation to economic growth gained importance with accelerated world competitiveness. The estimates suggest that a 1% increase in average share of working-age population enrolled in secondary education during 1960-1985 translated into a 0.7% increase in GDP per working-age person (Mankiw et al., 1992). Measurements by Kyriacou (1991) did not find significant impact of growth in human capital on economic growth but found that a 1% increase in the stock of human capital increases per capita GDP growth between 12% and 17%. Education and competencies need lifelong upgrading.

In the knowledge economy, human capital is the main driver of innovation and productivity. Skills investments may generate positive externalities and spill overs both within organisations and the economy (CEDEFOP, 2014c) Investing in skills and competencies generates economic growth and technological progress, improves individuals'

¹ Survey of Adult Skills (<http://www.oecd.org/skills/piaac/>)

lives, and enables well-being in societies. Investment in human capital affects economic growth through innovation process; investment in education leads to a more skilled and competent population, which is able to generate and adopt new ideas that spur innovation and technological progress (Heinrich & Hildebrand, 2005). Investments into skills and competencies therefore result not only in benefits for the individual, but also improves productivity and competitiveness far more than increase in wages.

Skills and competencies should be aligned with labour market requirements. Since 2015, Slovenia have adopted many important strategic documents, among them the National Development Strategy, the Industrial Policy, Slovenia's Smart Specialisation Strategy and the Vision of Slovenia 2050. However, the mentioned documents are not synchronised and do not prioritise the need for policy synergies linked to human capital as the important knowledge-based capital. The Resolution on the National Plan for Adult Education 2013-2020 and the National Higher Education programme 2011-2020 are additional documents, focused mostly on educational reforms. According to the OECD, the innovation performance of universities and public research institutions in Slovenia is mixed; despite R&D, expenditures are close to the OECD average, investments in research have not translated into tangible output. Furthermore, there is a concentration of business R&D spending in a small number of large firms, and links among Slovenia's research institutes are not strong (OECD, 2017). The optimistic step forward presents the Research and Innovation Strategy of Slovenia (2011-2020), aimed at modernising the Slovene innovation system. The OECD also stresses that the entrepreneurial culture in Slovenia is limited. More effective, transparent, and horizontal oversight offers the Slovenia's Adult Education Master Plan 2013-2020, confirming the goals of adult learning system in Slovenia.

Nevertheless, the lack of systematic approach towards the skills agenda in Slovenia is visible in the school curricula, causing sub-optimal entrepreneurship and innovation performances in companies. According to the OECD study, information about the personal, employment and social outcomes achieved by different adult-learning providers and programmes is almost non-existent in Slovenia (OECD, 2018). To sum up, there are a lot of fragmented strategic documents available, but hardly any common minimum denominator or policy indicating human capital as a strategic national asset.

In contrast to most Western European countries, there are only limited comprehensive adult learning programmes in Slovenia and only a few are modular or credit-based. Experiences from the Slovene Public Employment Service

(PES) confirm that work-based learning and on-the job training are far more popular and successful programmes for the adult population. Motivation is another challenge. Tax deductions for investments in skills for individuals and firms are used in most advanced countries. Tax deductions for skills investments for individuals were abolished in Slovenia; re-introduction would be welcome in the context of an increased need for skills upgrading. Furthermore, the instability of public funding for adult learning over the last decade has threatened the sector's stability to achieve national goals for adult learning (OECD, 2018).

Public investments into education and life-long learning are essential to ensure that workers have the capacity to learn new skills and adapt to changing technologies (OECD, 2015). In general, Slovenia's public administration may lack the incentives and capacity to take a whole-of-government approach to skills policy (OECD, 2017). On the national level, or at least at the declarative level, all the decisions about or changes to adult education should be discussed at the Economic and Social Council to streamline the skills policy. Adult learning has an important role in national policy. Countries with advanced adult learning systems understand their usefulness in supporting economic and social adjustment processes (Desjardins, 2017).

The involvement of local governments in Slovenia, which are also responsible for adult education, depends on individual municipalities' ambitions and many times lack the administrative capacity for sufficient skills policy implementation and adequate competency level at the local level. The local environment knows the needs of the local economy; thus the significant ignorance and neglect of the skills and competencies base importance for the economy at the local level is worrisome.

The article focuses on the impact of skills and competencies and possible improvements of skills and competencies in Slovenia for the individuals, companies, and the government regarding policy gaps and policy actions. A recent OECD study on skills in Slovenia and relevant research and working papers highlighted the most relevant challenges in the field of skills and competencies to be improved.

