

Round Table 3: Skills Measurement and Monitoring

**SKILLS INDICATORS FOR EMPLOYMENT AND PRODUCTIVITY
IN LOW-INCOME COUNTRIES:**

An initial framework and approach

Mark Keese

Head of Employment Analysis and Policy Division
Directorate for Employment, Labour
and Social Affairs

G20 initiative to develop comparable skills indicators

Seoul G20 Multi-Year Action Plan on Development

Human Resources Development (HRD) Pillar

- ✓ Action 1: Create set of internationally comparable skills indicators for LICs
- ✓ Action 2: Enhance national skills strategies

Progress to date:

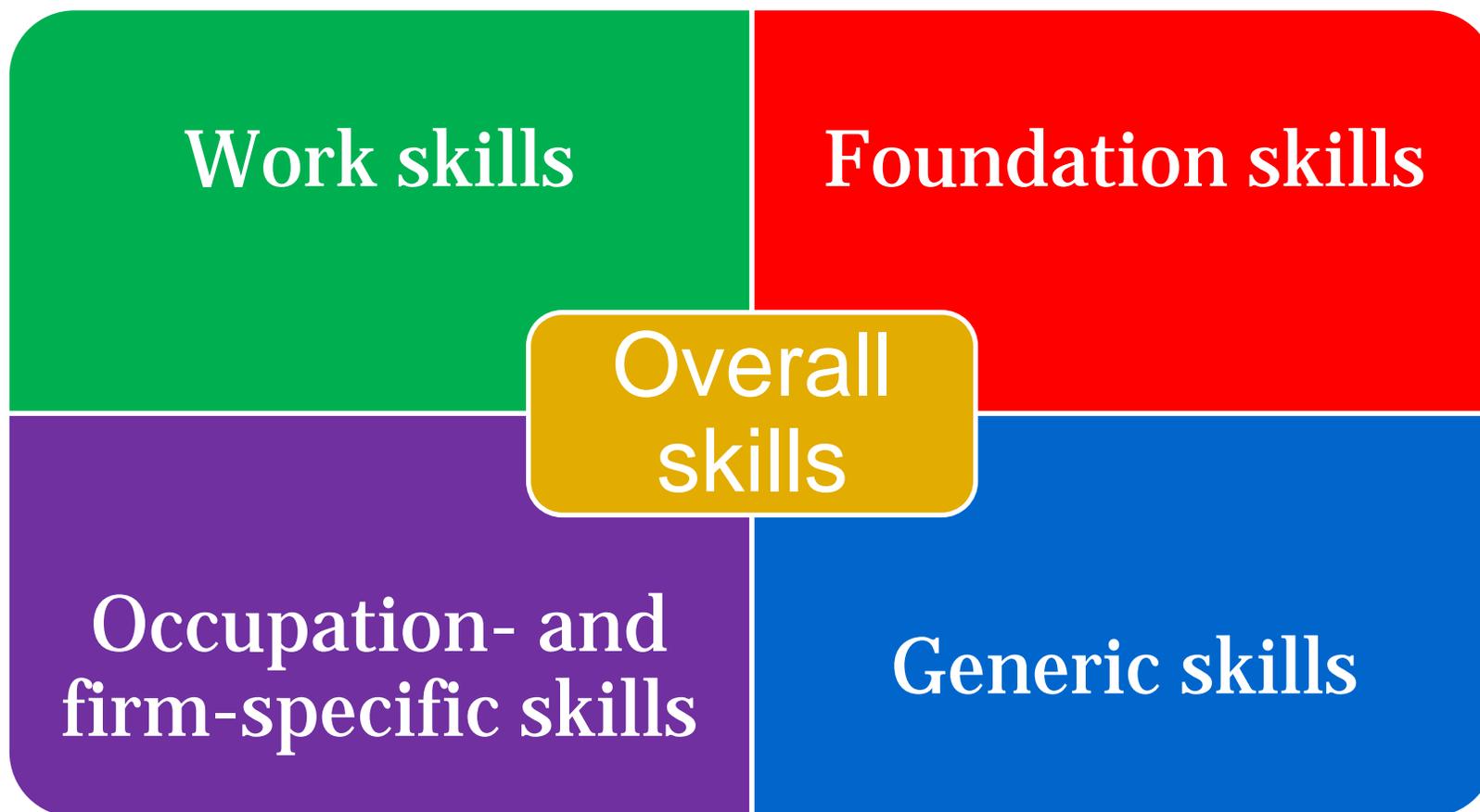
- ✓ Initial draft paper on skills indicators prepared by OECD and World Bank
- ✓ Inputs and comments received from ILO, ETF, GIZ, UNESCO and UIS
- ✓ Presented at expert workshop on "Skills Indicators and Policies in Low Income Countries (LICs)", Turin, 6-8 March 2012

