

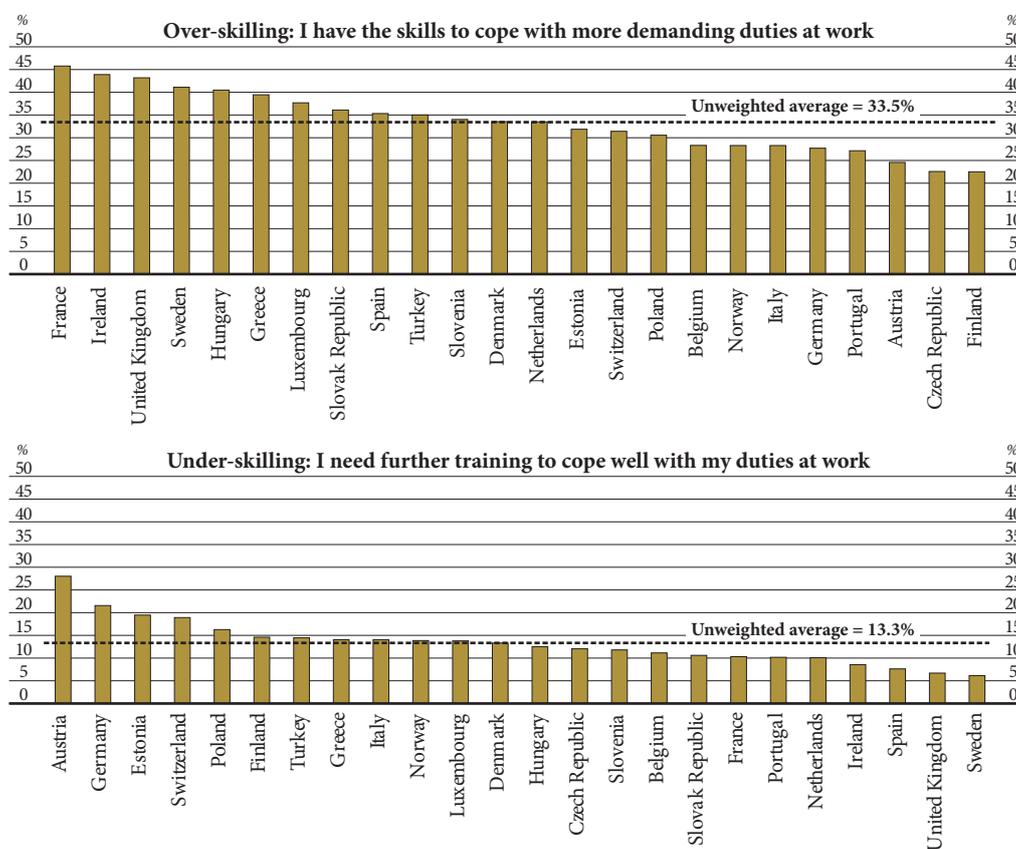
# OECD Skills Strategy

## THE OECD SKILLS STRATEGY

Being skilled has always been an advantage – if not a necessity – for individual workers. Today, having a skilled workforce is just as much a necessity for countries competing in an advanced economy. Skilled workers are more productive, and greater productivity is the basis of sustainable growth. These two elements – greater productivity and sustainable growth – are also essential for a solid recovery from the recent economic crisis.

Yet, skilled workers do not automatically earn more; nor does having a highly skilled workforce guarantee sustained economic growth. In some countries, up to one-third of workers consider themselves over-skilled for their current job, and another 13% believe that they are not skilled enough. Even at the height of the crisis in 2009, more than 40% of employers in Australia, Japan, Mexico and Poland reported having difficulties in finding workers with the appropriate skills. And a lot of people are out of the labour market entirely and are not using their skills at all.

