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## BETTER SKILLS, BETTER JOBS, BETTER LIVES

In 2010, at the height of the economic crisis, more than 40% of employers in Australia, Japan, Mexico and Switzerland reported difficulties in finding people with the appropriate skills. Meanwhile, unemployment rates in a number of countries are still at record highs. In some countries, up to one-third of workers report that they have the skills to handle more complex tasks at work, while another 13% believe that they are not skilled enough.

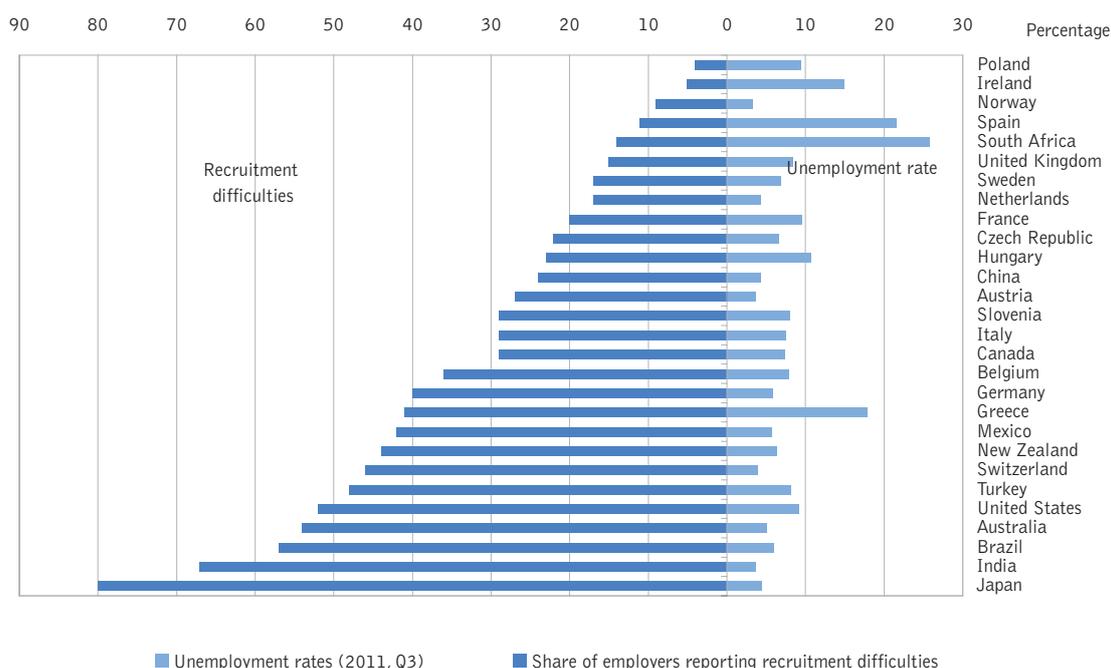
How can today's students and workers prepare themselves for a rapidly evolving labour market? And how can countries ensure that the available skills are used productively? Building on its whole-of-government approach to policy making and its unique evidence base, the OECD has developed a global Skills Strategy that helps countries to identify the strengths and weaknesses of their national skills systems, benchmark them internationally, and develop policies that can transform better skills into better jobs, economic growth and social inclusion.

To achieve the goal of having and making the best use of a high-quality pool of skills, the Strategy suggests that a country must consider three policy levers: those that improve the quality and quantity of skills; those that activate the skills for the labour market; and those that ensure that skills are used effectively on the job.

### Encouraging people to learn throughout their lives

Investing in skills development throughout a person's lifetime is at the heart of skills policies. During the past few decades, the labour market in OECD countries and in many emerging and developing countries has shifted from agriculture to industry to, increasingly, services. These changes imply a decline in the demand for craft skills and physical labour and a rise in the demand for cognitive and interpersonal skills, and for higher-level skills more generally. Government and business need to work together to gather evidence about skills demand, present and future, which can then be used to develop up-to-date curricula and inform education and training systems.

Skills development is more effective if the world of learning and the world of work are linked. Thus, social partners, including employers and unions, should be involved in designing and delivering high-quality education and training programmes. But preparing young people for entry into the labour market with up-front education and training is only one facet of skills development; working-age adults also need to develop their skills so that they can progress in their careers, meet the changing demands of the labour market, and don't lose the skills they have already acquired. Work-related employee training, formal



Source: Self-elaboration, from OECD Employment Outlook and 2011 Talent Shortage Survey (in Quintini 2011b).

