



Skills for Competitiveness:

The value of skills in employment and economic development

Professor Mike Campbell

Director of Development, Sector Skills Development Agency

**Director of Research and Policy (Designate), UK Commission for
Employment and Skills**

mike.campbell@ssda.org.uk

OECD LEED Annual Forum

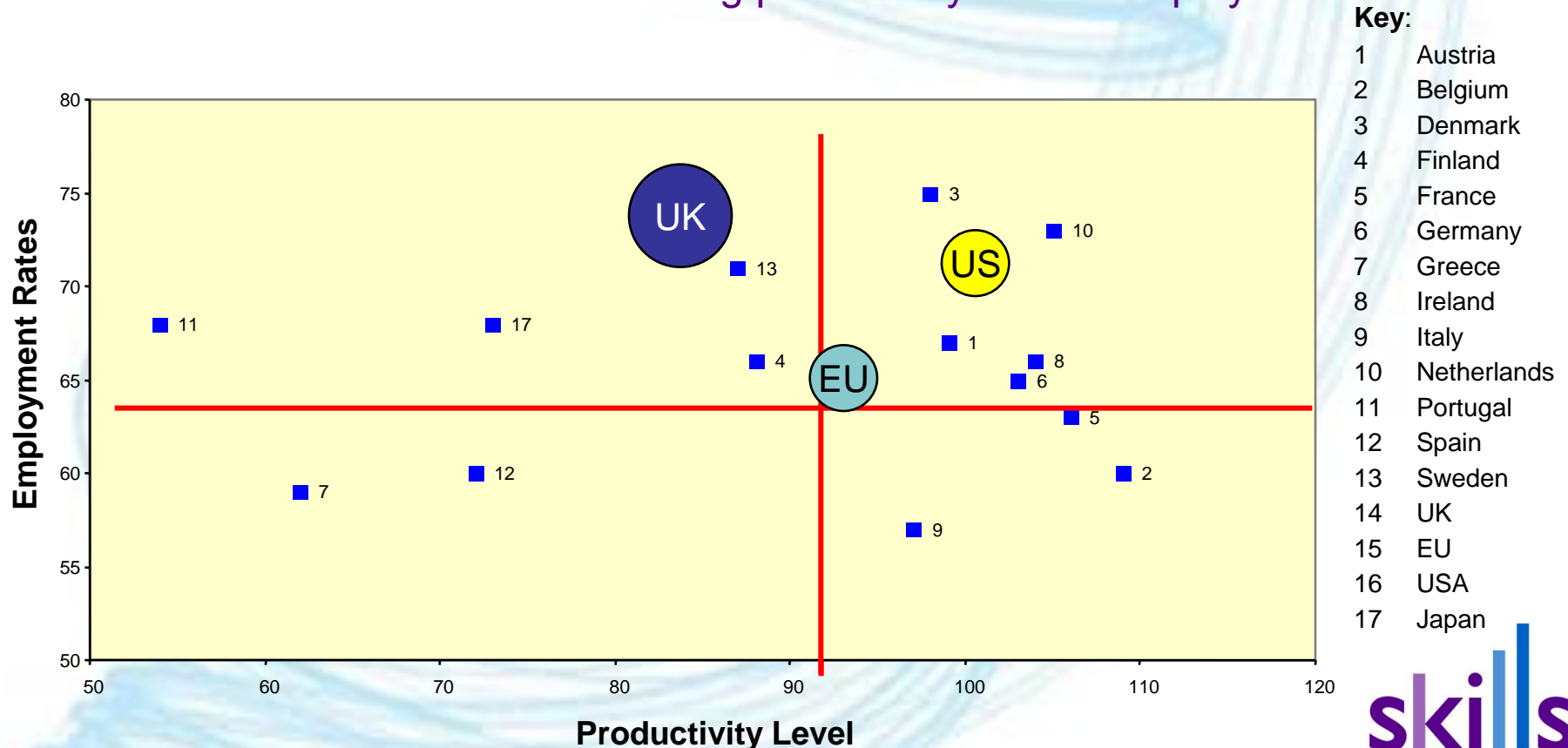
Vienna

18-19 February 2008

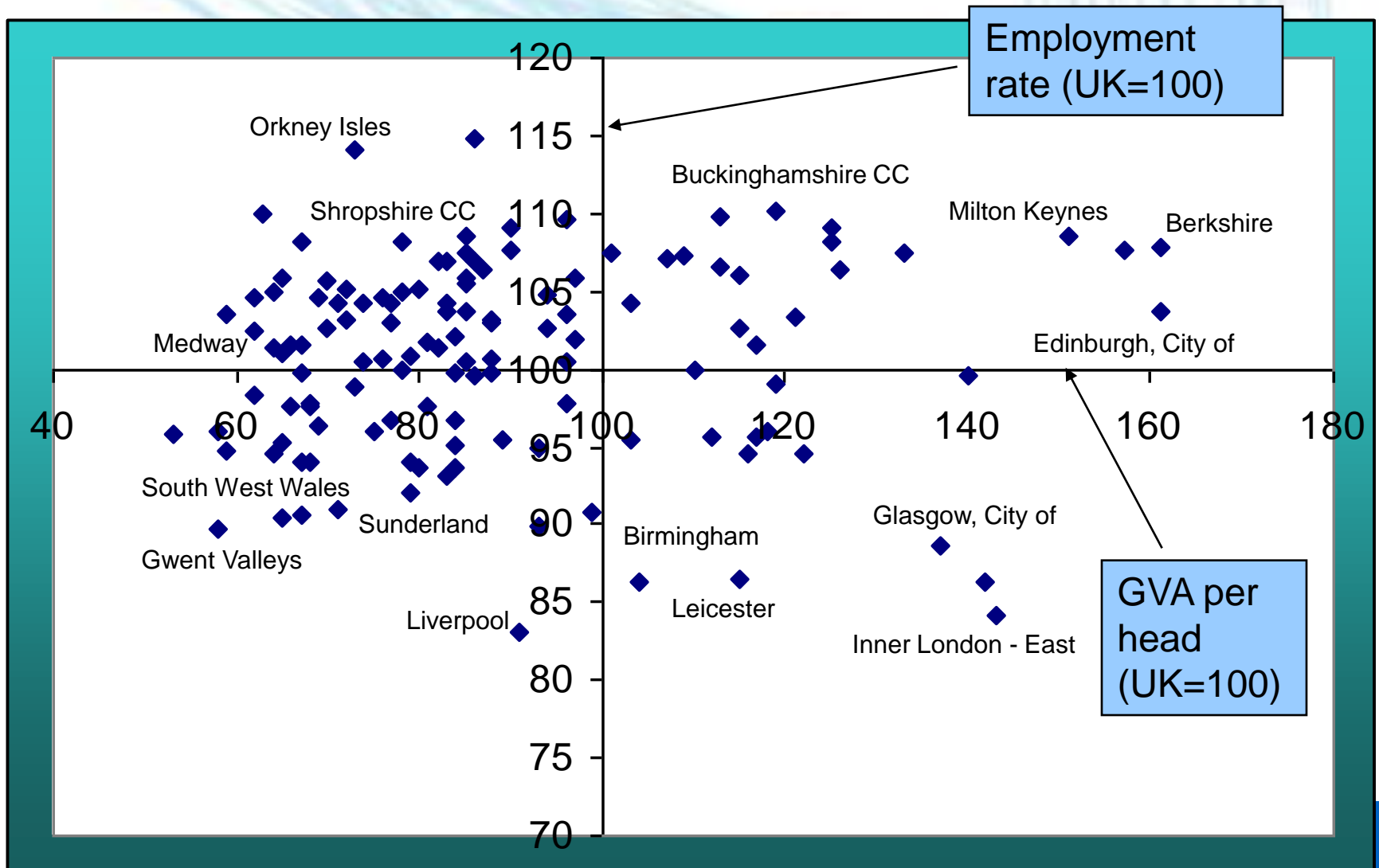
Challenges

Economic Performance is driven by Employment and Productivity

- Some countries combine both successfully
- Some countries have a long way to go – on one, the other or both