Incidence of over- and under-skilling in selected OECD countries (2005)



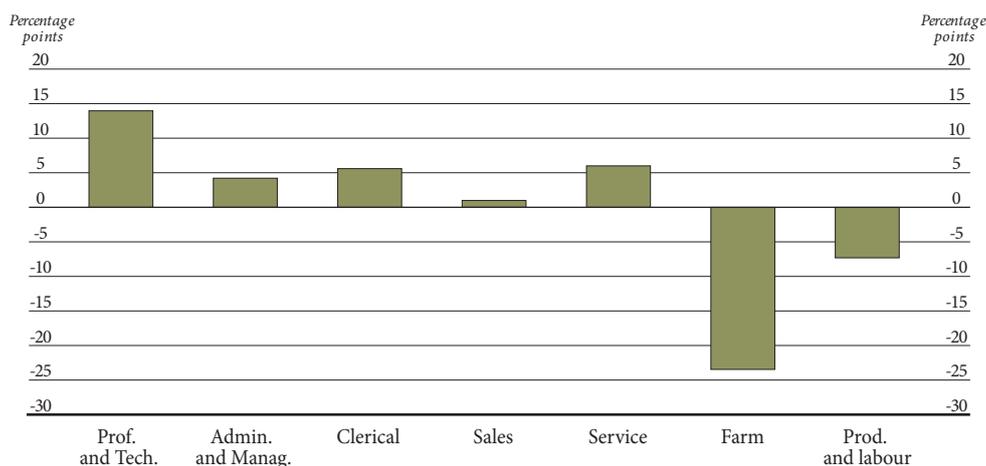
Source: Quintini (2011), OECD Secretariat estimates based on the European Survey of Working Conditions, 2005.

Many countries have developed strategies to improve the skills level of their citizens and to better match the skills available with those needed in the labour market. The OECD Skills Strategy adds a global perspective to these efforts that can help governments review the design and implementation of national skills policies in light of other countries' experiences. This can help to foster a cross-government, peer-learning approach towards improving the supply of, anticipating the demand for, and optimising the use of skills in the workforce. Scheduled to be launched in early 2013, the Skills Strategy will reflect the best of the OECD's forward thinking and analysis across several policy areas.

## Trying to prepare for the unpredictable

Over the past five decades, the balance among employment sectors – and the kinds of skills required by those sectors – has been shifting. Occupations, both traditional and new, require more highly skilled workers. While these broad trends are expected to continue, employers' needs for specific skills are constantly changing – and are difficult to predict.

Changes in employment shares by occupation, 1960-2009,  
selected OECD countries<sup>1</sup>  
Percentage point change



1. Australia, Austria, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Source: Handel (forthcoming), *Trends in Jobs Skills Demands in OECD Countries*.

At the same time, people in OECD countries are living longer and have fewer children. As a result, the ratio of older, inactive persons to workers is expected to nearly double from around 38% in 2000 to just over 70% in 2050. This means that the demand for skills is expanding in the health sector and in services that provide leisure and well-being activities. More generally, this means that economies cannot afford to waste talent and exclude people from the labour market.

Meanwhile, many other countries are confronted with the opposite demographic shift. In these countries, the population of young workers is far greater than the existing labour market can absorb; and many of these youth leave school without skills. How to reduce the high rate of unemployment among younger workers, and how to build both the demand for and the supply of skilled workers are questions that these countries must answer urgently.

