



Human Capital Development in Cities and Regions

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Overview

- Human Capital Development in general
- Human Capital Development on regional level
- Strategies
- Conclusions



Human Capital Development

= *The knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being*

- Importance of *people* in economic growth
- Investment and return
 - Public/Social
 - Private

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Human Capital Development

- How to measure human capital?
 - Qualifications, educational attainment
 - *Education at a Glance, ...*
 - Learning outcomes: actual skills produced by formal education
 - *AHELO*
 - Actual competencies in the workplace of adults
 - *PIAAC*
- How to measure returns, benefits, etc. from private and public human capital investment?

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Human Capital Development

- What have we learned from OECD work
 - Enormous expansion of tertiary educational attainment, still continuing and probably also continuing in next decades
 - Huge differences between countries and huge inequalities within countries (equity)
 - High to very high public and private economic returns on investment in tertiary education
 - Equally high social returns (health, political participation, trust, social capital, ...)

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Human Capital Development

- Looking to the future: the knowledge economy will need more high-skilled people with better and newer skills
 - There are more jobs expected asking for high-level skills than there are higher education graduates, so there still is a need for expansion of participation and attainment
 - If countries want to overcome the economic crisis and to remain competitive in the future, they will have to invest in human (and social) capital
 - Investing in new skills is crucial to foster innovation
 - Cf. Human Capital strand in OECD Innovation Strategy

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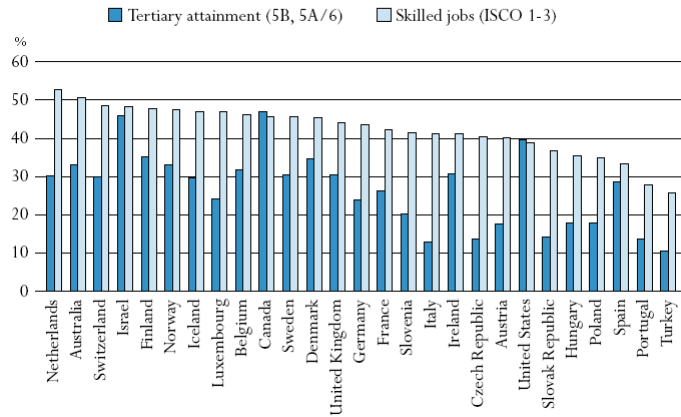
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Chart A1.1. Proportion of population in skilled jobs and proportion of population with tertiary education (2006)

The chart depicts the proportion of the 25-to-64-year-old working population in skilled jobs and the proportion of the 25-to-64-year-old population with tertiary education (2006).



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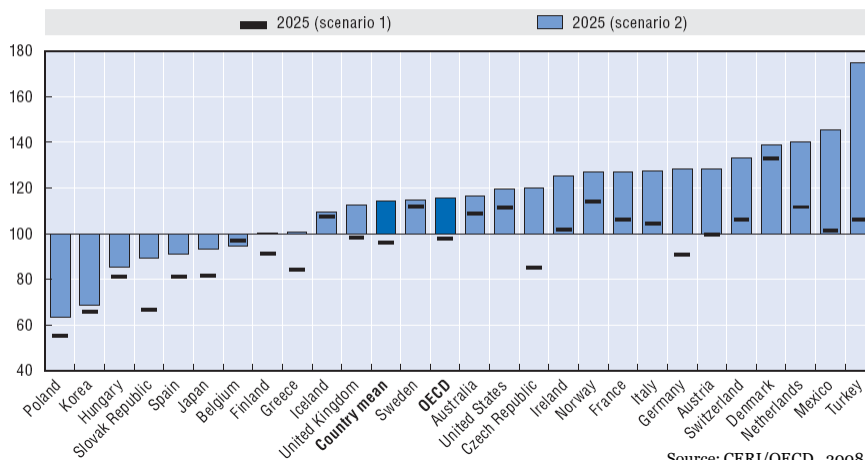
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Figure 2.2. Trends in student enrolments between 2005 and 2025 on the basis of scenarios 1 and 2