Competencies and benefits for individuals

Lifelong learning and permanent investments into skills and competencies are the right and the responsibility of every individual capable of contributing to the labour market. Innovations and competitive advantage in technologies increasingly arise from the excellence of skills and competencies. Workers in Slovenia sometimes lack a sense of personal

responsibility for identifying gaps in their own skills and upgrading them throughout their lives. Rejecting one's own skills and competency progress is not a socially responsible act and should not be tolerated. Additionally, modern (e-)socialites require e-literacy, which will be soon the significant guarantee of social inclusion in both working and civil life. On the other hand, employers seldom have deeper insight into the validated or invisible skills and competencies of employees. Not all employers support their own initiatives for skills upgrading, and the transparency of available skills and competencies at company level is often missing. To complicate matters further, Slovenia's main portal for information for prospective adult learning covers only 253 of more than 500 adult education providers, making the choice opaque and unreliable (OECD, 2018).

According to the OECD Survey of Adult Skills (PIAAC), about one-third of workers in OECD countries are over- or under-qualified for their jobs, a seriously inefficient allocation of resources (EC, 2016c). The 2012 Flash barometer (354) stresses that only half of the EU population above 15 agree that their school education helped them to develop a sense of initiative and a sort of entrepreneurial attitude (EC, 2012). Wrong or inadequate skills diminish the multiplicative effects of schooling or training. According to the CEDEFOP study, adults in employment who do not engage in substantial upskilling or reskilling for five or more years run the risk of becoming locked into particular ways of working (CEDEFOP, 2014b). The PIAAC further reveals that the use of reading skills explains a considerable share (26%) of variation in labour productivity across countries' participation in the programme (OECD, 2016a). Therefore, the benefit of paying more attention to skills should not be underappreciated. Career counsellors should play a prominent role in promoting lifelong learning promotion and raising motivation and should direct students towards required skills and competencies in the labour market.

Study of Barro (1991) suggests that a 1% increase in skills is associated with a 0.3% increase in average labour productivity and with a 0.365% increase when the model is extended to take into account the potential role of skills in assisting productivity follower countries catch up with countries on or near the frontier. A one-year increase in average education is associated with a 3 to 6% increase in the level of GDP per capita and a 1% increase in school enrolment is associated with an increase in GDP per capita growth of between 1% and 3% (Sianesi, 2003). Sadly, any increase in competencies in Slovenia is often not rewarded and results in decreased motivation to increase one's skills and competencies.

Another factor influencing productivity is ageing. Companies are often not aware that ageing of the population hinders

productivity growth due to a lower participation rate. Therefore, investing into the available working-age population is important. Taking into account the high share of the EU population, including low-skilled, inactive, and old people, into lifelong learning should be a priority for companies. As there is no information on individuals' expenditure on adult learning available in Slovenia (OECD, 2018), it is difficult to assess the reason for low participation in adult education for certain target groups in the labour market. Nor are available information or evaluations on employment or social outcomes of individuals due to inclusion in adult education (OECD, 2018).

Assessment and validation of existing skills and competencies are important for use and rewarding of human capital in an era of a declining working-age population through Europe. Only by recognising skills and competencies in employees can governance evaluate possible positive outcomes arising from available human capital, recruiting and retaining people with adequate skills and competencies.

Do companies appreciate investments into competencies?

The persisting entrepreneurial conviction of skills investments as costs is not justified. Employers should recognise that the added value of the company depends on the skills and competencies of their employees. As 70 million Europeans lack adequate reading and writing skills (EC, 2016a), the number also indicates productivity loss due to inadequate investments into this group of workers. In the EU, 23,4% of the population in the 25-64 age bracket do not have an upper secondary education, and only 29,9% hold a tertiary degree (EC, 2016c). Fast technological changes require ICT skills; almost 50% of the EU population lacks digital skills and 20% of them do not have digital skills at all (EC, 2016a). The shift to service sectors is relying more and more on the ICT and e-trade, and elimination of digital gaps is the mandatory tool for business success. That is why the Commission has launched an additional initiative in 2016, the Digital Skills and Jobs Coalition.

EU governments and social partners consider the current lack of adaptable skills to be one of most important challenges in the years to come (EC, 2018). The aforementioned concern is driven in particular by digital-skills mismatches in the labour market. In most EU Member States, it is expected that suitable candidates for vacant positions will become increasingly scarce (EUROFOUND, 2016). The digital skills gap provides a strong impetus for joint action by social partners. Trade unions want to ensure that no one is left behind: digitalisation should avoid reinforcing the uneven distribution of wealth (ETUC, 2016).

