

A NEW SKILLS AGENDA?

Speech to the Economics Institute of Russia

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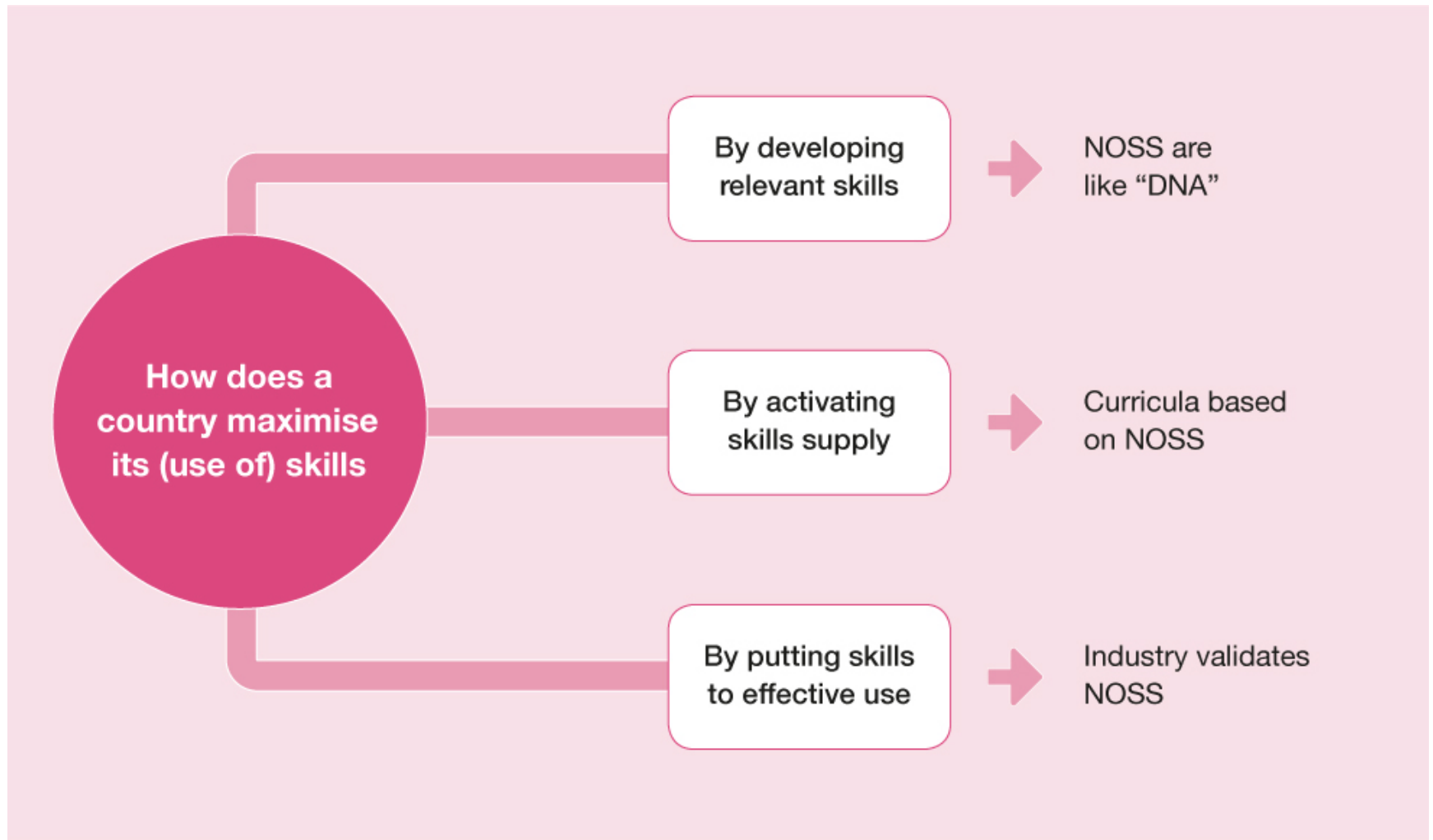
The world today....