Defining skills

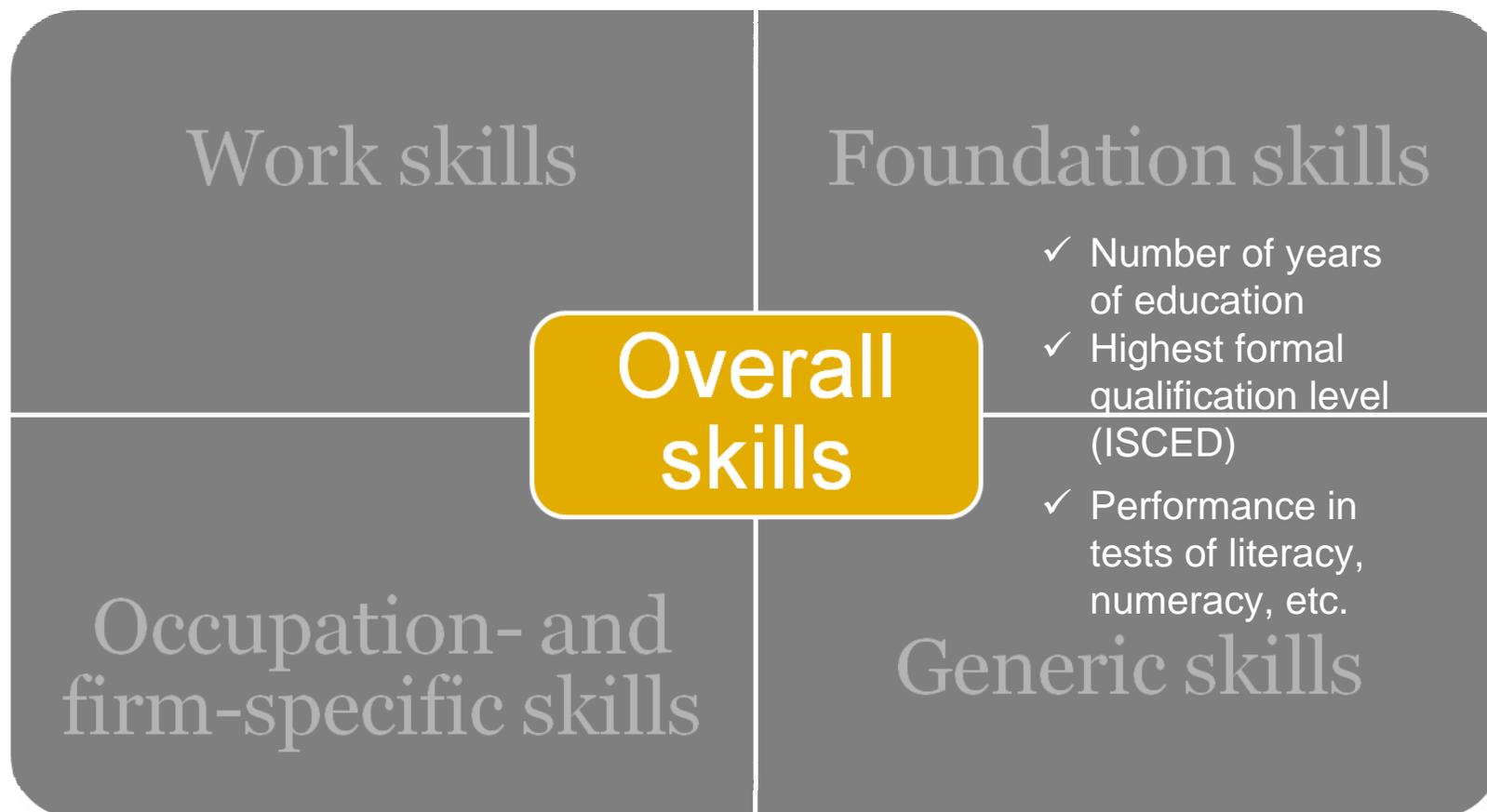
A *skill* is a personal quality that is:

1. Productive — it can be used to create something of value
2. Expandable — it can be increased through learning
3. Socially determined — socio-economic factors determine how it is acquired, used and valued

