SKILLS INDICATORS FOR EMPLOYMENT AND PRODUCTIVITY IN LOW-INCOME COUNTRIES:
An initial framework and approach

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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
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

- Work skills
- Foundation skills
- Occupation- and firm-specific skills
- Generic skills

Measuring skills

Work skills

Foundation skills

✓ Number of years of education
✓ Highest formal qualification level (ISCED)
✓ Performance in tests of literacy, numeracy, etc.

Overall skills

Occupation- and firm-specific skills

Generic skills

Measuring skills

- Work skills
- Occupation- and firm-specific skills
- Overall skills
- Foundation skills

- ✓ Literacy rate
- ✓ Performance in tests of literacy, numeracy, etc.

Measuring skills

- Work skills
- Foundation skills
- Overall skills
- Occupation- and firm-specific skills
- Generic skills

- Performance in tests of literacy, numeracy, etc.
- Supervisor assessments
- Job tasks carried out

Measuring skills

Work skills

- Occupation-specific tasks and knowledge
- Field of study

Foundation skills

- Occupation
- Perceived value of skills in other firms

Overall skills

Occupation- and firm-specific skills

Generic skills

Measuring skills

Work skills
- Required education
- Required prior training
- Required work experience
- Occupation

Foundation skills

Overall skills

Occupation- and firm-specific skills

Generic skills

Indicator framework for skills development

Contextual factors

Skill acquisition

Matching

Skill requirements

Outcomes
Criteria for choice of indicators

- Relevant: Provides sought-after information
- Feasible: Available for many countries
- Timely: Captures current or future situation in each country
- Comparable: Internationally comparable
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)

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

Skill requirements

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

- 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?
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