- Skills are a vital lever in increasing productivity ... and employment



Local Variations in Employment and Productivity in the UK



Challenges

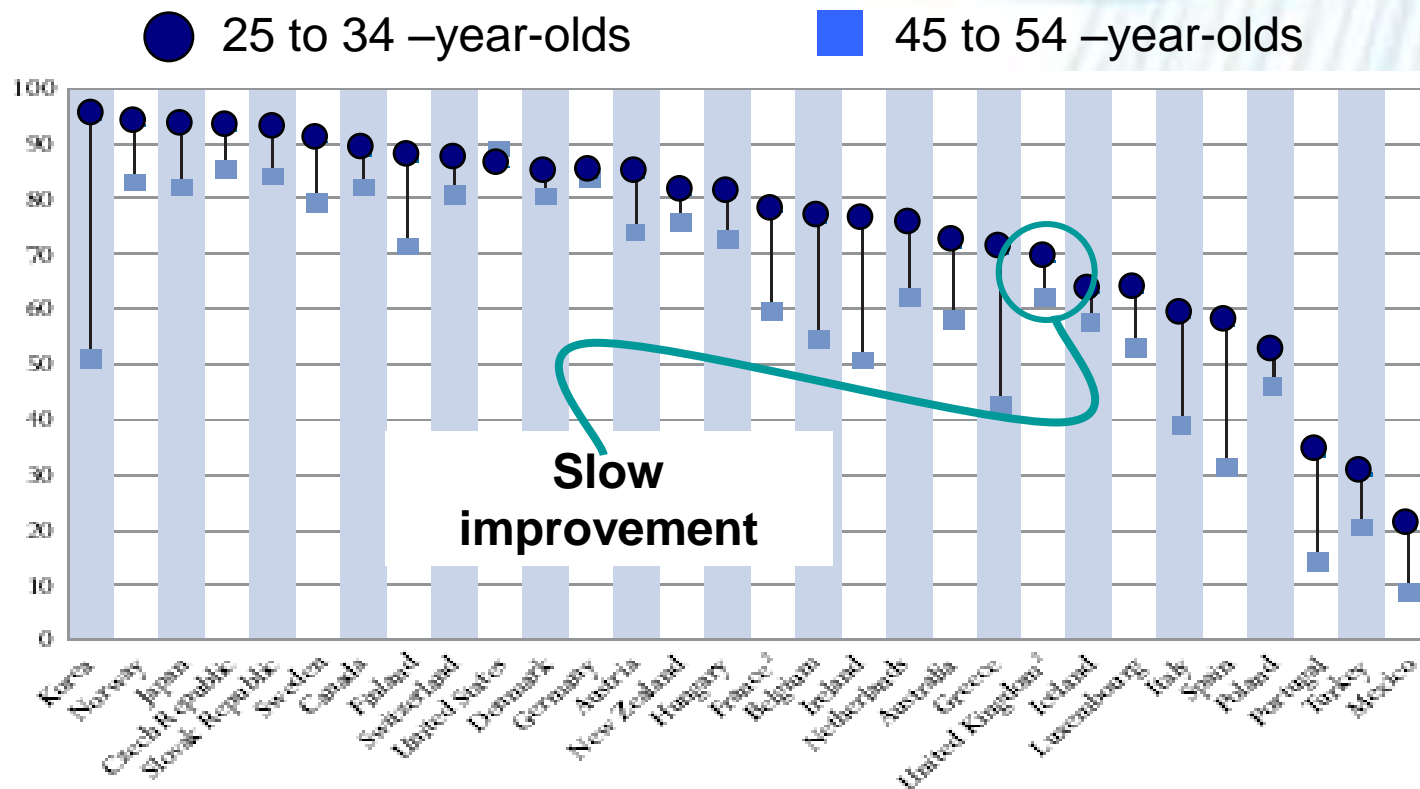
The UK's International Skills Gap

- **17th out of 30 OECD countries in the proportion (35%) with no/low qualifications**
 - Many are catching up fast e.g. Ireland, Korea and Spain
 - 35% is more than double the proportion in the best performing countries
- **20th out of 30 OECD countries in the proportion (36%) with intermediate qualifications**
- **11th out of 30 OECD countries in the proportion (29%) qualified to level 4 and above**