(2005 = 100)

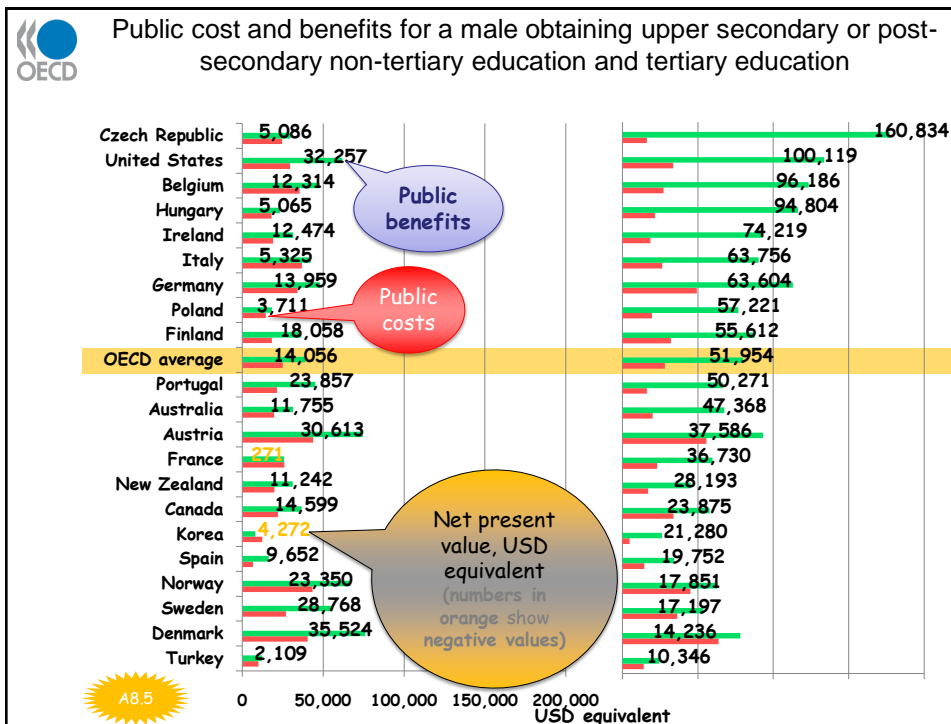


Source: CERI/OECD, 2008

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Human Capital Development

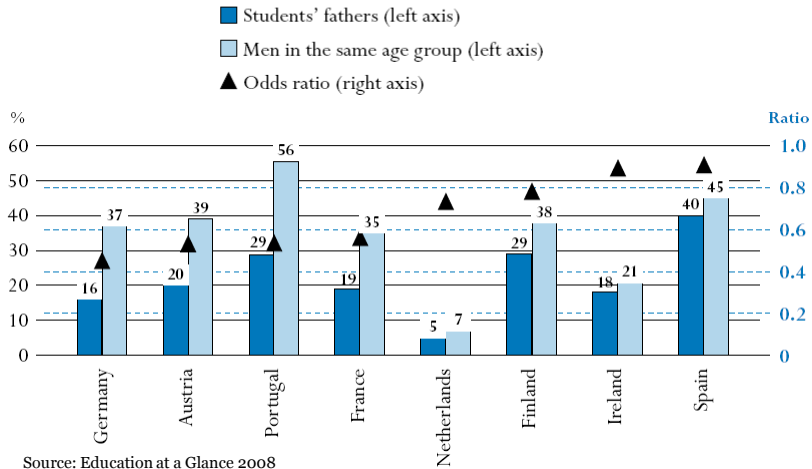
- But huge challenges:
 - Equity: social, gender, ethnic, ... : can we afford waste of talent?
 - Efficiency of human capital formation: are we providing the best possible teaching & learning arrangements for successful and effective human capital development?
 - Human capital utilisation: huge differences between countries in using the human capital reservoir

