



Official Visit to Austria

**Annual Lecture at the Joint Vienna Institute on
“Skills for the 21 Century: From Lifetime
Employment to Lifetime Employability”**

**Remarks by Angel Gurría,
Secretary-General
OECD**

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Ladies and Gentlemen,

It is a great pleasure to be with you at the Joint Vienna Institute (JVI). The OECD is proud to be a founding member of this institution and to have contributed to its curriculum in many policy fields.

Our Council just agreed to renew the OECD's membership of the JVI for an indefinite period. I am pleased to confirm that the OECD will again be represented in the Institute's curriculum in 2012, the year of the Institute's 20th Anniversary.

The JVI has contributed so much over the past two decades to building governance capacity in transition economies. It has done so by training public and private sector representatives in the skills necessary to manage and operate successfully in market-oriented economies.

Skills are an essential component of success. What individuals know and can do has a profound impact on the competitiveness, productivity and social cohesion of their countries. But most importantly it has an impact on the quality of their lives; on their achievements and self-fulfilment.

This is why I am here today, to talk about the importance of skills in the 21st Century. Let me share with you some of the OECD's perspectives.

1. Childhood Education: The Launching Platform

I want to start by reminding us that the determinant factor of skills is school education. Our analysis reflects that due to missed opportunities in early childhood and school education, between one-third and two-thirds of the adult population do not master minimum levels of the core skills necessary to cope with the complexities of life and work in the 21st Century.

Investing in early childhood education pays because skills beget skills. Children who get a good start thanks to high quality education in early childhood are more likely to succeed in later stages of education and in the labour market.

Many OECD countries are very conscious of this logic and are making efforts to improve their students' performance. However, our analysis shows that school systems in OECD countries and beyond produce variable results, including very poor performance.

In our last PISA evaluations, Korean 15-year-old students ranked third in science proficiency — after China and Finland —, while students in the United States ranked in 30th position, and Peru and Azerbaijan ranked 63 and 64, respectively. These numbers will influence the economic performance of these countries in the next decades.

And this is mainly because the link between education and productivity is very strong. According to OECD estimates, one extra year of average education leads to an average increase in steady-state long term output per capita by about 4 to 7%.

2. Improving School Education: The Key is What are we Learning, and for What?

Countries today are aware of these linkages and have invested a lot in increasing the level of education in their population. The results are impressive: completion of upper secondary education is now close to universal in OECD countries. Tertiary-level attainment has risen sharply and is now at 35% for the 25-34 year-olds as compared to 20% for the 55-64 year-olds.

The reach of our school systems is very important, but the quality of its knowledge transmission is decisive. The question is what are we learning and what for? A failure to transform a given talent into a set of valuable skills has negative consequences for individual wellbeing and economic performance. It also translates into negative social outcomes, as low levels of education are associated with poor health, limited interest in politics and weak interpersonal trust.

In addition, our economies and labour markets are undergoing profound transformations as a result of technological change, globalisation and shifts in consumer demand. The end to the paradigm of a job for life makes it difficult for some workers with very narrow occupationally-specific skills to reintegrate in the labour market.

This is why it is so important to acquire a range of generic skills, including good foundation skills in literacy and numeracy, but also communication skills and ability to cope with technology-rich environments.

3. We Need to Focus on Lifelong Employability

Skills policies should shift attention away from preparing for lifelong employment to laying the foundations for lifelong employability.

But how do we achieve this? Up to now, people's skills have been measured by their formal qualifications. This has ignored the differences in the quality of education systems and what people learn informally or at work.

To address this failure the OECD is currently developing a Programme for the International Assessment for Adult Competencies (PIAAC). This programme will provide a better way to assess and monitor directly the actual level and distribution of adult skills in countries. The survey will also enable us to compare the results of one country with those of others and help to ensure that decision-makers are well informed.

But even producing the best skills in the world throughout the lifecycle is not of much use if economies do not deploy these skills optimally. Substantial proportions of the working age population are not using and developing their skills because they are unemployed, or because they face insurmountable obstacles in combining family and work life, or they retire from working life prematurely.

Employers also do not always make the best use of skills possessed by their employees. When asked about their working conditions, about a third of the workers in Europe replied that they have skills to cope with more demanding duties at work, while another 13% declared that they need further training to cope well with their present duties.

4. We Need Far Sighted Skills Policies

For these reasons, skills policies are becoming more and more important. How can we make the most of these policies?

First of all, skills policies should be designed on a lifecycle perspective. Acquiring skills at one point in time is not enough as skills can become obsolete and tend to decline with age for physiological reasons. But we now know that they decline much less for individuals who use them at work and actively maintain them throughout adult life.

Skills policies also need to be responsive and flexible in the short run to react to changing needs of the economy and society. For this to happen, cooperation with the social partners at all stages of design and delivery of education and training is crucial.

Moreover, skills policies should recognise that they are a cross-cutting issue. Sometimes, as many as six different Ministries are involved: the Ministries of basic education, higher education, labour, migration, industry, and family. These multiple actors are not always talking to each other as much as they should to design coherent policy answers to complex skills problems.

5. The OECD Skills Strategy

To help countries address these issues and design better skills policies, the OECD is developing a Skills Strategy. The initiative aims to integrate the work on skills of several OECD Directorates under a common framework and to assist countries in improving economic and social outcomes through better skills and their effective utilisation.

The Strategy will discuss mechanisms to facilitate the matching of skills demand and supply to improve the use of existing skills in the population. It will also help countries to decide how to prioritise investments of tight budgets in skills by pointing out where these investments produce the greatest benefits.

Ladies and Gentlemen:

When it comes to skill building, few institutions can match the record of the Joint Vienna Institute. Its 25,000 alumni across the former centrally planned economies represent the collective wisdom, knowledge and experience of the organisations that underpin this Institute. It gives me great pleasure to see that the JVI's excellent example is now being followed in another part of the world that has just embarked on its own transition process - the Middle East and North Africa.

Thanks to the initiative of the IMF and the Government of Kuwait, a Middle East Centre for Economics and Finance is currently being set up in Kuwait and it will in many respects replicate the JVI's successful model.

The OECD is committed to be part of this effort as of 2012. The initiative shows that the JVI model can be successful not only in Europe, but also elsewhere in the world. I would like to congratulate the JVI Director, his staff and the JVI member organisations for having shown the way.

Thank you very much.