- A global skills race
- Trade volumes increased 60-fold
- 1 billion raised out of poverty
- 5 billion mobile phone subscriptions
- 21 mega-cities with more than 13 million inhabitants
- 1.5 billion people take 40 million commercial flights
- “Farm-to-factory” jobs have increased from 54% of global employment to 70% in 2010....
- Over 900 million additional workers have joined the global talent pool since 1980 – mainly from developing countries

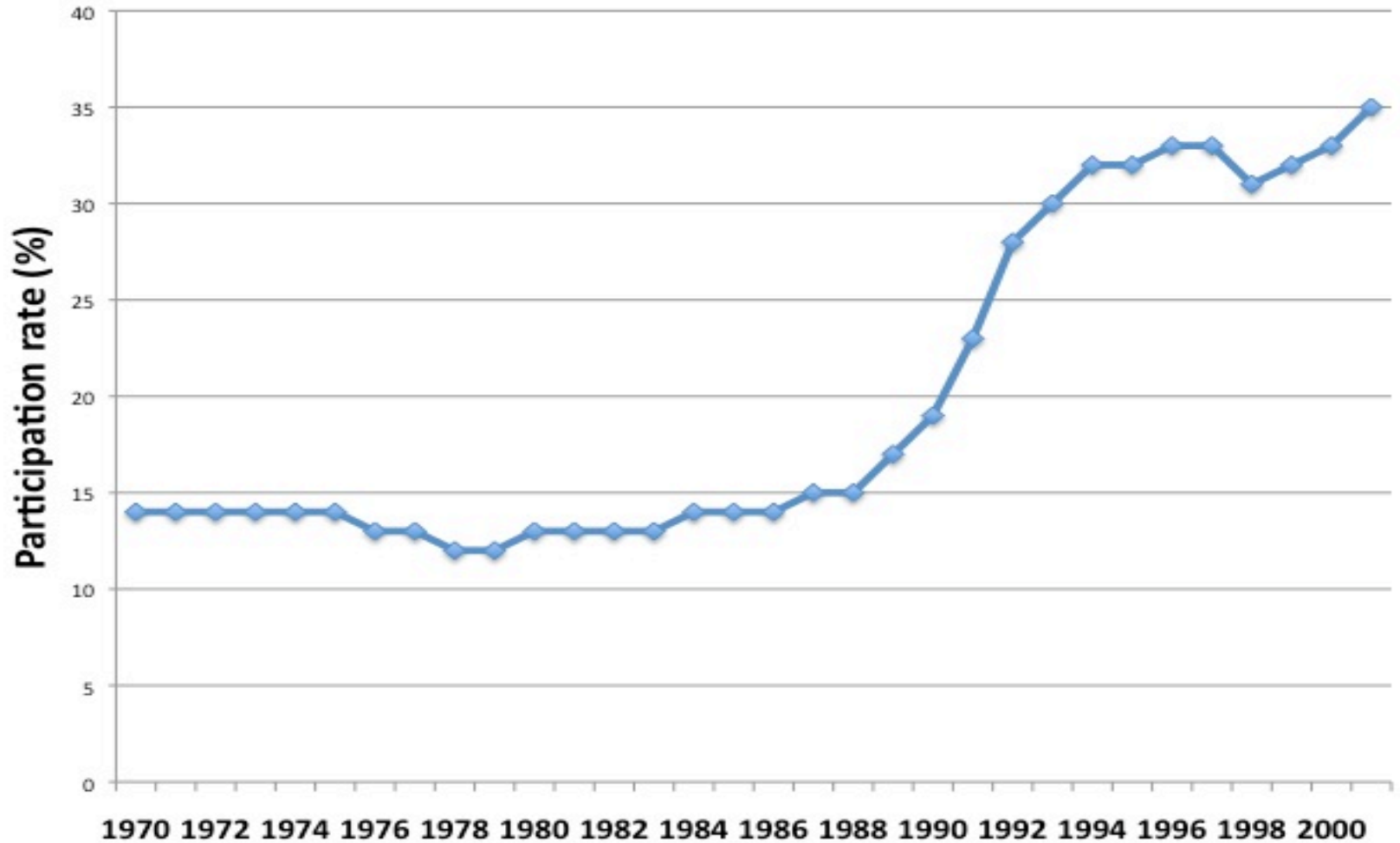
Productivity gap (\$USD)

- **EU average** – \$49.1 GDP per hour worked
- **UK** – \$47.6 per hour worked – just below the Euro area average
- **Russia** – \$20.5 per hour worked – a gap of more than 50% with the EU and United States.