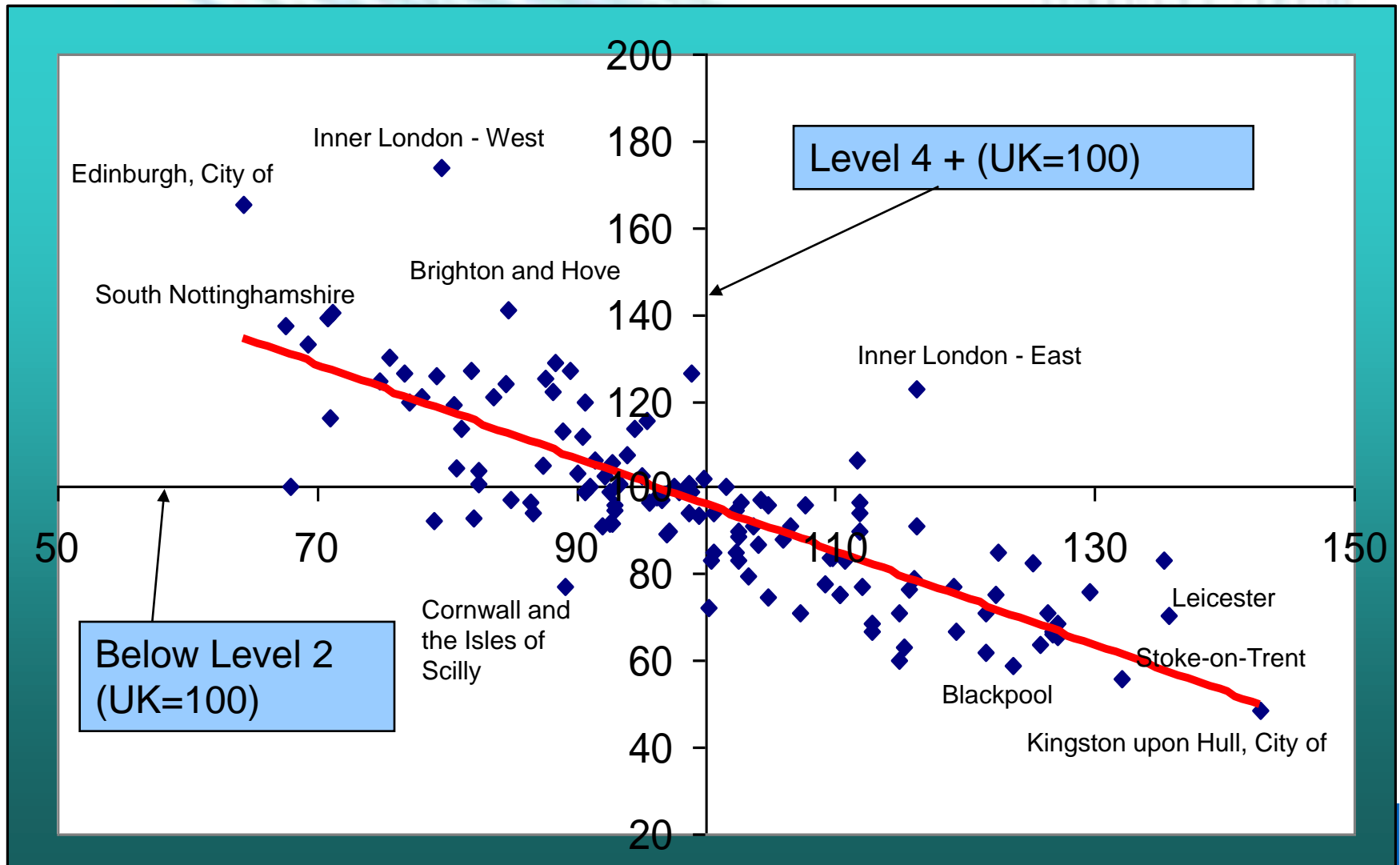
Challenges

- Attainment even weaker in, for example, Italy, Spain, Portugal and Poland
- Some improving 'across the generations' faster than others