Note: Brazil: Urban areas only; China: Registered unemployment rate in rural areas in 2009; India: 2009/10; Indonesia: 2011Q1.

education for adults and second-chance courses all need to be available. And the costs of providing this training need to be shared—among governments, through financial incentives and favourable tax policies, employers, employees and students.

Shortfalls in the supply of skills in a country can be addressed through labour-migration policies, including policies that encourage international students to remain after their studies. The advantage of international students for host-country employers is that they have a qualification that can be easily evaluated. Many of these students also work part-time during their studies, allowing them to develop ties with the host-country society and labour market. In Australia, Canada, the Czech Republic, France, Germany and the Netherlands, more than 25% of international students remain in the country to work after their studies.

### Activating people and retaining skilled workers

People may have skills, but they may not be willing or able to supply them to the labour market. They may be busy caring for young children or elderly parents, they may have health problems, or they may have calculated that it just doesn't pay to work: they can earn as much, if not more, if they stay at home and collect benefits. Unused skills can become obsolete or can atrophy over time, representing a waste of the investment in developing those skills.

To encourage people to supply their skills to the labour market, countries can create financial incentives that make work pay. For example, in some countries, people with disabilities who can still work are being counted as unemployed, and are thus subject to the so-called "mutual obligation", whereby they have to comply with job-search and training requirements or risk losing part or all of their unemployment benefits.

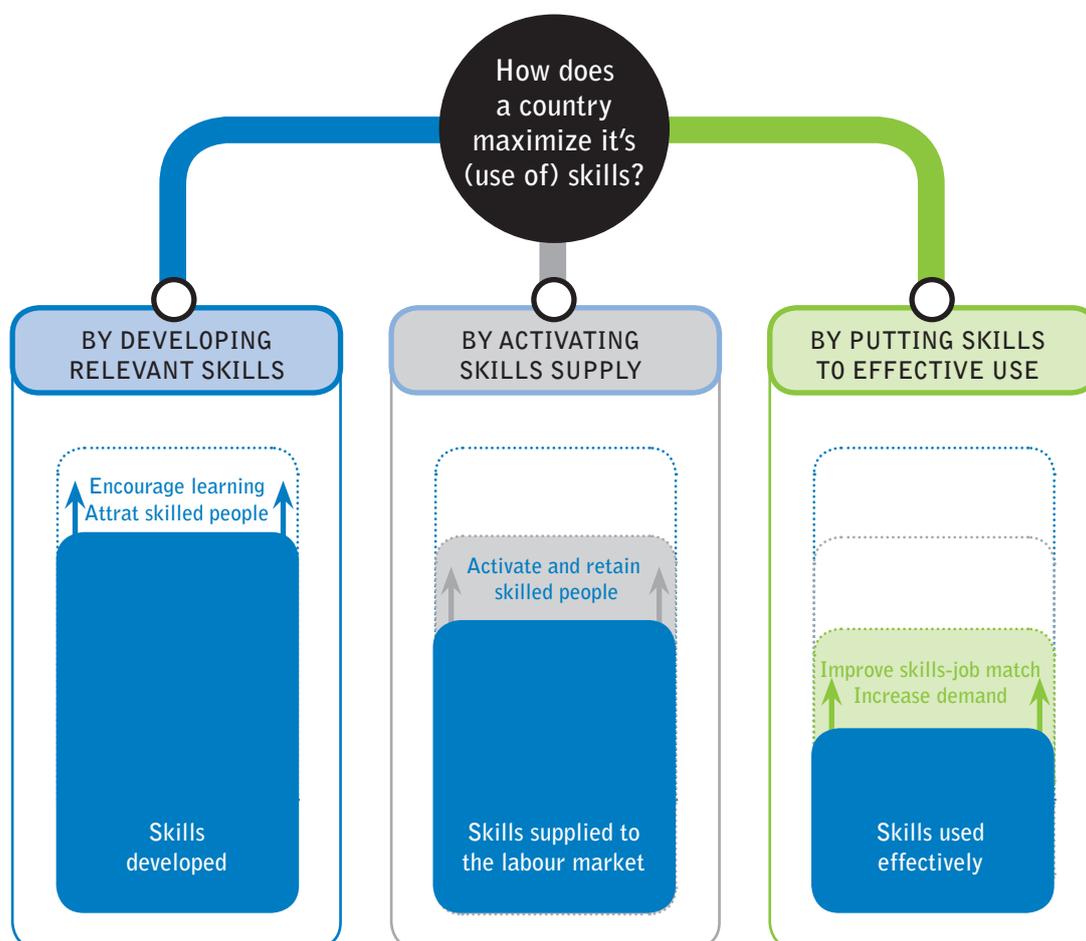
Part-time work is increasingly seen as a way to activate people with care obligations and disabilities. Employers, trade unions and government can work in concert to design policies that allow for less rigid working-time arrangements. To be effective, however, these programmes have to be combined with efforts to reduce employers' reluctance to hire inactive individuals and to re-train those who have been out of the labour force for a while. Indeed, lifelong learning and targeted training, especially in mid-career, can improve employability later in life and also discourage early retirement.