OECD Skills Framework

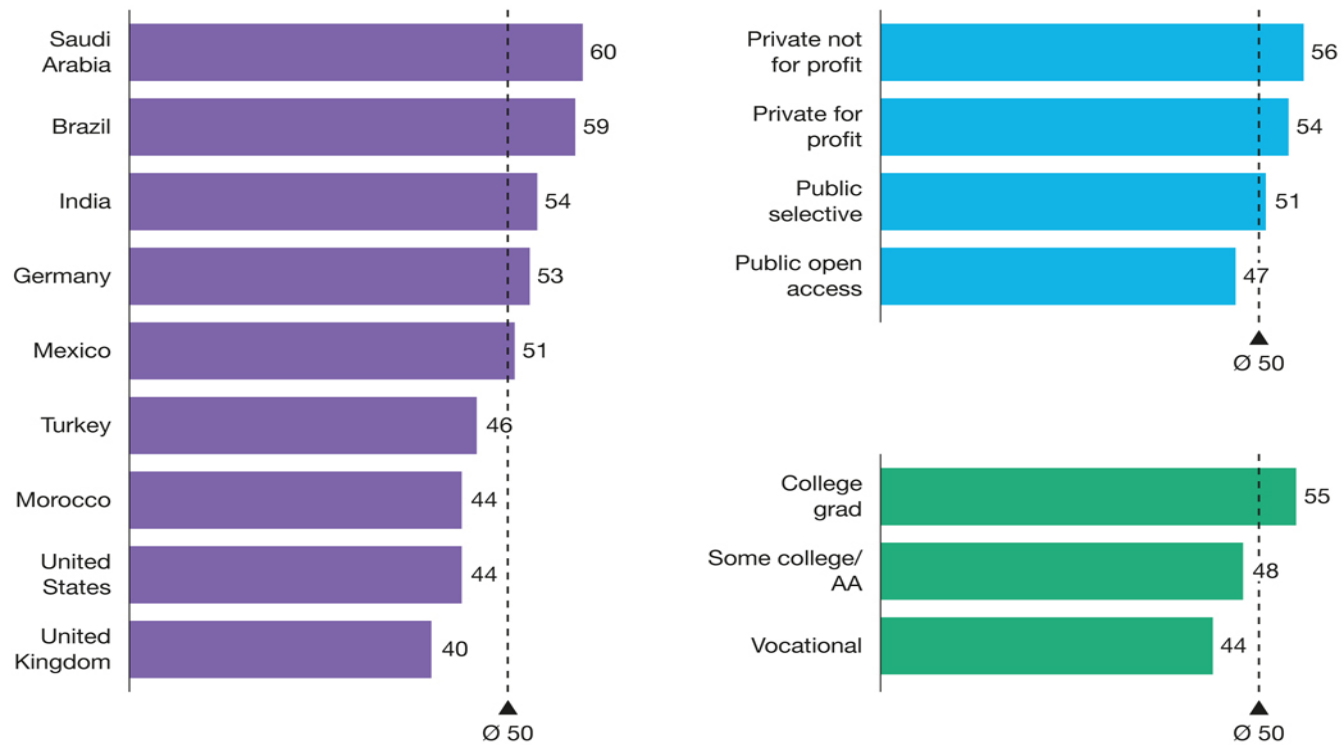


British HE participation since 1970 (OECD)



Only half of youth believe that their post-secondary studies improved their employment opportunities

Students who believe their postsecondary studies improved their employment opportunities¹
% of respondents