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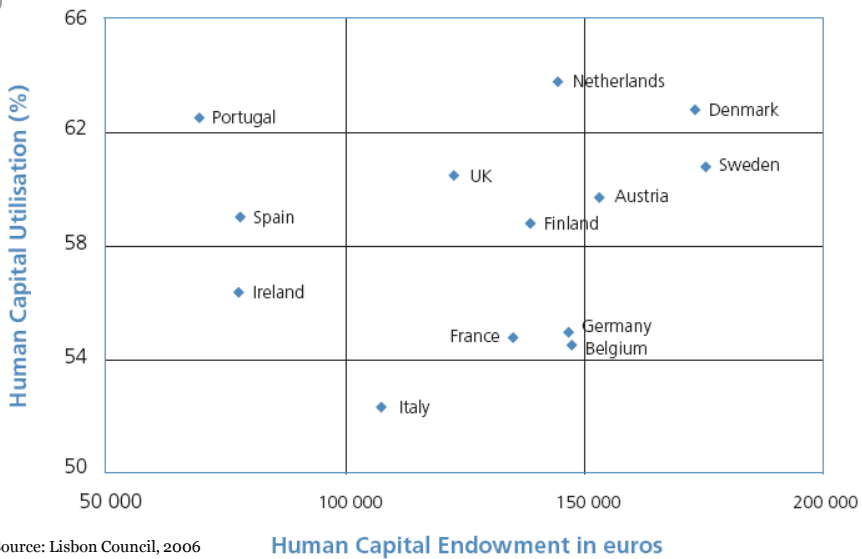


Chart A7.1. Occupational status of students' fathers (2004)

The chart compares the proportion of fathers of higher education students from a blue-collar background with the proportion of all men of the corresponding age group (40-to-60-year-olds), in percentage.



Source: Education at a Glance 2008



Source: Lisbon Council, 2006

Human Capital Endowment in euros



HC and regions

- Using national data can distort our view
 - Human capital formation and utilization do not happen on national scale, but on regional level
 - Huge sub-national differences in economic activity and human capital development
 - Geographical mobility of high-skilled labour is increasing, but most graduate employment still is rather near to place of graduation
 - Human Capital Development is not only about the quantitative supply/demand but also the qualitative dimension of skills formation

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HC and regions

- The regional/city level may be more appropriate to look at interface between human capital formation and utilization
- Without losing track of interaction with
 - National level: educational and labour-market policies
 - Supra-national level: globalization

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HC and regions

- Regional Human Capital System
 - Employers and social partners
 - Regional and local governments
 - Other educational institutions than universities
 - Community organizations
 - ...
- working together in partnership fostering mutually agreed objectives

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Strategies

- Strategy 1: *Widening access*
 - Waste of talents, inequity issues, failure, low educational attainment etc. endangers regional development
 - Lowering educational climate even further
 - Need to adjust access policies to address regional and local aspects of educational underdevelopment
 - Geographical issues, but also social and cultural issues demanding specific policies

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Strategies

- *Strategy 2: Improving the balance between labour market supply and demand*
 - Quantitative and qualitative mismatch between supply and demand of skills and qualification also endangers regional development
 - Possible approaches:
 - Improving labour market intelligence
 - Improving links with employers and communication
 - curricula, exchange of staff, workplace learning, etc.
 - Supporting entrepreneurship
 - Development of new enterprises

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Strategies

- *Strategy 3: Attracting talent and retaining it*
 - Regional development is endangered if produced skills are leaving the region (regional brain drain)
 - Highly attractive regions also attract talents and skills from other regions
 - E.g. special initiatives for high potentials
 - Role of alumni

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Strategies

- Strategy 4: *Strategic co-ordination of the regional human capital system*
 - All this requires communication and co-ordination
 - Using to full extent the institutional autonomy and capacity to design policies well-adjusted to regional needs
 - Improving communication with external partners
 - Create a mutually reinforcing learning community

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Conclusions

- More and better insights in regional aspects of Human Capital Development
- Human Capital plays a crucial role in regional and local development
- With other partners, HEIs can play a pivotal role in improving the regional Human Capital system
- Better communication and co-ordination between 'producers' and 'users' of Human Capital can drastically improve regional development

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