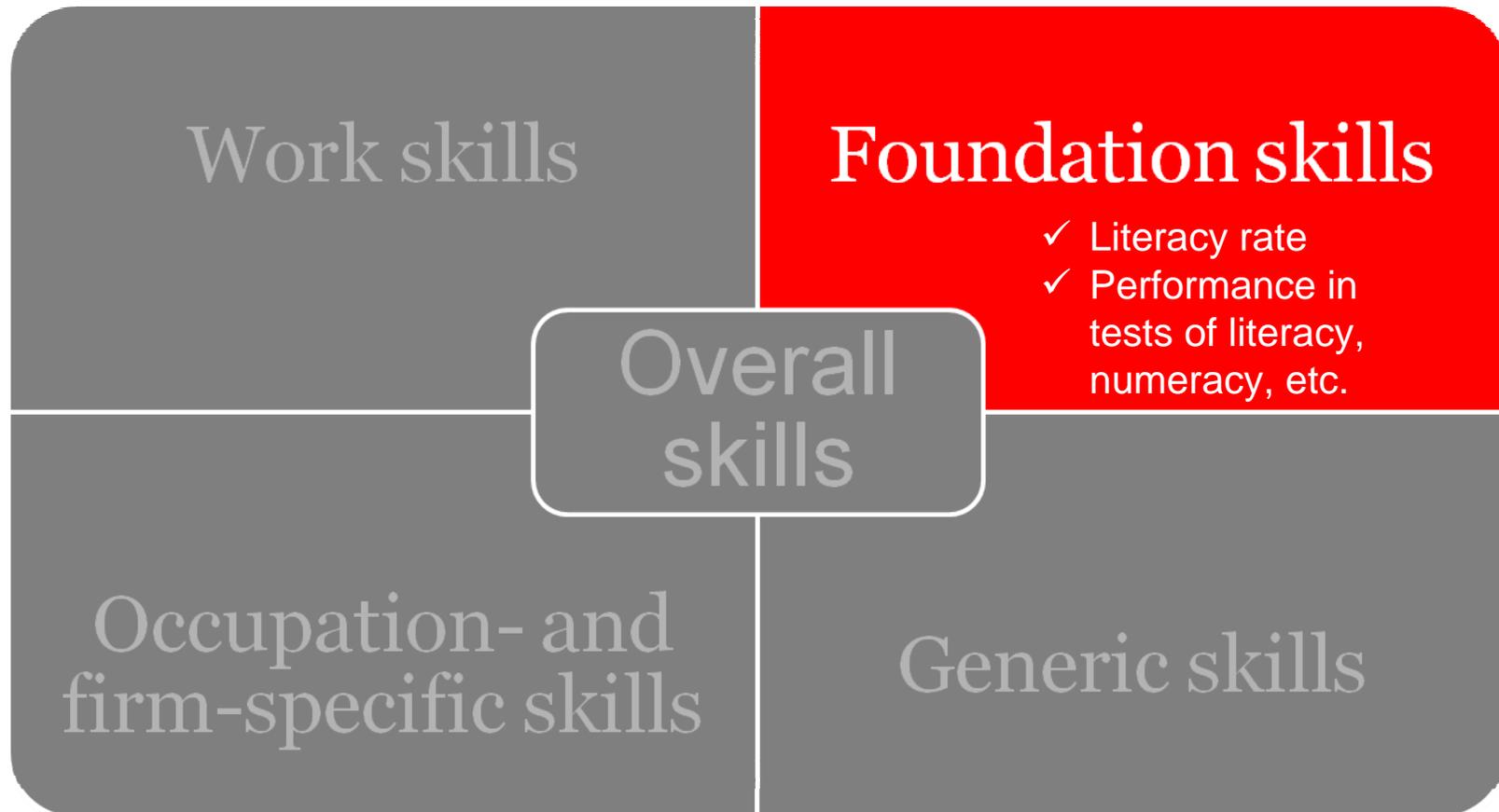
Skill typologies



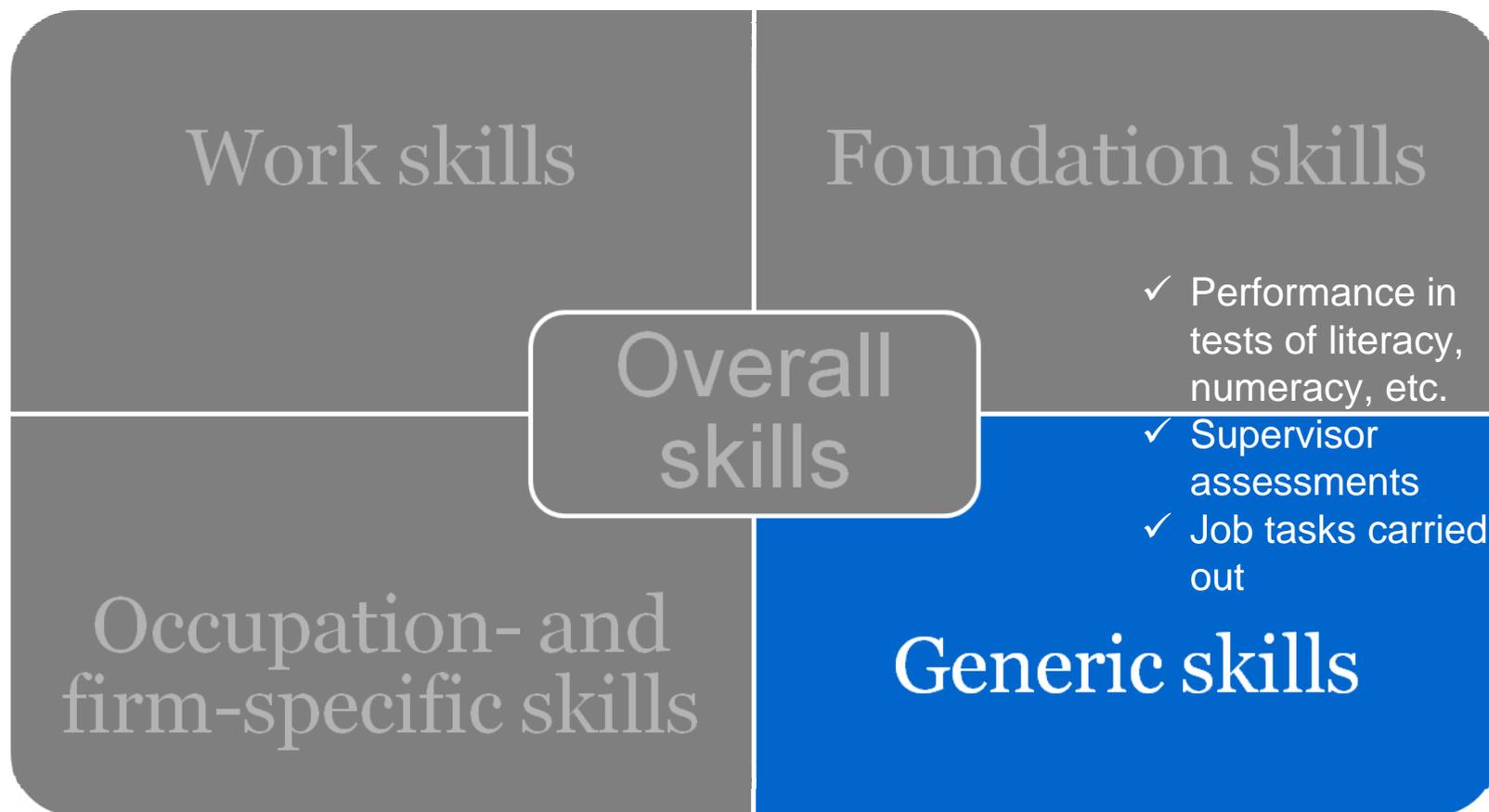
Measuring skills



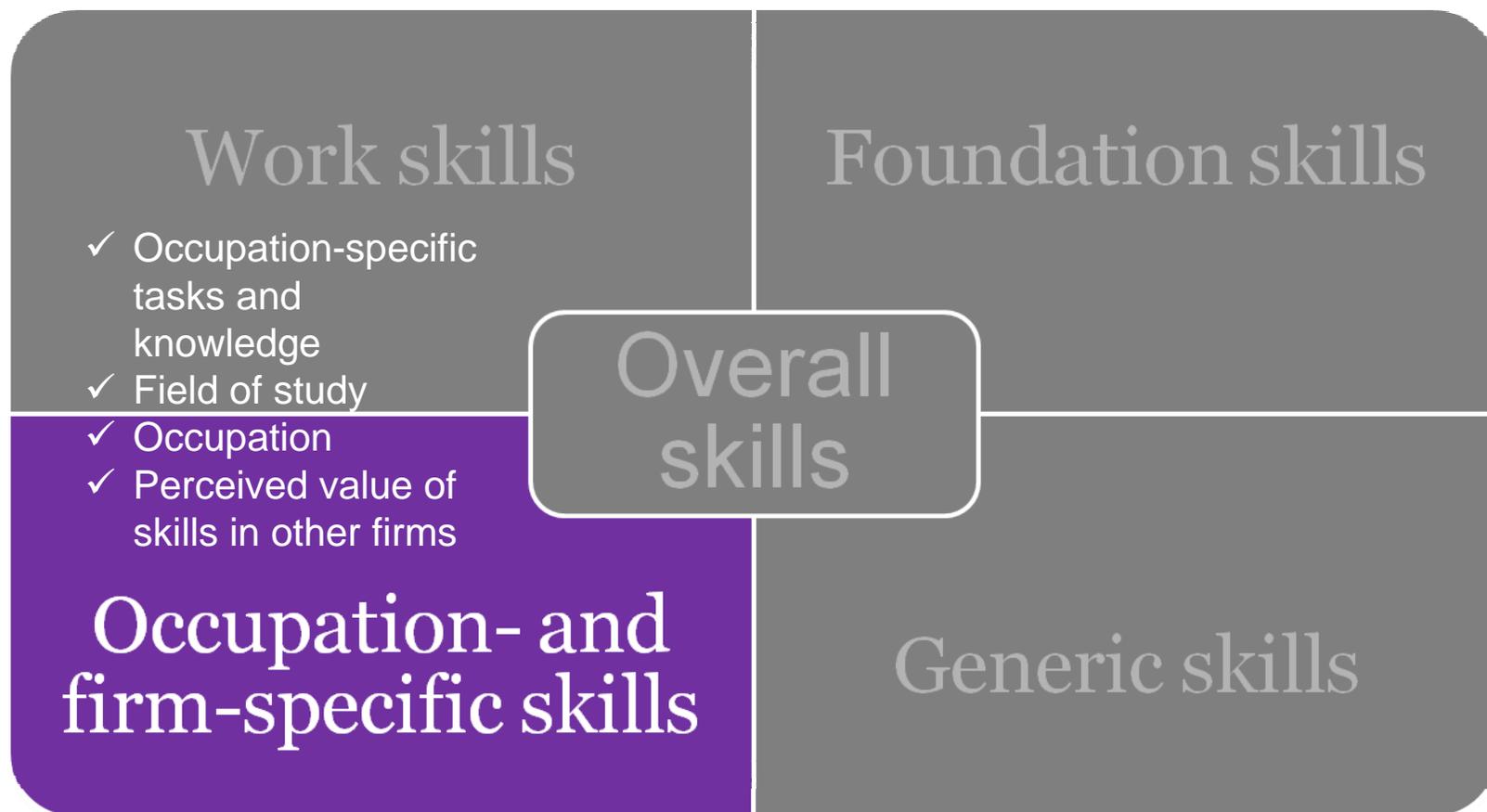
Measuring skills



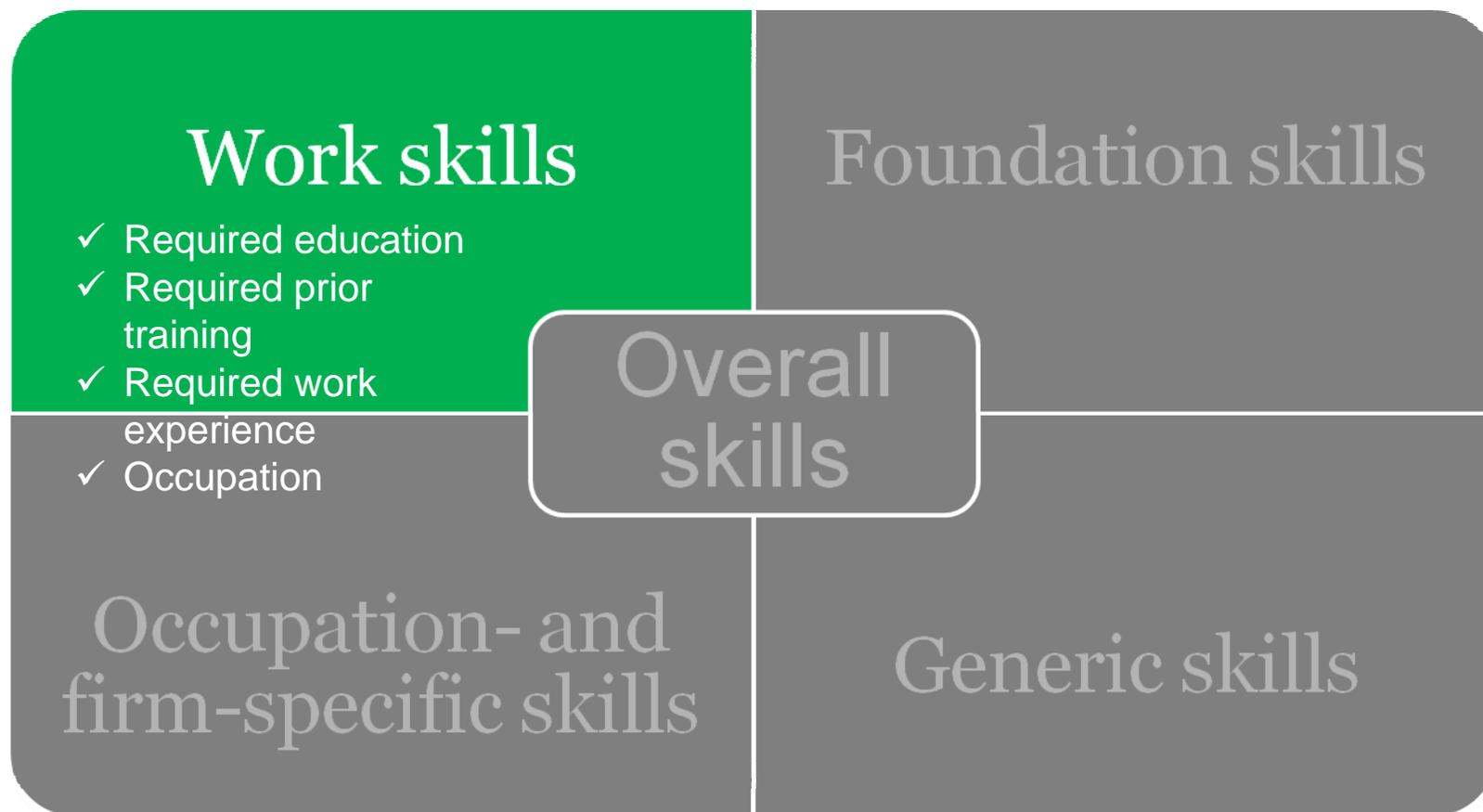
Measuring skills



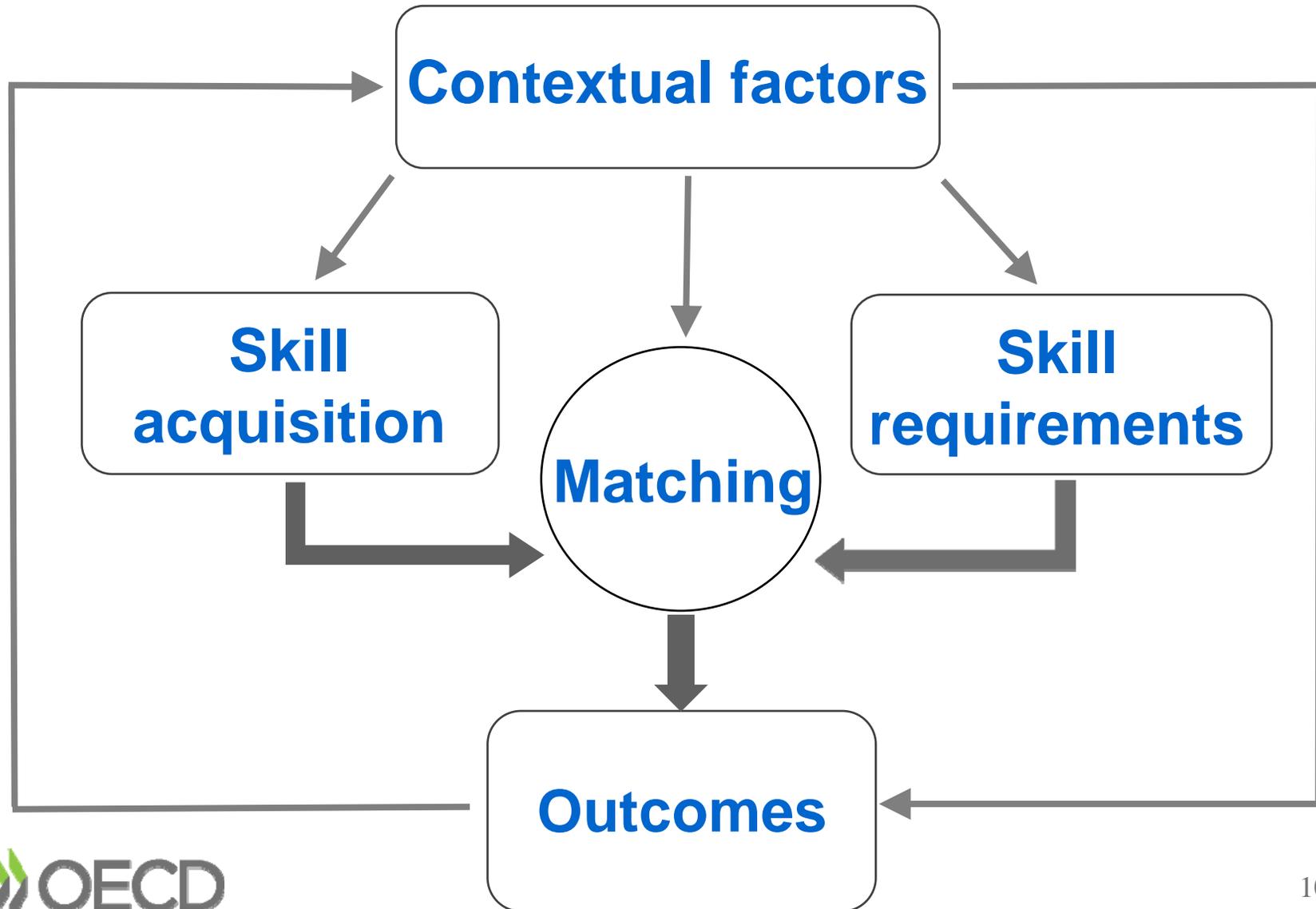
Measuring skills



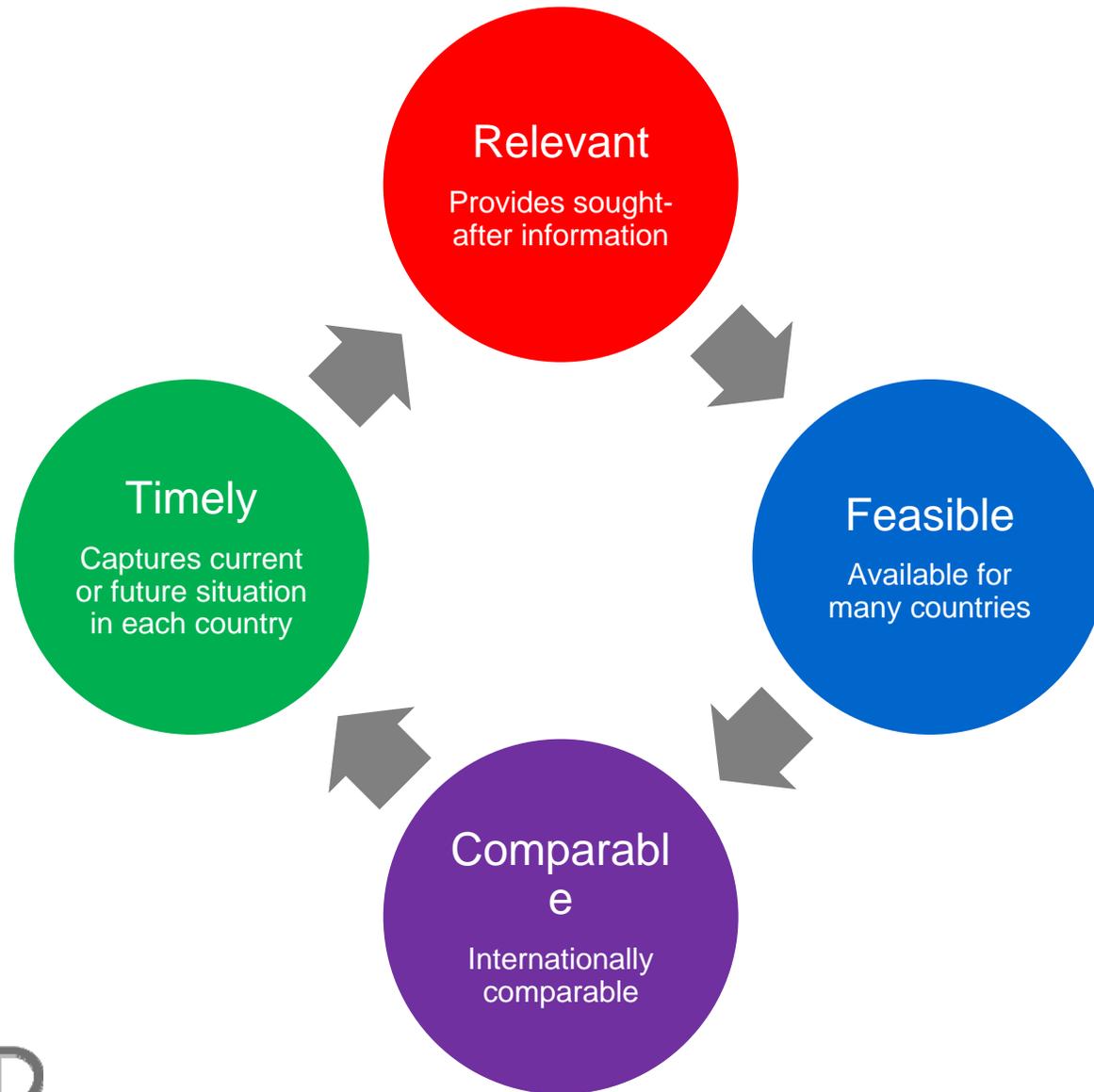
Measuring skills



Indicator framework for skills development



Criteria for choice of indicators



Proposed indicators (1)

Contextual factors

Economic level & structure
Demographics
Maternal & child health

Technology
Work organisation
Institutional settings

- ❑ Capture the main drivers of skill acquisition and skill requirements
- ❑ And key factors affecting the efficiency of the matching process between them