Proportion of population attaining at least upper secondary education



Local Variations in Skills in the UK

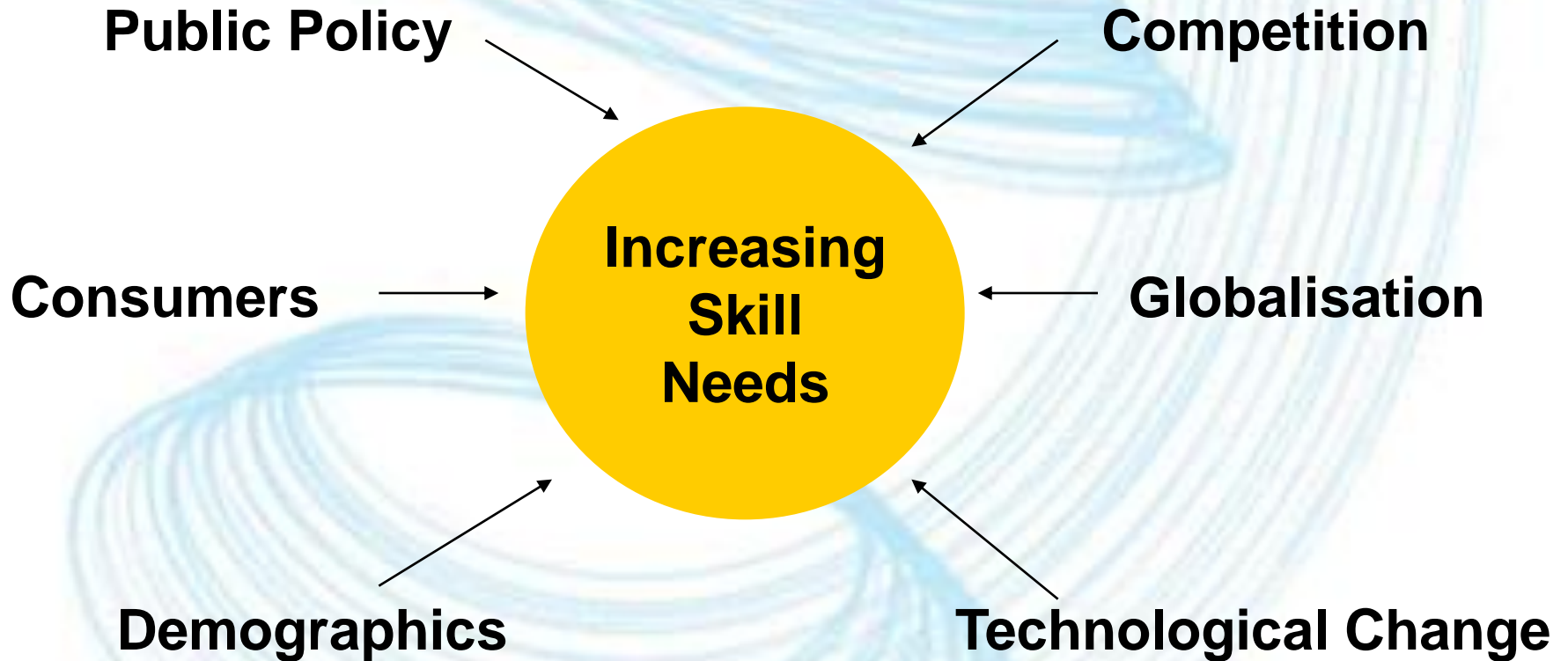


Challenges

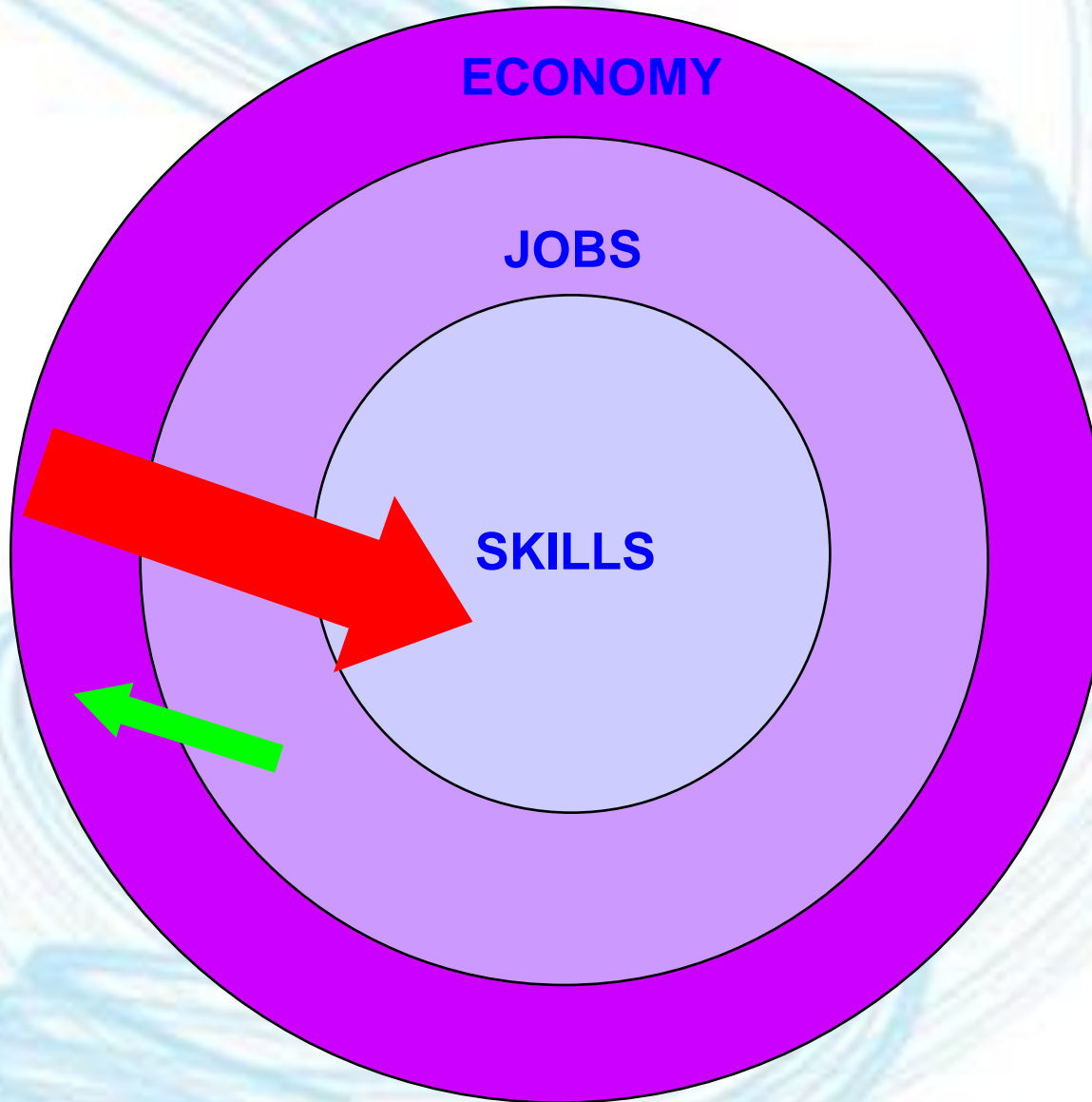
The UK's International Skills Gap in 2020?

- **On No/Low Skills ... the UK improves from 17th to 15th**
- **On Intermediate Skills ... the UK improves from 20th to 13th**
- **On High Level Skills ... the UK deteriorates from 11th to 14th**
- **... Where will your country be in 2020?**

The Drivers of Change



It's the Economy Stupid?