Employer organisations approach the challenge from a different angle. They see the adaptation of skills as essential for meeting the needs of enterprises and of the economy as a whole (BusinessEurope, 2015).

In reality, a high share of employers does not have a long-term vision of investing in their own employees and instead postponing any reflection of future skills gaps or mismatches. It is worrisome that according to evaluations, 91% of adult participation in non-formal education and training in Slovenia is non-publicly recognised programmes (Taštanoska, 2017). The aforementioned high number points to the difficulty to prove one has gained new skills and competencies. SMEs as prevailing companies in Slovenia lack skills and competency management, adequate funds for investments into skills and capacity building and consequently lag behind larger enterprises in terms of productivity and human capital stock. According to BusinessEurope, financial incentives and other forms of investments pooling can also play a positive role, particularly for SMEs, which struggle to find resources and expertise needed to embrace digitalisation (BusinessEurope, 2019). Despite the Employment Relationship Act (2013), stipulating that employer support for adult learning should be specified in a contract or collective agreement, employers' generosity differs considerably between agreements (OECD, 2018).

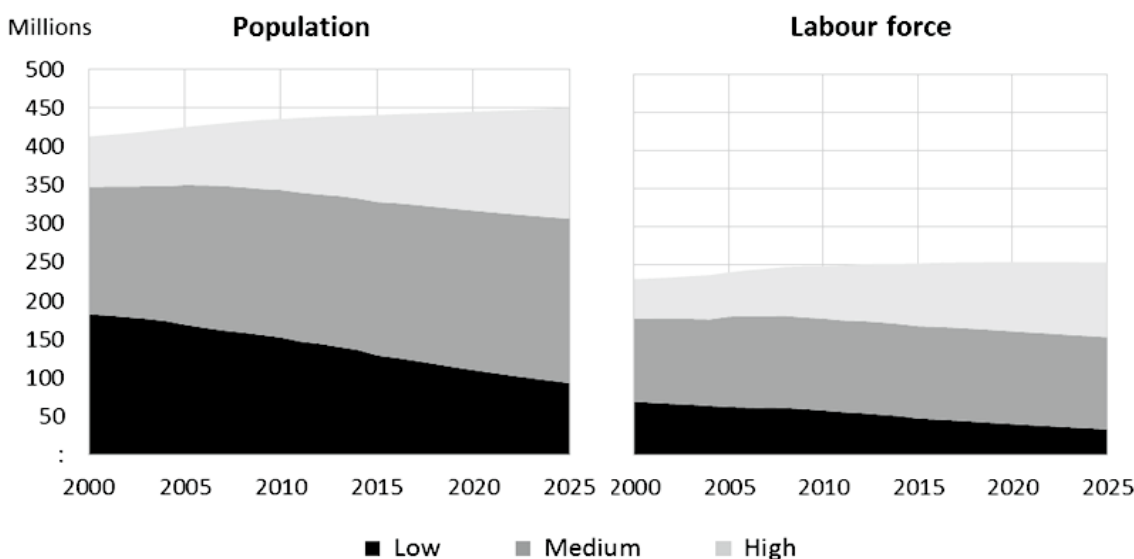
As discussed in the EC's annual publication (EC, 2016), social partners at the national level can play a crucial role in skills upgrading throughout working lives. Employer and worker organisations are well placed to recognise evolving skills needs and design training programmes that match

these needs. A number of competence centres have been developed in Slovenia with the support of the European Social Fund (ESF) in order to boost human resource development. Enterprises, often in emerging sectors such as sustainable construction and the circular economy, set up competence centres to upgrade existing skills and develop new ones in cooperation with other organisations in the sector such as employer and business associations (EC, 2016).

Fluctuations and migrations can indicate mismatches as undervalued and not recognised skills and competencies that individuals possess. Skills acquired through informal and/or non-formal education are mostly not used or rewarded at work, which contributes to "official" skills mismatches. Trade unions and employers' organisations often do not provide (non-formal) learning at all (AES, 2016). In this context, one can include also transversal skills, which increase with experiences and work transitions. The "culture of lifelong learning", as defined by the OECD (2017) should be promoted in a way that recognizes human-capital investments as an integral part of management plans by "putting skills into effective use". The reduction of mismatches in OECD countries could increase productivity between 2% and 10% (OECD, 2015). This is "the language" that employers understand. The interesting trend of declining labour force in time is seen in Figure 1.