### Making the best use of a country's talent pool

Developing skills and making them available to the labour market will not have the desired impact on the economy and society if those skills are not used effectively. The Skills Strategy suggests several ways to avoid mismatch between employees' skills and job requirements. One is to help young people gain a foothold in the labour market. Strong basic education, in conjunction with vocational education and training programmes that are relevant to the needs of the labour market, tend to smooth the transition from school to work; so do hiring and firing rules that do not penalise young people compared with other groups, and financial incentives that make it viable for employers to hire young people who require on-the-job training.

In addition, public policies can help to identify low-skilled workers and offer an incentive to both employees and employers to invest in skills development. Employers can also grant employees some autonomy to develop their own working methods so that they use their skills effectively. Better information also helps: the under-use of skills is often related to field-of-study mismatch, whereby individuals work in an area that is unrelated to their field of study and in which their qualifications are not fully

The OECD Skills Strategy framework



valued. Quality career guidance is thus a critical part of any skills strategy.

It is important to remember that the demand for skills can be shaped, too: by policies that promote knowledge-intensive industries and jobs that require high-skilled workers. Teaching entrepreneurship in universities and vocational training institutions can help to instil those skills in students, who might then go on to create jobs. Adding these kinds of high-skilled jobs to a labour market helps to get more people working – and for better pay.

Institutions of higher education are key components of the OECD Skills Strategy, as they can be the venue where government,

business and prospective employees collaborate in both shaping labour-market demand and preparing people for entry into the workforce. In providing high-quality education for all, regardless of students' socio-economic background or age, these institutions can also promote social mobility and equity – giving real meaning to the Skills Strategy's ultimate objective: building the right skills and turning them into better jobs and better lives.

To read the full OECD Skills Strategy and learn much more about skills and skills policies around the world, visit <http://skills.oecd.org>

## INNOVATE! TO IMPROVE THE QUALITY OF TEACHING

The landscape of higher education has been changing radically over the last two decades. Contextual shifts are having an impact on teaching quality within the higher-education environment throughout the world. They include the internationalisation of higher education, the increasingly broadening scope of education, rapid technological changes rendering programme content and pedagogies obsolete, demand for greater civic engagement by graduates, as well as regional development of higher education. Along with increasing pressure of global competition, economic efficiency and the need to produce a skilled workforce, greater emphasis is being placed on quality in order to face the challenges of the 21st century.

The global institutional context requires a major overhaul. Research-intensive institutions take in students who may not become scientists, but nevertheless need skills and a broader range of competencies. Vocational and teaching-intensive institutions have for years recognised that teaching quality is crucial for students to succeed on the job market. New types of higher education providers (virtual institutions, branch campuses, private institutions, etc.) lack a research-based reputation and are compelled to deliver the best quality so as to attract and retain faculty and students while meeting their vocational objectives.

Lastly, due to dwindling public funds earmarked for higher education and competition amongst institutions there is more need for increased productivity. Institutions will have to take in more diversified students while operating with limited budgets. Teaching staff will have to be more efficient and improving quality will take over the race for quantity.

Supporting quality teaching entails identifying a wide range of activities that are likely to improve the quality teaching process, programme content, as well as learning conditions for students. Institutions undertake various actions or mixtures thereof, such as structural and organisational changes (e.g. establish a center for teaching and learning effectiveness), incentives for emulation (e.g. teaching excellence contests), teaching and learning innovations (e.g. e-learning platforms, learning communities, upgraded learning environments), curriculum development (e.g. gearing to at-risk students, community service and work-based

programmes) and/or quality assurance provisions (e.g. self-evaluation of experiments, peer-reviews between teachers).

In 2012, drawing upon case studies – conducted by the OECD – of institution-wide quality teaching policies, IMHE will focus on new approaches and practices, as well as corresponding policy pointers likely to encourage improvement.