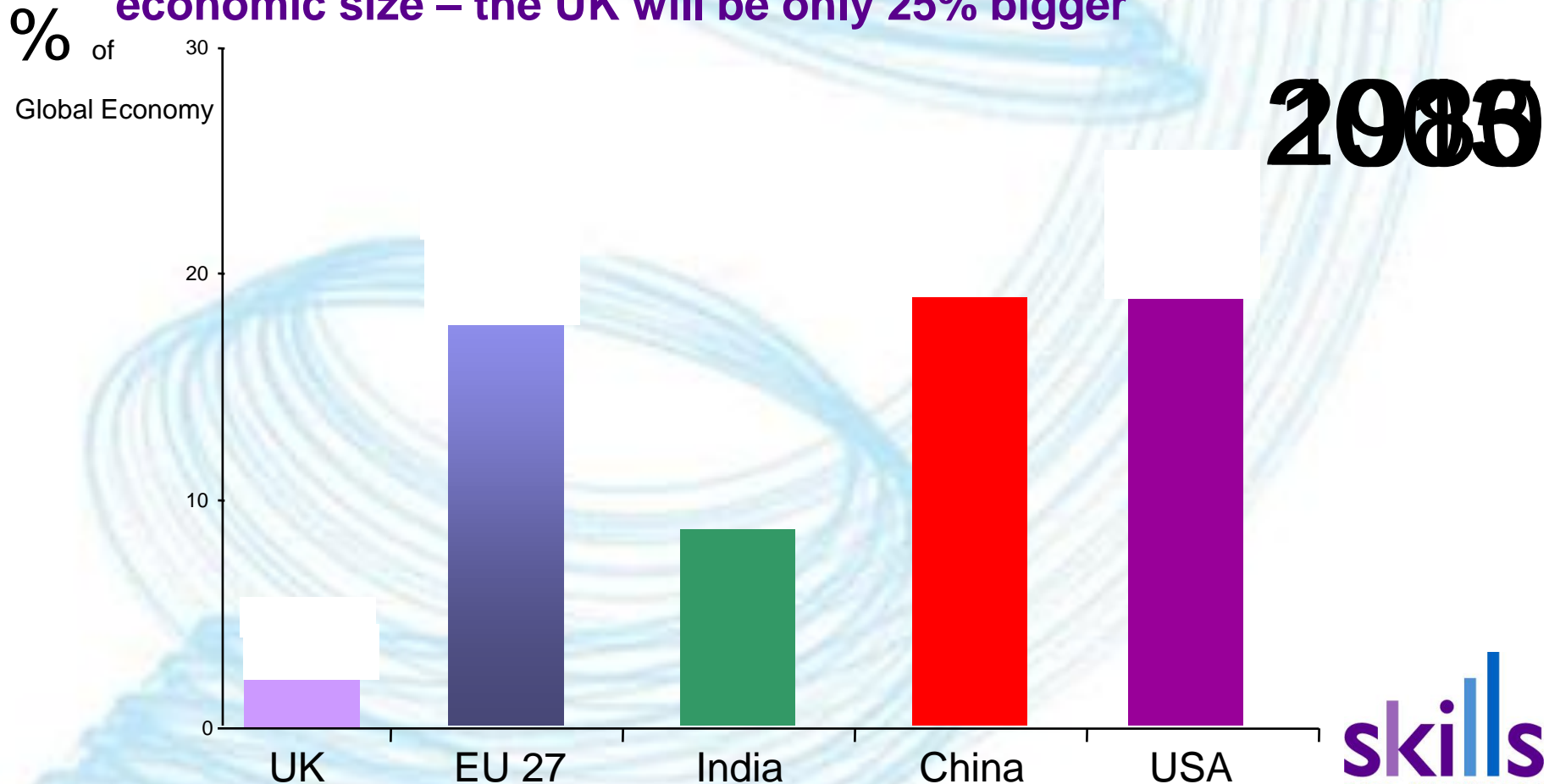


Challenges

The Global Playing Field is Changing Fast

- The biggest restructuring of the World Economy since the rise of the USA

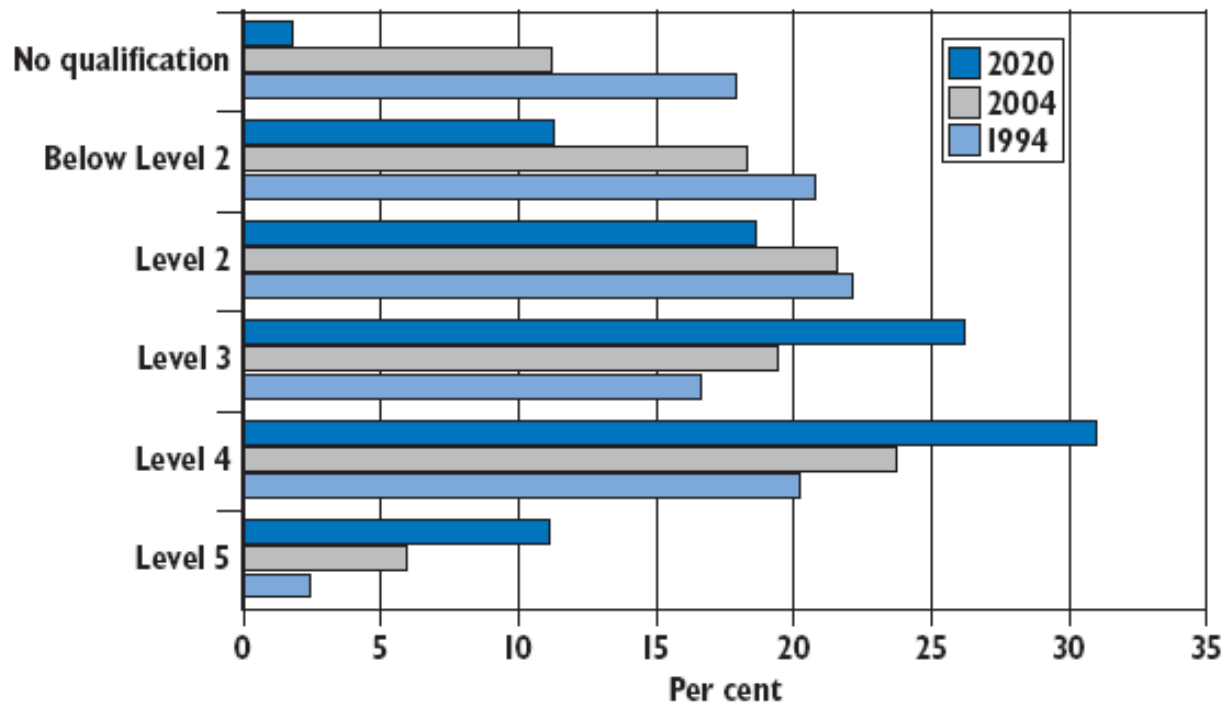
e.g. over the next 10 years China and India will double in economic size – the UK will be only 25% bigger



UK Skills and Qualifications to 2020

- The proportion of jobs at Level 4 and above may reach 42% of the workforce – 4.5 million more than today
- The proportion of jobs with no qualifications could be as low as 2% - 2.5 million less than today

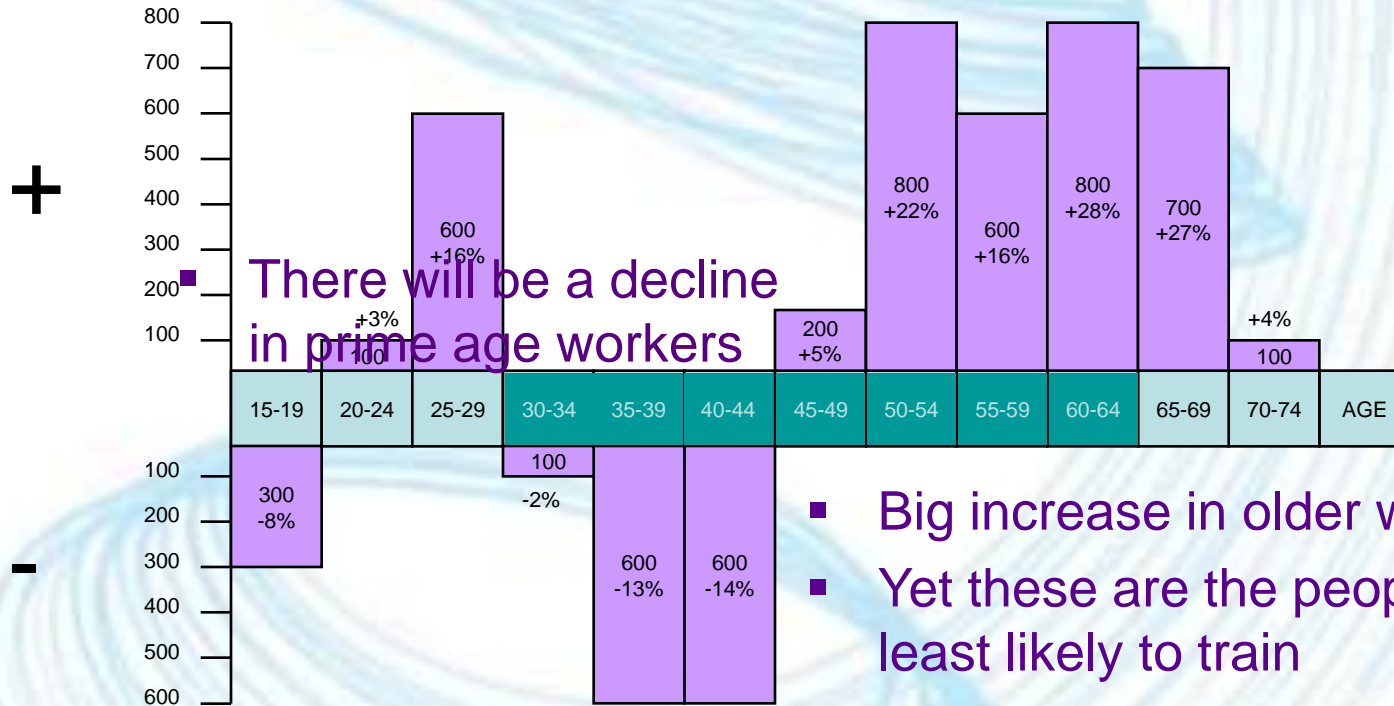
Share of employment by qualification level, 1994-2020



Source: CE/IER employment projections.

The Demographic Challenge in the UK

Projected change in age groups 2003-2020 (in thousands)



There will be a decline in prime age workers

- Big increase in older workers
- Yet these are the people we are least likely to train
- In fact 75% of our 2020 workforce are in work NOW

Opportunities

What's the Prize?