Obviously, there is also a need for more skilled people in the context of the declining workforce. In Slovenia, more flexible forms of investments in skills and competencies should be applied, and the tax deduction for skills investments for companies should be reintroduced. Modular

Figure 1. Population (left) and labour force (right) by qualification in EU-28+



Source: Cedefop skills forecasts (2016).

education should be promoted more intensively. It is worrisome that only 25% of adults in Slovenia looking for information on learning possibilities consulted their employers (Ivančič, Špolar & Radovan, 2010). Last but not least the high taxation and low returns from investments in human capital deter highly skilled individuals from investing in skills and competencies and reduce motivation for more innovative and productive contributions to the working process. The problem of the tax system and consequently relative low earning potential of highly skilled people in Slovenia is recognised also by the OECD (2017). On the other side, low-skilled and other vulnerable groups often face financial barriers, preventing them from further participating in skills upgrading. According to OECD, workers in Slovene SMEs are just as likely to participate in adult learning as workers in larger companies, but workers with temporary contracts face a relatively large participation gap compared to other countries (OECD, 2019a). Social partners should discuss these challenges more often and more sincerely. Better skills and competency management, adequate allocation of available funds, based on performance-based financing would enable clearer distinctions among training providers. In this context, BusinessEurope calls on the European Commission and ESF managing authority in the Member States to design European and national initiatives aimed at supporting investment in skills with social partners at both cross-industry and sectoral levels. Involving social partners at an early stage will be crucial to avoiding the use of resources in a way that fails to meet the real needs of employers and workers across Europe (BusinessEurope, 2019).

The High-performance Work Practices (HPWP), which includes organisational and management practices² in companies, is rarely used in Slovenia and accounts only 23% of all jobs in Slovenia in comparison with other countries (mostly Scandinavia) (OECD, 2017). The recent trend of emigration in Slovenia is partially due to the underestimation of human capital and subsequent undercompensation. According to the OECD, of the 13,000 people who emigrated from Slovenia in 2015, over 20% held a tertiary degree (OECD, 2017).

In general, companies often forget that higher levels of cognitive skills area associated with a number of positive economic and social outcomes for individuals and society (OECD, 2017). There is obviously room for significant productivity gains. It is interesting that companies recognise the importance of new technology for better performance, but do not recognise investments in skills and

competencies for better productivity. The OECD PAL dashboard data shows that on average (across available OECD countries), 75% of enterprises with at least ten employees provide training opportunities to their employees, ranging from 99% in Norway to 22% in Greece. However, training is provided to more than 50% of the workforce in only 40% of enterprises. The aforementioned dashboard includes an indicator of firms' investment in training (expressed as a share of total investments), using the EIB Investment survey available for European countries. In 2016, training represented 9.7% of total firms' investments on average across European OECD countries, with shares as high as 16% in France and Luxembourg, but less than 6% in the Czech Republic, Hungary, and Slovenia. Nor are they looking ahead; only two in three firms assess their future skill needs. Another problem arises from the fact that employers use qualifications as a proxy for skills and this may lead to placing people in the wrong job; on average, a quarter of workers in OECD countries report a mismatch between their existing skills and those required for their job (OECD, 2019b). Adult learning typically receives less funding compared to other education areas (OECD, 2019). As the Commission's analytical paper states, the issue of polarisation could greatly affect the relationship between skills and economic growth (EC, 2016c).

Human Capital and National Returns

The quality of training and educating alone does not mean that it responds to the economy's needs. Cooperation between education and business should be deepened, strategies and reforms should be adopted in consensus with all stakeholders, who are included in the skills formation and skills use process (competencies building). National industrial policy should play an important role as a framework for needed adaptations or revisions of educational and training programmes and modules. Additionally, programmes or reforms require a systematic approach and should not change too quickly, so as to enable reliable evaluation of implemented changes for further programmes development or necessary revisions of the programmes. As in many countries, adult learning does not systematically prepare adults for the changing skills demands of the labour market, so the OECD has recently developed a new dashboard on Priorities on Adult Learning (PAL). It is facilitating comparisons on future-readiness of adult-learning systems across OECD countries (OECD, 2019a). According to PAL, Slovenia ranks lowest in urgency of skills challenges and the financial constraints of adult learning but is among the best performers in inclusiveness and alignment with skills needs. Furthermore, available estimates for selected OECD countries (2009) show that the state, on average, bears the smallest

² HPWP includes organisational factors (teamwork, autonomy, mentoring, job rotation...) and management practices (work flexibility, incentive pay, training practice...)

share of the financial burden (22.1% of total spending on adult learning on average), followed by individuals (24.7%). The largest share of adult learning costs rests with employers (44.7%) (FiBS and DIE, 2013). Last but not least, higher competencies lead to higher productivity, higher wages, and consequently higher tax revenues for the government. Therefore, governments should understand that investing in skills and competencies brings higher added value and requires equitable cost sharing among the individual worker, companies, and the government.