- ❑ These factors also affect the outcomes of skill use
- ❑ They also help to interpret country differences in skills acquisition and use

Proposed indicators (2)

Skill acquisition

Educational attainment
Level of cognitive skills
Skill formation

- ❑ **Stock of human capital** — key driver of economic growth and well-being
- ❑ **Investments in skills** — indicators in this area provide information on:
 - Access to education and training and opportunities for lifelong skills development
 - Future supply of skills in the adult population
 - Gaps in the education system in providing basic level employable skills, such as literacy and numeracy skills

Proposed indicators (3)

Skill requirements

Employment by education
Employment by occupation
Job-task measures of skill

- The demand for and utilisation of skills determine each country's productivity and growth potential
- Several indicators are proposed:
 - Employment shares by education and occupation
 - Share of self-employment in total employment
 - Ideally, more direct task-based measures of skills used at work

Proposed indicators (4)

Matching

Education mismatch
Skills & informal work
Hard-to-fill vacancies
Skill gaps

- ❑ Benefits of costly investments in skills depends on how well these skills are **matched** with those required in the labour market
- ❑ Several direct and indirect measures are proposed:
 - Measures of over- and under-qualification
 - Changes in unemployment rates and earnings by education
 - Results of employer surveys of skill gaps and shortages

Proposed indicators (5)

Outcomes

Growth & productivity
Employment outcomes
Earnings
Health

- ❑ Ultimately, interested in measuring links between skills and economic performance, employment and health outcomes
- ❑ This can be captured by indicators of:
 - GDP and labour productivity growth
 - Employment rates, unemployment and underemployment rates, and earnings by level of education
 - General health status by level of education

Issues

❑ Challenging constraints on data availability

- Two key data sources are potentially available:
 - ✓ Household surveys (labor force surveys, health surveys, etc.)
 - ✓ Employer surveys but issues of availability and comparability
- Key questions on skills should be systematically included
- In the long-term, need for dedicated surveys of skills (STEP, PIAAC, LAMP, etc.)

❑ Require complementary country-specific data

- ✓ Regional and sectoral data on skill requirements, gaps and shortages

❑ And qualitative information on institutions and policies

- ✓ E.g. governance and financing arrangements

Deliverables

- Revised report to be completed by end of 2012, including:
 - ✓ Stocktake of data availability
 - ✓ Recommendations on core questions on skills to be included in household and employer surveys
 - ✓ Common national priorities for capacity building in data collection and analysis

- Comparable database to be established by late 2014 but will require decisions on:
 - How will database be maintained and disseminated?
 - What ongoing development work should be put in place?
 - Should data be collected for all countries?

For discussion

1. Does the conceptual framework make sense?
 - ✓ Is it useful? Are the key relationships identified correctly?
2. Have the key indicator domains been correctly identified?
3. Do the criteria make sense?
 - ✓ Are they useful and the most relevant ones for guiding the selection of indicators or too restrictive or not restrictive enough?
 - ✓ Are any key indicators missing? Which ones are most feasible?
4. Is the framework and indicator domains useful for the design or implementation of skills development strategies?

Thank you