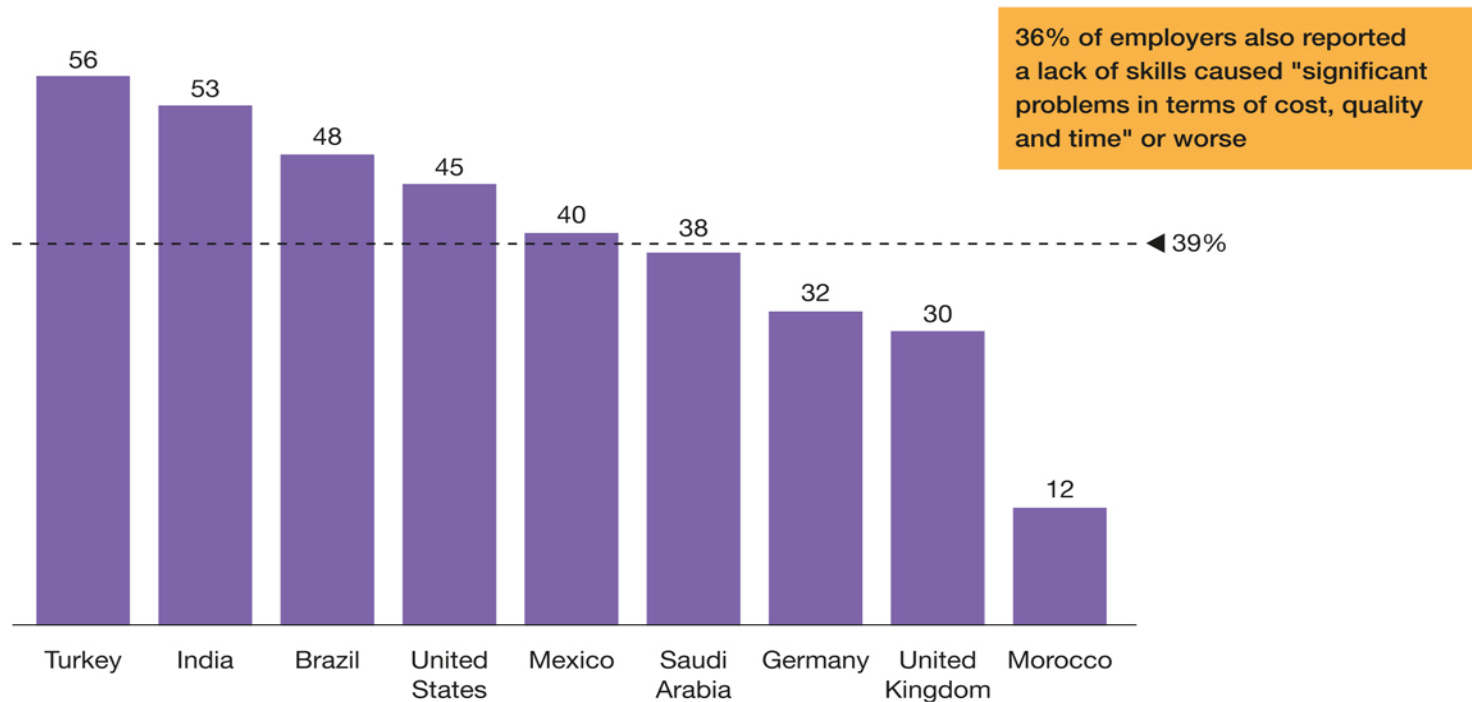


Source: McKinsey survey, Aug-Sept 2012

¹ My post-high-school-education improved my chances of getting a job.