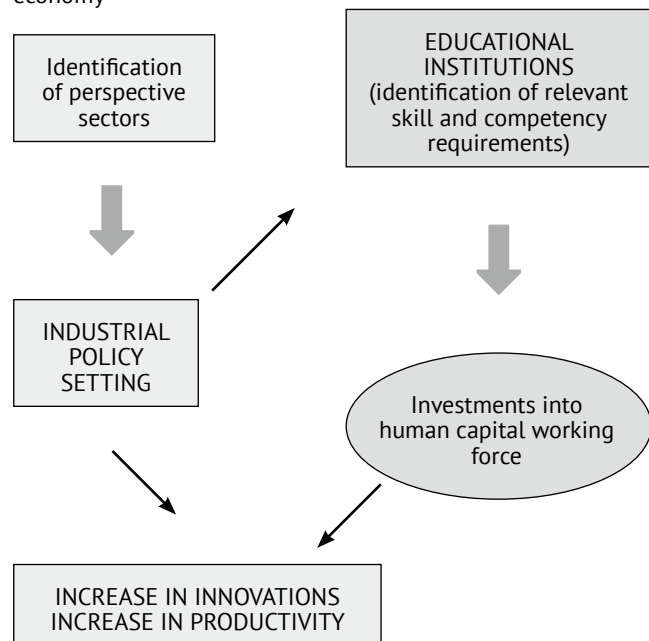
The quality of skills matters as well, of course. Lack of visibility of comprehensive educational outcomes hinders quality ranking to guide individuals towards high quality educational and training institutions. Information on skills upgrading opportunities are fragmented: only 9% of adults with low educational attainment in Slovenia have searched for information on learning opportunities (14% in the EU-28) (EC, 2015). This fact is especially worrisome, as half of Slovenia's unemployed adults have been out of work for more than one year, which is one of the highest long-term unemployment rates in the OECD (OECD, 2016c).

Information on employability outcomes would enable higher competitiveness in educational and training choices. Another instrument is the already mentioned performance-based financing of training providers. It would provide information on comparability and possible higher economic and social returns for individuals, for companies, and at the national level. The coordination among relevant ministries and educational institutions in Slovenia is missing; the increase of the "working in silos" phenomenon is visible in weaker economic performance and lower worker productivity. No coordinated approach towards skills and competency anticipation and matching, financing and balanced taxing human capital outcomes is taking place in Slovenia. The regional level is often excluded from suggestions, but skills and competencies are desperately needed at regional or local level. This is unacceptable, taking into account the fact that more than 90% of companies in Slovenia are SMEs. It is the European Social Fund (ESF), which contributes a significant share of funding to companies. However, as the majority of funding into adult learning system is funded by ESF (77% of expenditure at the Ministry of Labour, 72% at the Ministry of Education), the sustainability of funding is non-sustainable and financially vulnerable in the next Financial perspective. To decrease the risk of ESF funding on the national level, ESF should be distributed among governments, companies and individuals by different sharing formulae.

Many EU documents highlight the importance of skills and competencies. The European Pillar of Social Rights (adopted in 2016) acknowledged the significance of investments into skills. The New Skills Agenda as the leading initiative in

this context is stressing that one of Commission's priorities should be focused on i) improving the quality and relevance of skills formation, ii), making skills and qualifications more visible and comparable and iii) improving skills intelligence and information for better career choice. Skills development and relevant support are highlighted also in the "ET2020"³ and "Key Competencies"⁴ Frameworks. Promotion of skills should be holistic; it should be promoted as a national and a European priority. The first result of the Commission's reflection in this context is a launch of the Blueprint for Sectoral Cooperation and Skills, offering long-term vision on skills needs, along the CEDEFOP forecasting publications. To reach the goal of sustainability and right direction of investments into skills and competencies, interrelations between skills, competencies and economy should be enforced, as seen in Figure 2 below.