- In the UK the qualifications improvement of the last 10 years has added:
 - Between £30 - £50 billion to GDP
 - 2% points to GVA per worker
 - Around 200,000 jobs
- In the UK the 'Leitch' dividend is likely to realise:
 - Around £80 billion net to GDP
 - 15% increase in the rate of productivity growth – around £1800 per worker
 - 10% increase in the rate of employment growth – around 200,000 jobs

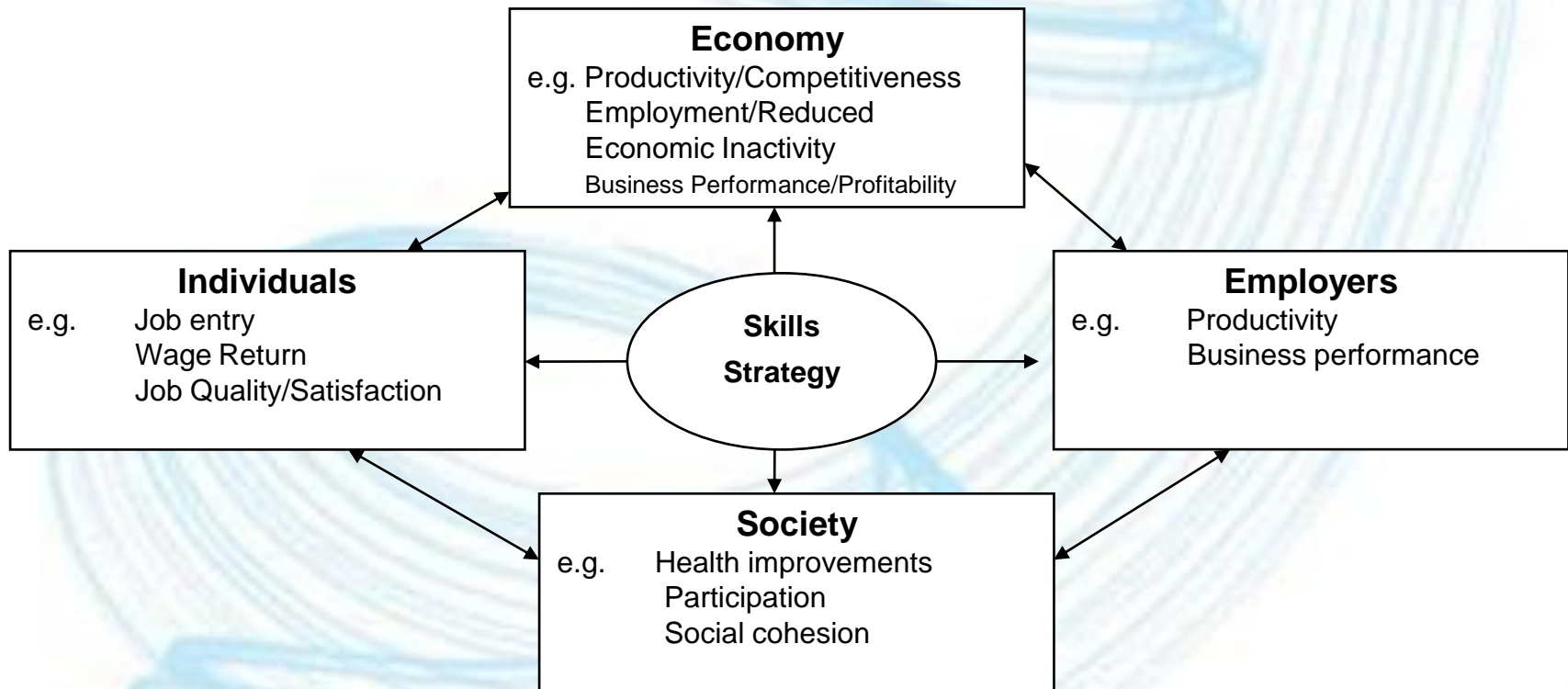
Opportunities

What's the Prize?