The policy pointers assume that quality teaching is part of the institutional quality culture. Incentives have more impact than regulations and coercive methods. Government authorities, funding bodies and quality assurance agencies should contribute to a conducive climate for change to happen at university level, amply fostered by university leaders. Whatever their speciality, size and status, higher education institutions can equally improve quality teaching as long as:

- a teaching and learning framework is set and understood by the community;
- resources, time and provisions are provided consistently;
- leadership is identified at all levels to be a driver for change;
- synergies of institutional policies is sought to bring about teaching and learning improvement;
- impact of progress in quality is assessed.

Above all, institutions should rely on innovation to improve quality. Innovation consists of improving, transforming and renewing teaching and learning. It is a source of energy, inspiration and commitment for teachers. It enables teachers to explore alternative ways to transmit and produce knowledge and know-how, makes the teaching goals more explicit, as well as defines more suitable student assessments. It constitutes a university "playground" for renewed pedagogies and alternative teaching practices. Innovation should occur mostly at programme or class-room level. Therefore provisions should be made along with the necessary managerial capacities for innovation to be widely accepted and integrated so that it becomes common practice.

Institutions need to set the right conditions to foster innovation, and require a robust follow-up and evaluation of innovative practices.

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IMHE welcomes the following new member: > Ehime University – Japan

## PUBLICATIONS OF INTEREST



### *Entrepreneurship at a Glance 2012*

OECD Publishing, ISBN: 9789264173095

This second issue of *Entrepreneurship at a Glance*, a product of the OECD-Eurostat Entrepreneurship Indicators Programme, presents an original collection of indicators for measuring the state of entrepreneurship, along with explanations of the policy context and interpretation of the data. New to this issue are special chapters addressing measurement issues on women entrepreneurship and entrepreneurial finance, as well as selected indicators on women entrepreneurship.



### *Redefining "Urban", A New Way to Measure Metropolitan Areas*

OECD Publishing, ISBN: 9789264174054

This report compares urbanisation trends in OECD countries on the basis of a newly defined OECD methodology which enables cross-country comparison of the socio-economic and environmental performance of metropolitan areas in OECD countries. The methodology is presented and results from its application to 27 OECD countries are discussed together with policy implication both on national growth and governance of cities. The report also includes three original papers that present the urbanisation dynamics and prospects in China and South Africa and the governance challenges resulting from the new policy agenda on cities in the United Kingdom.



### *PISA, Public and Private Schools, How Management and Funding Relate to their Socio-economic Profile*

OECD Publishing, ISBN: 9789264174917

In most PISA-participating countries and economies, the average socio-economic background of students who attend privately managed schools is more advantaged than that of those who attend public schools. Yet in some countries, there is little difference in the socio-economic profiles between public and private schools. Why? An analysis of PISA results finds that while the prevalence of privately managed schools in a country is not related to socio-economic stratification within a school system, the level of public funding to privately managed schools is: the higher the proportion of public funding allocated to privately managed schools, the smaller the socio-economic divide between publicly and privately managed schools. This report also shows that those countries with narrow socio-economic stratification in their education systems not only maximise equity and social cohesion, but also perform well in the PISA survey.

## UPCOMING EVENTS

Find all our meetings on  
[www.oecd.org/edu/imhemetings](http://www.oecd.org/edu/imhemetings)

**17-19 Sept. 2012** IMHE General Conference: *Attaining and Sustaining Mass Higher Education*, Paris, France

[www.oecd.org/edu/imhe/generalconference](http://www.oecd.org/edu/imhe/generalconference)

Join around 500 higher education policy-makers, institutional leaders and academic experts active in higher education at the biennial General Conference.

- Listen to thought leaders and hear how the world is changing and what to do about it
- Network, swap notes, make new connections, share experience and challenges with others and pick up fresh ideas
- Ask an OECD expert to explain their work

**14-15 March 2013** AHELO feasibility study conference: *Skills for life: Can we test students globally, and how?* HU University of Applied Sciences Utrecht, the Netherlands.

During this conference, the results of the feasibility study will be presented and the broader questions about measuring learning outcomes will be explored as well as ways forward.

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### OTHER MEETINGS OF INTEREST

**29 August - 1 September 2012** 16th Annual Conference of IEASA  
[www.ieasa2012.cmc-uct.co.za](http://www.ieasa2012.cmc-uct.co.za)

**11-14 Sept. 2012** 24th Annual EAIE Conference, Dublin, Ireland  
[www.eaie.org/Dublin/](http://www.eaie.org/Dublin/)

**9 October 2012** International Conference- Entrepreneurship education – a priority for higher education institutions, Bucharest, Romania  
<http://www.crebus.eu/conference>

**13-16 Nov. 2012** 14th IAU General Conference, San Juan, Puerto Rico  
[www.iau-aiu.net/](http://www.iau-aiu.net/)



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