Figure 2. Interrelations between skills, competencies and economy



CEDEFOP states that about 85% of all job openings will arise from the need to replace workers leaving the occupation due to retirement or other reasons for moving into inactivity.

³ Strategic framework–Education&Training2020, (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Aef0016>, extracted August 8, 2018).

⁴ Council Recommendation on Key Competences for Lifelong Learning https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:ST_9009_2018_INIT&from=EN, extracted August 8, 2018). The European Reference Framework sets out eight key competencies: Communication in the mother tongue; Communication in foreign languages; Mathematical competency and basic competencies in science and technology; Digital competency; Learning to learn; Social and civic competencies and Sense of initiative and entrepreneurship.

Between now and 2025, even the share of those working in elementary occupations with low qualifications will reduce from 44% to 33%, while the share of those with high qualifications working in occupations demanding typically lower levels of skills will grow from 8% to 14%. Employment of those highly qualified across Europe in all occupations in the next 10 years will increase from 32% to 38% (CEDEFOP, 2016). Research by Elliot S. (2018) shows, that almost 40% of the workforce in Slovenia is vulnerable to displacement by computer technology (Elliot, 2018). On the other hand, use of digital skills increases employment opportunities and opens new markets, including global ones, if used properly. If Slovenia will not invest in the ICT and other emerging skills, it might lag behind and decrease productivity and the market scope. A socially responsible spillover of skills and competencies is even more important to support R&D not only in leading firms, but also in laggards. Inter-ministerial cooperation matters as well. Many civil servants may lack the skills and experience required for effective inter-ministerial co-ordination for adult learning (Drofenik, 2013).

Adequate funding without a basis in previous evaluations does not guarantee correlation between funding, participation or productivity outcomes. As confirmed by Desjardins, at the school level, funding levels are positively associated with students' outcomes up to a certain point. The OECD Programme for International Student Assessment (PISA) data show that in countries with cumulative expenditure per student below USD50,000 annually, the effect of spending is significantly associated with higher PISA scores. However, for countries with cumulative expenditure above USD50,000, like Slovenia and most other OECD countries, the effect of spending is not significant (Desjardins, 2018).

According to the OECD study on Slovenia's skills strategy guidance, a shared understanding of challenges, opportunities and priorities among relevant stakeholders should include i) information on adult-learning activities, expenditures and outcomes, (comprehensive information and accessible information); ii) information on learning opportunities, including potential benefits; and iii) information needs with reliable information about current and future skills requirements. Regarding skills forecasting, Slovenia mostly relies only on employer surveys, so there is still an ambiguity among institution, which one – perhaps an independent one – should be responsible for assessing and anticipating skills needs in Slovenia (OECD, 2018).

Business and educational institutions should follow the same goal-higher level of innovations, increase in productivity, and general welfare for all. To achieve the aforementioned goal at the national and European levels, a clear vision of the future economic development should be determined. Only then can the right skills and gaps be identified and policies revised

and improved. On the other hand, if data on the specifics of available stock of human capital is given, the mentioned knowledge-based capital can determine economic future and the most competitive sectors. However, it is not possible to develop wise and reliable policies, taking into account only isolated economic or isolated educational policies. Finally, research confirm that participation in education has range of non-market benefits that extend far broader into the personal life and the community (CEDEFOP, 2017).

Future Steps to Be Reconsidered

Skills and competencies matter, now more than ever. It is the socially responsible thing to share the burden of investments into skills and competencies among individuals, companies and the government. The reality is different. Business usually recognises only fast and visible results and considers any other investments to be costs. Governments neglect skills and competencies as national assets. Business should become active actors in the formation and identification of skills and skills needs. Companies should collaborate hand in hand with other institutions and advocate for educational modernisation. Governments should become socially responsible and mature. There should be higher political level of commitment to the skills agenda in discussions of future national development. Skills and competencies development and direction of development in Slovenia should be agreed upon at the highest political level to serve defined socio-economic goals. To sum up, governance, coordination, and cooperation are key actions to improve the skills and competency performance in Slovenia in general.