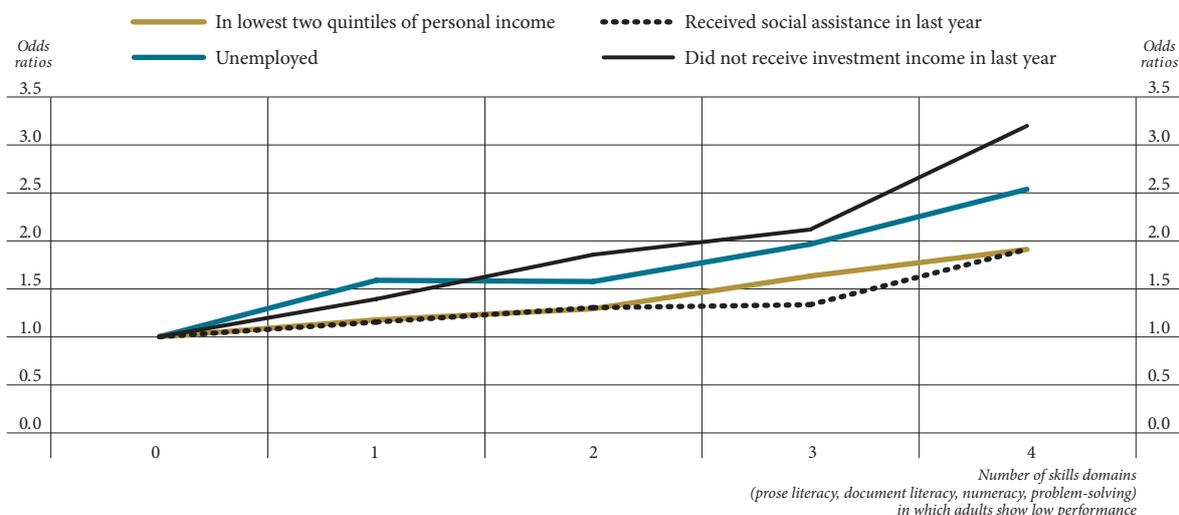


Promoting education and training is an important facet of developing a skilled workforce. On average, OECD countries spend about 6% of their GDP on educational institutions. Since the 1980s, most countries have worked to increase the proportion of students who complete secondary education and move on to post-secondary and higher education. But given the unpredictability of the labour market, those individuals just entering or already in the workforce also have to be willing to learn new skills and adapt to changing demands. That may require adjusting policies that emphasise education and training during the compulsory years at school to include learning during an individual's entire lifetime.

Since young people entering the labour market now may well have to change employers and even occupations several times during their working lives, preparing for the modern labour market requires being able to manage uncertainty and change. People thus need both occupation-specific and general skills, and the willingness, ability, and opportunities to retrain throughout their adult lives. Individuals who show low performance in foundation skills (literacy, numeracy and problem-solving) tend to be at an economic disadvantage during their lives and are much less likely to engage in continuous learning. Additional measures may be needed to give specific groups of people, such as hard-to-place jobseekers, older workers, immigrants, minorities and women, greater access to the labour market so that they can use and maintain their skills – and prevent a decline in those skills from lack of use – during their working lives.

## How low levels of foundation skills translate into economic disadvantage

*Adjusted odds ratios showing the likelihood of experiencing economic disadvantage, by number of foundation skills in which adults aged 16 to 65 show low performance*



Note: Odds are adjusted for age, gender, education, parents' education, and labour force, occupational, income, immigration and language status.

Source: Adult Literacy and Lifeskills (ALL) Survey, 2003-2007.



## The next steps

Over the next two years, the OECD's Programme for International Student Assessment (PISA) and Programme for the International Assessment of Adult Competencies (PIAAC) will compile and analyse data that measure skills. The OECD will also collect basic data on employment, earnings and employers' demands for skills, develop sector-specific projections of demand for and supply of skills in the future, and evaluate existing education and labour policies to monitor their effectiveness. Using this information, the OECD will investigate such issues as the value of occupation-specific versus basic and generic skills, the extent and impact of a mismatch between available skills and those needed in the labour market, and the need to improve skills among the unemployed to bring them back into the labour market.

### What is PISA?

The OECD's Programme for International Student Assessment (PISA) is a triennial survey of 15-year-old students in OECD member countries and partner countries/economies that measures the extent to which students near the end of compulsory education have acquired some of the knowledge and skills that are essential for full participation in modern societies. Focusing on reading, mathematics and science, PISA assesses not merely whether students can reproduce knowledge, but also how well they can extrapolate from what they have learned and apply it to unfamiliar situations, both in and outside of school.

### What is PIAAC?

The OECD's Programme for the International Assessment of Adult Competencies (PIAAC) assesses the level and distribution of skills among adults across countries. The survey focuses on key cognitive and workplace skills that are required for successful participation in today's economies and societies. The first results of the PIAAC survey will be released in 2013.

Given that the Skills Strategy is being developed at a time of severe budget deficits and cutbacks in spending, the OECD, in co-operation with its member and partner countries, will also identify and develop a set of good practices to make investing in learning cost-effective for individuals and employers. This will involve not only identifying good practices in financing programmes to develop skills, but also examining the role of tax systems and other measures to encourage individuals and firms to invest in skills.

The idea is to develop a whole-of-government approach to formulating and implementing sound skills policies, involving ministries of education, migration, family, science and technology and employment. Trade unions, employer organisations, chambers of commerce, non-governmental organisations, universities and other interested partners will also be engaged. The end result will be a blueprint for designing and applying policies that make the most of each country's human capital by nurturing – and using – the skills of its citizens to foster economic growth and social inclusion.

For more information on the OECD's Skills Strategy:

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#### Visit

[www.oecd.org/education/SkillsStrategy](http://www.oecd.org/education/SkillsStrategy)