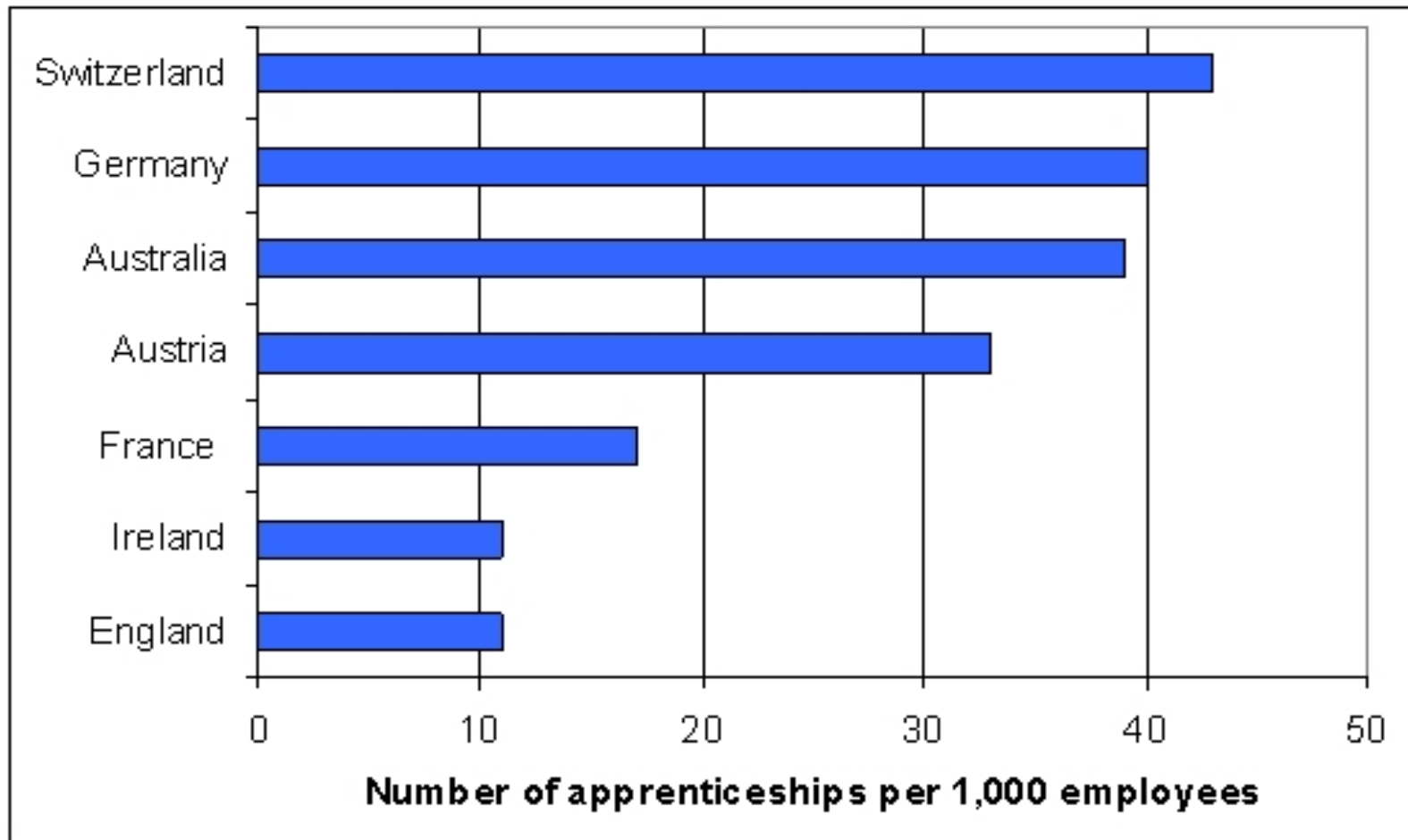
39% of employers say a skills shortage is a leading reason for entry-level vacancies

Lack of skills is a common reason for entry-level vacancies
% of employer respondents



Source: McKinsey survey, Aug-Sept 2012

Time to boost apprenticeships....



The causes of complexity

Ministerial turnover...



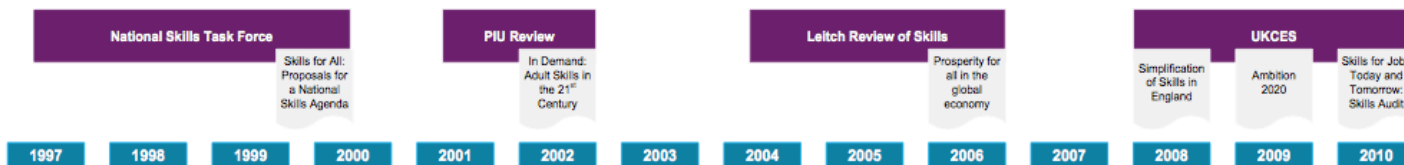
...and hyperactive policymaking...



...necessitates continuing reorganisation...



...meaning we have to review the system constantly just to keep up.



Lessons learnt

1. Greater qualifications supply and expansion does not lead to improved productivity growth
2. Government should act as the “enabler”
3. Best form of training is where industry designs and validates, via Skills Standards
4. Give real purchasing power to the customer of skills policy: Employers and Individuals. Try tax incentives and skills accounts.

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