Skills and competencies belong to the invisible capital (assets) and as such should be appreciated, more visible, and more integrally part of the socially responsible management practice at the company level. Skills and competencies are becoming the comparative advantage of individuals. Lower investments in skills of older people is in contradiction with a prolonged working age worldwide. Monitoring skills and competencies should spread through the whole life cycle due to inevitable penetration of e-society into daily life. Workers with low skills and a lack of competencies should not be afraid to express their skill needs to update their gaps. In this context, the inclusion of people over 65 years into the PIAAC Study might highlight the life-long functional literacy rate and participation in the life-long learning for people over 65. This category of people is excluded from the PIAAC Study, reducing the insight into the skills problem of elderly people. Lifelong investments in skills to enable equal access to modern technology and life-style to all enriches society as a whole and increases the social inclusion. Adult learning is also positively associated with

health (Vera-Toscano, Rodruigues & Costa, 2017), leading to lower social costs.

Skills and competencies should pay off. There is a need for coordinated efforts to motivate individuals into skills formation. Skills policies in Slovenia should incorporate quality education programmes and adequate economic policies, which do not tax skills remuneration over-proportionally.

A bigger effect could be achieved by taxing neglected shared responsibility of investments into skills and competencies. No compulsory annual reporting on skills investments is required. The introduction of reporting on skills activities should be welcomed in annual reports within non-financial reporting. Higher contributions from annual revenues might be directed towards a “skills fund” for (re)-training, if reports would not prove investments in skills of employees. Along these lines, tax exemptions for individuals should be reintroduced in Slovenia, as is the practice of many developed and successful countries. Optionally, lending conditions to businesses might include clauses on obligatory investments into skills and competencies as a condition for preferential rates.

Taking into account EU-wide skills mismatches, transparency and recognition of skills and competencies should be provided, also by raising awareness about the skills and competencies importance and added value it brings. Identification of relevant skills and the use of acquired skills is becoming an important task for every company as well as for the national context. The important element for better skills matching presents adequate information and access to skills providers. Identification and provision of required skills and competencies in Slovenia should become the responsibility and the priority of companies as well. The established Skills Council in the UK and some other countries can serve as templates for good practices.

EU funds coming to Slovenia should be used more efficiently. Europe is recognising the added value of skills, competencies and investments in human capital, allocating a significant share of EU funds for improving and developing skills and competencies necessary in the labour market. The European Social Fund supports over 27 billion EUR for investments into skills, education, training and lifelong learning during the 2014-2020 programming period (EC, 2016c). Slovenia is facing the instability of public funding to achieve national skills goals and need to “develop the culture of co-operation” (OECD, 2018). More horizontal and vertical cooperation would improve skills and competency knowledge as well as capacities needs to reach available and affordable solutions. Each sector should identify its challenges and solutions responsibilities. It is important to mention that the precondition for successful governance is establishment of reliable skills forecasting in Slovenia.

By going in this direction, coherence of ministries and levels of governments in Slovenia would be ensured by minimising overlaps in adult learning services, along with effectively sharing responsibilities for promoting and funding adult-learning (OECD, 2018). The local level of governance can be successful in implementing actions to reduce skills gaps identified in the local environment and performed by relevant institutions. On the other side, the high number of municipalities does not allow for full exploitation of the existing knowledge on skills needs or requirements for any improvements on the national level. Slovenia should effectively tailor its national policies to local/regional needs and improve inter-cooperation among municipalities as partnerships. In fact, some municipalities provide no funding for adult education at all (OECD, 2018). Improvements in the skills policy positively affect employment, social, welfare as well as general economic situation and development in Slovenia. The mentioned fact has been confirmed by two studies by Jelenc (2007), Ivančič, Špolar and Radovan (2010).

Findings and Conclusions

It is clear that educational institutions have a significant role in determining adequate skills and competencies, but the end users of skills and competencies outcomes are companies. Knowledge-based economies rely on individuals and their skills and competencies, shaping companies’ economic performance. Therefore, the role of stimulating skills formation in Slovenia should become a shared responsibility of individuals, educational institutions, and government. More cooperation between educational institutions and businesses is necessary to design adequate educational pathways for effective skills matching in companies. Neglecting the fast changes of labour markets and economies does not allow fragmented and partial investments into the human capital. Motivating each stakeholder to invest in skills and competencies requires confirmed value added for each of them. In times of demographic decline in Slovenia, special emphasis and motivation measures should be targeted towards unemployed and inactive ones.

OECD confirms the prominent role of the government and society in the recent study in adult learning in Slovenia. The study stated that the governments and society benefit most from increasing the basic skills and competencies of its population, while employers benefit from job-specific training leading to productivity gains, and individuals benefit from training that raises their employability or mobility in the labour market. How to share the “funding agreement” should base on i) who benefits from different types of adult learning and skills; ii) who incurs costs due to adult learning;

and iii) who has the capacity to pay for adult learning and skills (OECD, 2018).