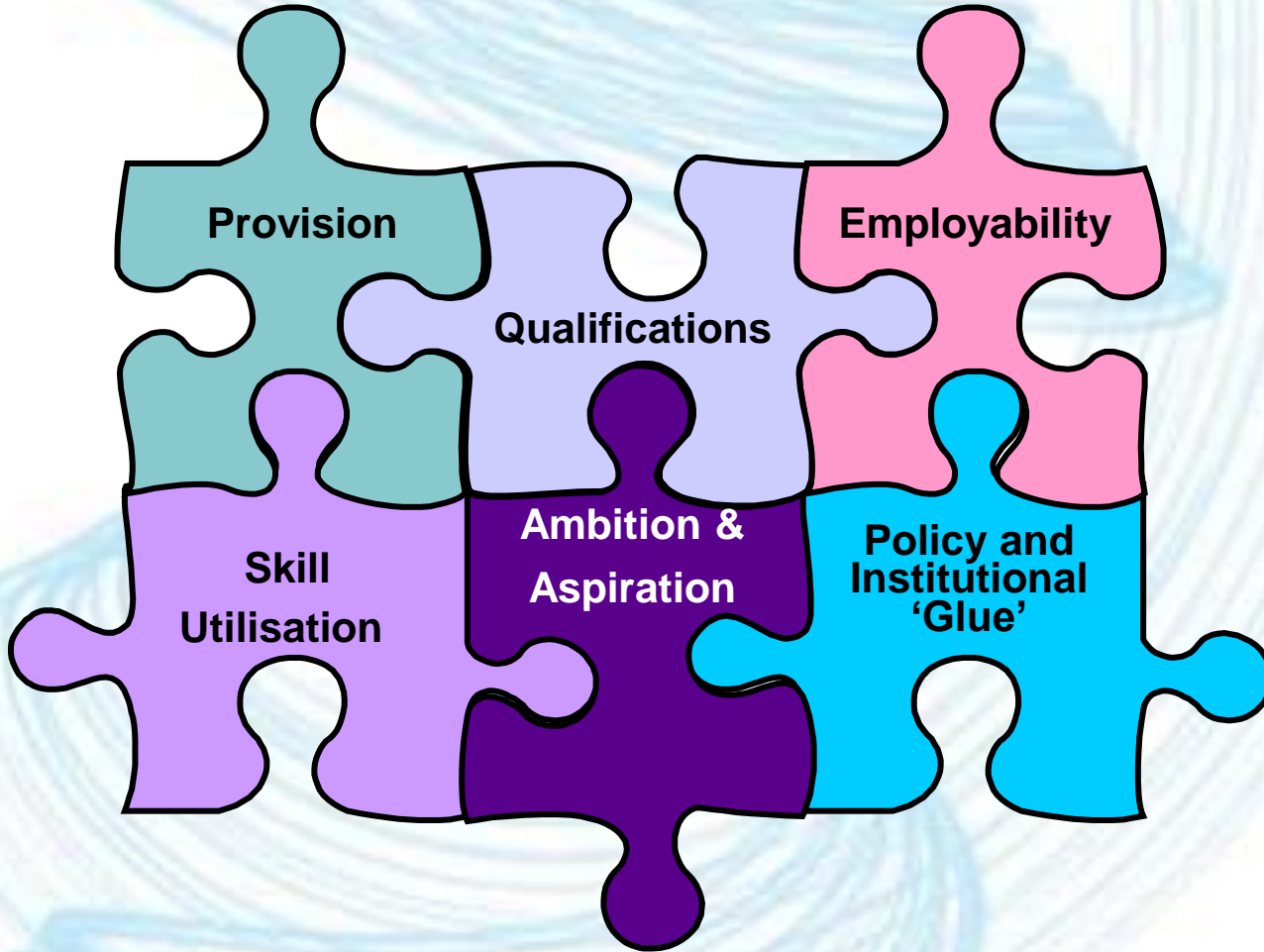
Returns from Obtaining Qualifications

	Upper/Post Secondary Non Tertiary (ICSED 3/4)		University Level Degree (ICSED 5/6)	
	Males %	Females %	Males %	Females %
Belgium	14.3	11.9	10.7	15.2
Denmark	(1)	(1)	8.3	8.1
Finland	(1)	(1)	16.7	16.0
Hungary	9.7	11.3	22.6	15.0
Korea	13.5	6.6	12.2	14.9
New Zealand	14.1	16.2	9.3	12.9
Norway	(1)	(1)	12.1	15.7
Sweden	(1)	(1)	8.9	8.2
Switzerland	7.9	8.3	10.0	9.8
United Kingdom	25.1	29.9	16.8	19.6
United States	(1)	(1)	14.3	13.1

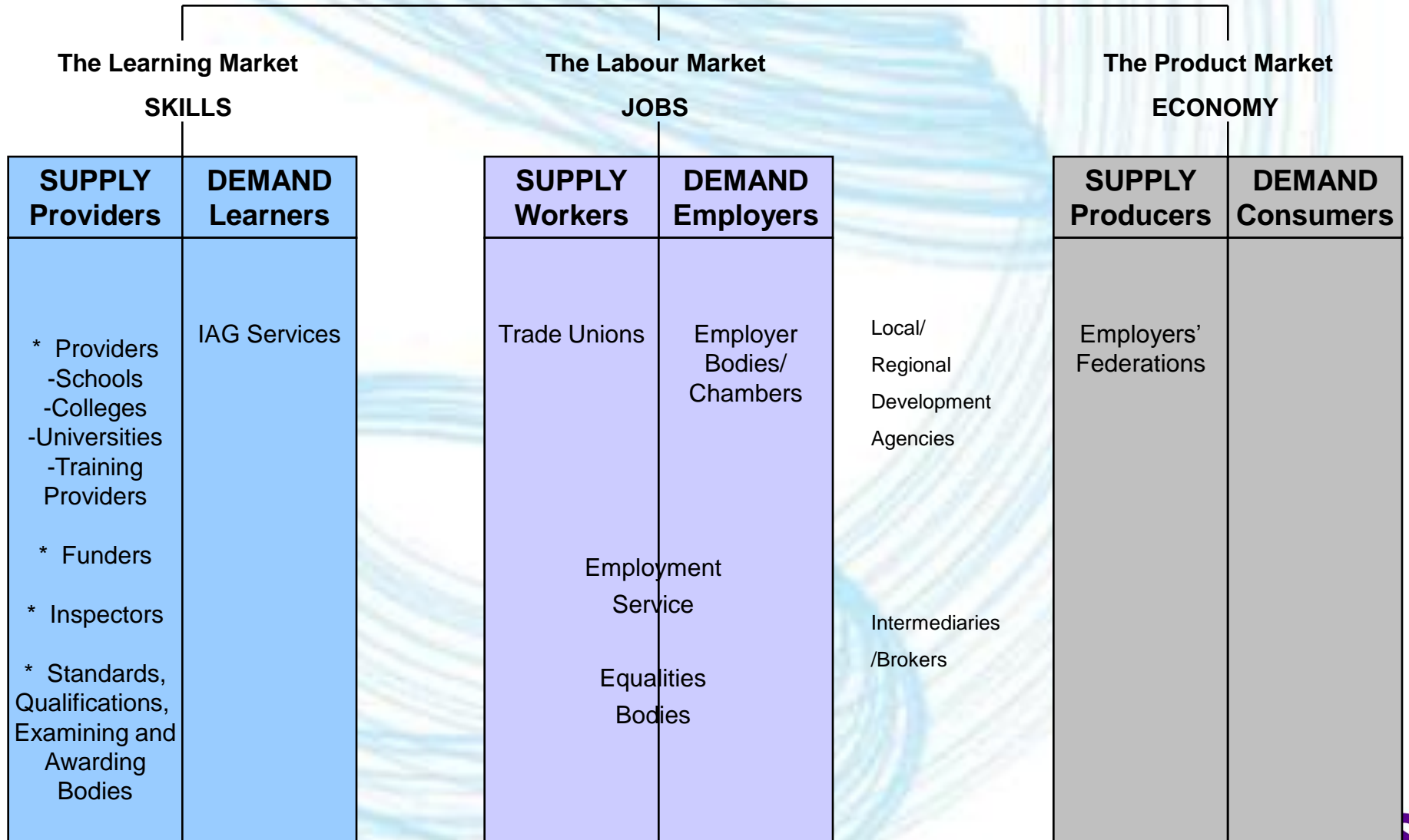
Economically Valuable Skills: The Benefits of Skills Development



Implications for Action: What Should Partners Do?



Implications for Action: Partners



Implications for Action: So What?

- **Skills are valuable!**
- **Skills should connect to (lead?!) employment and economic development**
- **A 'Demand led' approach is needed ... but, work on demand for skills as well as supply (availability) of skills**
- **Identify priorities; design action plan; measure performance**
- **Partnership membership should reflect the Skills Strategy**

The West Midlands Regional Skills Partnership

■ Partners

- Employers
- Providers

Public Agencies

Others

■ Priorities

- Information and analysis
- Meet employer needs
- Encourage enable employers individuals to improve performance through investing in skills

