

OCDE

I congratulate China and UNESCO for putting the spotlight on vocational education. In every country, skills transform lives and drive economies and vocational education is an often untapped resource to build relevant skills. The bottom line is clear: Without the right skills, people are kept on the margins of society, technological progress does not translate into economic growth, and countries can't compete in today's economies. We estimate that raising the quality of learning outcomes by just half a school year in OECD countries would add 115 trillion US dollar to our economies. In other words, deficiencies in learning are creating a permanent economic recession.

But the toxic co-existence of unemployed graduates on the street, while employers tell us that they cannot find the people with the skills they need shows that skills don't automatically translate into better economic and social outcomes.

To transform skills into better jobs and better lives we need to build the right skills.

How can we do that?

Anticipating the evolution of labour-demand is the essential starting point.

We then need to improve the quality of learning outcomes, by putting the premium on skills-oriented learning throughout life instead of qualifications-focused education upfront. That's about fostering demand-sensitive and relevant learning. And that is why vocational education is so central for success. Our data show that skills development is far more effective if the world of learning and the world of work are linked. Compared to purely government-designed curricula taught exclusively in schools, learning in the workplace allows young people to develop "hard" skills on modern equipment, and "soft" skills, such as teamwork, communication and negotiation, through real-world experience. Hands-on workplace training can also help to motivate disengaged youth to stay in or re-engage with education and smoothen the transition to work. The social partners can make a big contribution to developing curricula that include broader, transferable skills and to ensure that good-quality training is available to all.

Data from our new Adult Skills Survey provide powerful evidence on that. You see that you learn something when you are in education between the ages of 16 and 25, but you see that the learning curve is even steeper if you combine education with work. Even the workplace alone can provide important opportunities for skill development. Some people argue you cannot **break the mould** where academic achievement is revered as the only route to success, particularly in East Asia. Well, I saw how this can be done when I visited Singapore's ITE College West last year. Once seen as a last resort for students who failed their academic ambitions, this is now a place of choice for students, with 90% of graduates finding jobs in their chosen field in their first year, and many of them moving back to tertiary education later in their lives.

All this is everybody's business and we need to deal with the tough question of who should pay for what, when and how, particularly for learning beyond school. Employers can do a lot

more to create a climate that supports learning, and invest in learning. Some individuals can shoulder more of the financial burden. And governments can do a lot to design rigorous standards, provide financial incentives and create a safety net so that all people have access to high quality learning.

But even the best skills simply evaporate if they aren't maintained and upgraded to meet the changing needs of societies. There are people who are highly skilled who have decided not to work. Why? They may be too busy caring for children or elderly parents; they may have health problems; or they may have calculated that it just doesn't pay to work.

The answer is that we need to make better use of our talent pool.

This starts with figuring out who is not active and why.

We then need effective tools to calibrate tax and benefit systems to make it more economically attractive to work.

It also means that employers need to offer greater flexibility in work organisation

Older people, too, should be encouraged to continue working and to upgrade their skills and employers should be encouraged to hire them.

But even upgrading skills will not have the desired impact if those skills aren't used effectively at work. That's where the issue of skill mismatch comes in.

Our data show that this is a very real thing that you can see mirrored in the earnings prospects of people and therefore productivity. If you have great skills and have a demanding job, you are fine, and you continue to improve your earnings. If you don't yet have the skills but your job is demanding, you see progress too. But if your employer does not use your skills, your life chances deteriorate.

So, again, what can we do about this?

Quality career guidance is essential: people who have the latest labour-market information can help steer individuals to the education or training that would best prepare them for their prospective careers.

Helping young people to can gain a foothold in the labour market is fundamental too. Vocational training is a very effective way to achieve this.

Coherent and easy-to-understand qualifications are important to help employers identify potential employees who are suitable for the jobs they offer.

And reducing the costs of moving within a country can help employees to find the jobs that match their skills and help employers to find the skills that match their jobs.

Helping employers make better use of their talents is an obvious angle as well.

There may be young people just starting out, who are well educated but have trouble finding jobs that put their education and training to good use. Here we can **shape the demand for skills**.

Often we think this is all a zero-sum game, that is the demand for skills is as it is and we just need to educate people to meet existing demand. That is a big mistake. There is much that governments and employers can do to promote knowledge-intensive industries and jobs that require high-skilled workers. Adding these kinds of high value-added jobs to a labour market helps to get more people working—and for better pay.

Last but not least, education that fosters entrepreneurship can help create jobs. And again, vocational education and training are where entrepreneurship is born.

In short, I believe that there is a lot we can do to develop the right skills and turn them into better jobs and better lives.