Skills forecasting is an essential tool for mirroring the economy's potential in the individual country. As identified by OECD (2017), Slovenia lacks a comprehensive skills assessment and anticipation system. The aforementioned is a precondition for identification of needs and adequate future economic policies. The same analysis also confirmed that the actual tax system does not motivate highly skilled individuals to invest in (new) skills and competencies. The aforementioned challenge of skills forecasting gap and skills and competencies investments should be better recognised, highlighted and discussed in the Economic Social Council meeting.

From the perspective of the social responsibility, the innovation spillover effect is too modest to generate substantial impacts, especially for companies that are not technological leaders. Investments in knowledge-based capital at the company level could generate a much higher return at national level and in the international environment, leading to progress and welfare for all. Global competition requires fast responses to actual market situations. Knowledge-based capital is becoming a prevailing source of competitive advantage for a company, if invested in individuals. Matching the right people with the right skills requires identifying prospective sectors with available skills and competencies. Industrial policy, focused on sustainable economic direction, should be aligned with appropriate skills strategy to reach best possible economic and social performance.

To conclude, the future of work is unpredictable due to global technological, economic and societal changes. The shift

towards digitalisation and new skills and competencies is inevitable, leading to requirements for lifelong investments in Slovene human capital. Skills are crucial for individual employability, lifelong social inclusion, and increased productivity. Europe's economic and social success is largely based on the skills of its population (EC, 2016c). A waste of human resources is a mistake that should not happen.

Ageing trends in Slovenia require up-skilling and increases in productivity to mitigate the negative effects of lower participation rates in the labour market and sustain economic growth. Social partners, especially employers and chambers of commerce, should play an important role in identification of required skills and gaps. Smart skills and competency management, focused financing and more coordination are lacking in Slovenia.

It is clear that investments in skills and competencies are needed in the society. Due to the dynamics of labour markets, it is difficult to predict precisely the long-term evolution of required skills and competencies. To improve the labour market matching and supply of skills and competencies, improvements in governance, cooperation and coordination are easier to predict and to implement. There exist many good practices on how to combine the uncertainty of future needs with better national skills management. It might be wise to follow the best performers in skills achievements. Only by matching required skills with the industrial policy and skills forecasting and competency needs can Slovenia generate the twin goals of higher efficiency of human capital and higher productivity in the economy. Relevant skills and competencies could be better used in the working and civil life and should enable social inclusiveness and lifelong well-being.

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Upravljanje s kompetencami ter koordinacija in odgovornost kompetentnosti v Sloveniji

Izvleček

Namen članka je izpostaviti pomen vlaganja v kompetentnost. Ugotavljanje ravni kompetentnosti mora soditi med strateške cilje družbeno odgovorne družbe. Ustrezne kompetence predstavljajo predpogoj delujočega trga dela v času digitalizacije in tehnoloških sprememb, predpogoj za uspešnost gospodarstva ter za produktivne in aktivne posameznike skozi celoten življenjski cikel. Ustrezne veščine in kompetence morajo ustrezati potrebam trga dela in zahtevam gospodarstva. Raziskava se navezuje na praktične pomanjkljivosti neučinkovitega upravljanja kompetenc v Sloveniji in na njene posledice. Uporabljena metodologija združuje preučitev teoretičnih modelov in okvira veščin v izbranih državah z izbranimi politikami.

Ugotovitve potrjujejo, da izobraževalne poti v Sloveniji niso usklajene z zahtevami gospodarstva. Kompetence ne ustrezajo dejanskim prednostnim nalogam industrijske politike. Članek opiše aktualnost politike kompetentnosti v Sloveniji in razkorake v upravljanju v primerjavi z državami EU in OECD. Osredotoča se na predvidene izzive glede veščin in na potrebe po napovedovanju veščin. Članek predlaga rešitve in politike za boljše usklajevanje veščin in za nadaljnja razmišljanja o uspešnejšem usklajevanju in upravljanju med izobraževalnimi politikami ter zahtevami kompetentnosti v gospodarstvu. Omejitev raziskave predstavlja raznolikost politik v državah, kar predstavlja oviro prenosljivosti dobrih praks. Kljub temu se članek dotika izzivov veščin in kompetenc, ki so skupne večini držav in zahtevajo ustrezno ukrepanje.

Ključne besede: kompetence, neuskklajenost veščin, razkorak med veščinami, industrijska politika, napovedovanje