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Pocket Watch – The OECD set out the skills challenge

Introduction

If skills are to be the currency of the 21st century as many economic commentators suggest then perhaps this latest **report** from the OECD will help set the skills version of a global exchange rate mechanism. Based on a survey of some 166,000 adults across 24 countries and using a range of internationally agreed tests covering specific skills such as literacy and numeracy and more generic skills such as problem-solving and time-management, the report shines a light on the different skill levels of individual OECD countries and by implication the effectiveness of their respective skills policies. With a central message that skill levels have a major impact on individual life chances let alone life styles, it's a report that has implications for individuals as much as for governments and has attracted a lot of attention. The OECD will update the data annually and publish a further full report in three years time.

Headline messages

The report contains the familiar OECD mass of data and charted evidence. What comes out of it is not only evidence of wildly different levels of 'basic' skill proficiency across the OECD countries with the familiar suspects at both ends of the scale but also evidence of continuing deep divides between different learner groups within countries: *"too many people are being left behind today."* At a time when so much attention is being paid to social mobility and access this will come as great disappointment to many.

One perhaps surprising aspect of this divide is just how far the digital divide remains: *"with millions of people failing to master even simple computer skills such as using a computer mouse. This ranges from one in four adults in Italy, Korea, Poland, the Slovak Republic and Spain to one in fourteen adults in the Netherlands, Norway and Sweden."* On a personal note, the view that proficiency in 'basic' skills is closely related to age and *"reaches a peak at around age 30 years of age"* before declining steadily explains a lot although in fairness, continued lifelong learning can ameliorate much of the impact.

- Skill levels and individual life chances. The report confirms what most people now recognise that there is a strong relationship between skill levels and individual life chances. Those with low skills levels tend to be left behind in the job market and less able to contribute either to the economy or society. This becomes a vicious cycle *"in which poor proficiency leads to fewer opportunities to further develop proficiency and vice versa"*
- Skill performance and distribution. These differ markedly across countries. Japan, Finland and the Netherlands for instance perform highly in literacy and numeracy proficiency, Italy, Spain, France do not but interestingly but most of the skill differential occurs within rather than between countries. In some countries this is related to social background, in some to policies such as those on immigration but either way, this highlights the importance of social mobility policies in helping crack cycles of deprivation
- Silver surfers. A significant issue in all countries is the lack of digital skills amongst adults inhibiting them from accessing important sources of information let alone social contact
- Generation Game. While most countries (notably Korea, Japan and Finland) have raised the 'core' skill levels of their younger generation when compared to that of their older generation, in other words the up and coming labour force as opposed to the existing or retiring one, England has not. This leaves England facing a serious challenge of coping with a low-skilled and often disenfranchised youth cohort while trying to equip a future workforce with the skills and talents needed for the future. It also, as many have recognised, raises serious questions about the nature of education and training provision that has been operating in the past and how best to ensure it matches needs in the future

- It's not just about education. Skill levels vary considerably even among those with similar qualifications meaning even those with high attainment levels in formal qualification often do not perform well when it comes to important employability skills like information-processing. Success, it appears, is increasingly about building skills beyond formal education particularly in work or family settings and thus in countries such as Scandinavia where adult participation rates remain high, skills proficiency is high
- Skill utilisation. Some countries make better use of their skilled people than others. Typically the higher skilled tend to be more actively engaged in productivity in some form but there are some notable exceptions. For example Japan has high skill levels but these are not always extracted and applied; *"unemployed Japanese adults for example outperform employed individuals in terms of levels of proficiency in every other country."* Some skills mismatch is inevitable given the constantly changing nature of the workplace let alone the workforce but the issue of course is that under usage of skills is a waste of both talent and investment. Linking skills with broader economic-development strategies can help but equally more could be done to help individuals read labour market signals better, to promote what training is available and to make it more accessible

Key messages for the UK

There are a number of messages in all this for the UK in general and England in particular. The two most disturbing are the low levels of literacy and numeracy particularly among 16-24 year olds and secondly the fact that these have not improved over the years leaving our up and coming generation lagging behind the proficiency levels of older generations at a time when the labour market is becoming more unforgiving. This has already been seized on and become the subject of intense activity this autumn from the Prime Minister's recent Conference speech to the work of the Heywood Review. New programmes of study, traineeships, the Tech Bacc, employer led apprenticeships, a focus on English and maths, all will help but as many have argued, perhaps this is a time for bold rather than piecemeal action, integrating training, guidance, welfare and employee status in a way that happens in other European countries.

Other points of interest include the impact of technology and 'information-processing' skills on workplaces and how important these skills are, the importance of supporting immigrants with language training so that their talents can be recognised and the continuing hollowing out of the economy which is creating 'job' demand at the top and bottom levels but leaving great uncertainty about jobs at the medium skill level, currently down by on average 10%.

Some Policy Recommendations

- Invest in high-quality early childhood education and initial schooling particularly for those from disadvantaged backgrounds
- Make lifelong learning everyone's business, *'a whole society rather than a whole Government commitment'* as EU Ministers recently put it
- Recognise that those with low skill levels won't engage unless incentivised
- Allow workers to adapt learning to their lives
- Identify those who can benefit the most and target accordingly
- Use the workplace environment as a context for learning



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OECD Adult Skills Survey Oct 2013