■ Performance measurement

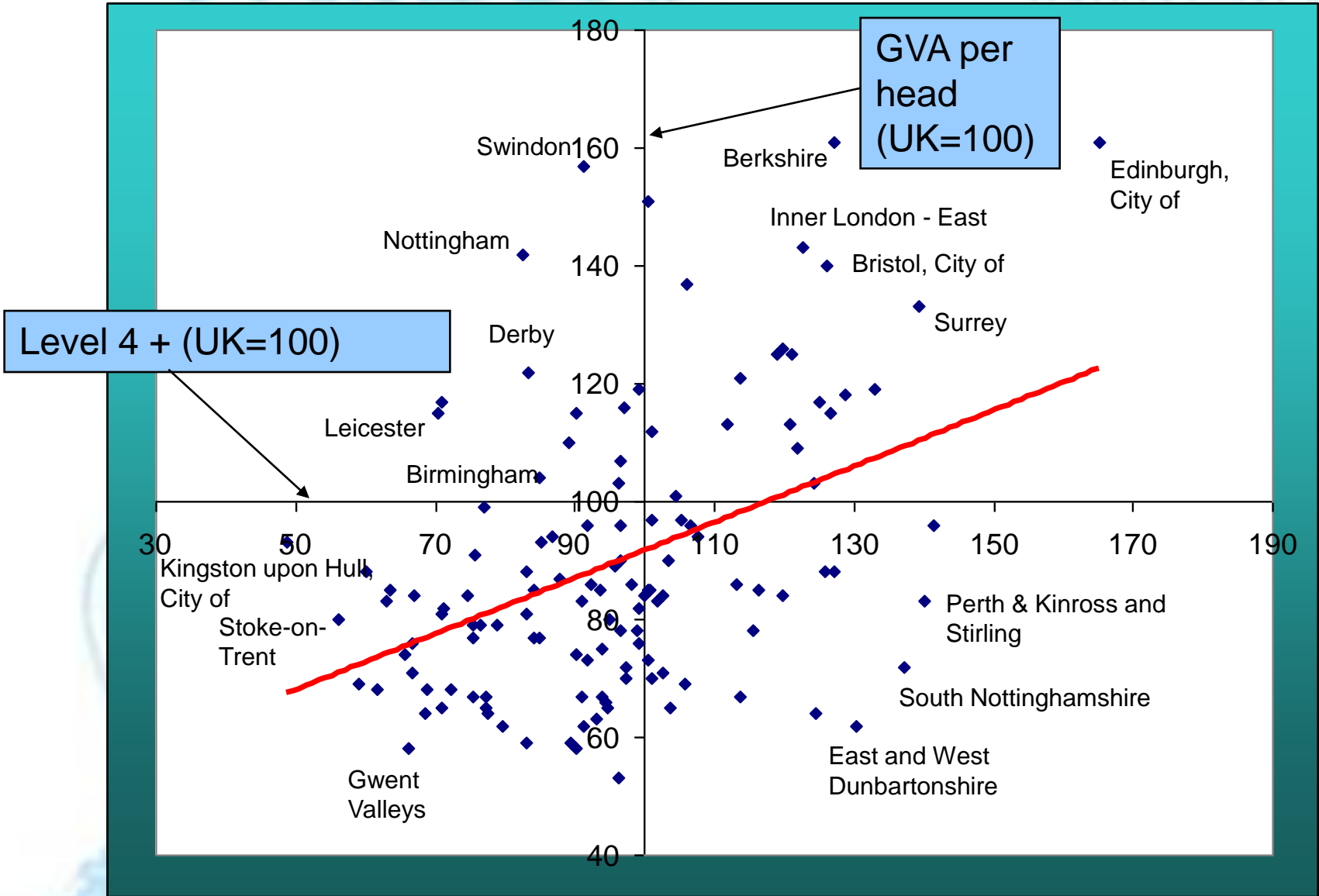
- Supply, demand and 'balance'
- High level; the partnership; workstreams
- Benchmarking and estimating scale/distance to travel
- Action plan and milestones

The West Midlands Regional Skills Partnership

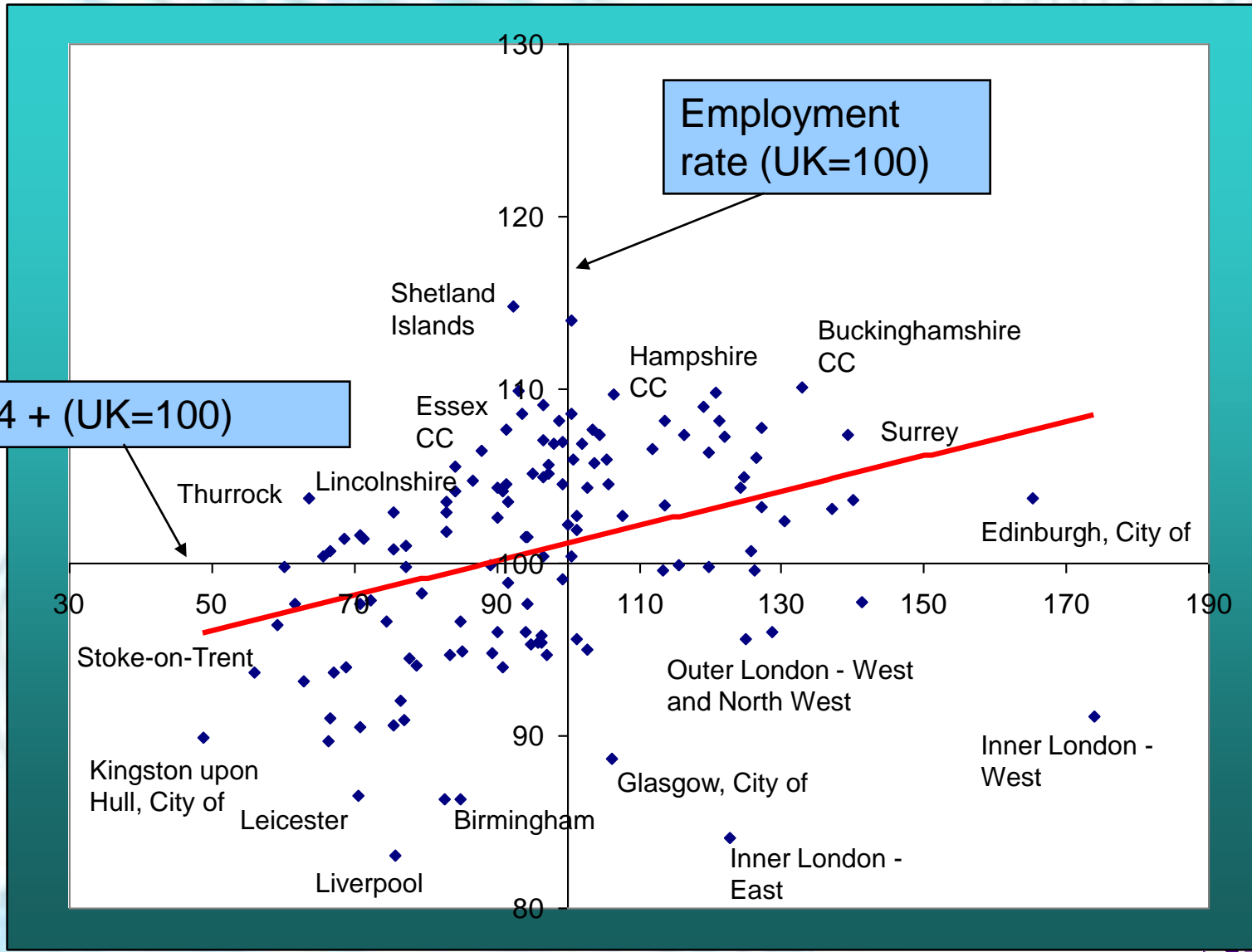
- **Influence**
 - Partners (including Development Agency)
 - Regional economic strategy
- **For more information/contact:**
 - wmskillspartnership.org.uk
 - wmro.org (skills research, 'Skills index')



Skills and Productivity at the Local Level in the UK



Skills and Employment at the Local Level in the UK



Implications for Action (2)

The Skills and Economic Performance Agenda

