

Boosting skills would drive UK growth and productivity

19/11/2017 – The United Kingdom has record-high employment levels and very low jobless rates compared to most OECD countries. However, labour productivity growth remains weak and the job prospects of many adults are hurt by their poor literacy and numeracy skills. To boost growth, productivity and earnings, the UK should encourage lifelong learning among adults and promote better skills utilisation, according to a new OECD report.

[Getting Skills Right: United Kingdom](#) says that educational attainment has been rising in the UK, with 42% of adults having a tertiary degree, compared with 34% across the OECD. Sixteen per cent graduate in the field of sciences, more than in any other OECD country, and nearly half of science graduates are women.

The share of young adults enrolled in vocational education and training has risen to 43% but remains lower than in many other European countries. Apprenticeships are also less popular, pursued by around 24% of upper secondary students, compared to 59% in Switzerland or 41% in Germany.

Recent reforms to the regulation of apprenticeships should bring training content more in line with employer needs. The new apprenticeship levy should also encourage employers to take more responsibility for training, but care should be taken to prioritise quality of apprenticeship training to discourage employers simply rebadging existing training as an apprenticeship, according to the report.

Challenges remain in matching skill supply with skill demand in the UK. A high proportion of jobs remain low-skilled while the proportion that are high-skilled remains low relative to the increasing supply of workers with higher level qualifications. Among the countries covered by the OECD Survey of Adult Skills, the UK is only behind Spain in terms of the share of jobs that require lower-level qualifications (22%) while demand for higher level qualifications falls short of supply, with only a third of jobs requiring a tertiary education.

About 40% of British workers are either over-qualified or under-qualified for their job, and the same number are working in a field of study different to the one in which they studied in school. Furthermore, the OECD Skills for Jobs database reveals shortage pressure in knowledge related to education and training, health services and STEM subjects. More efforts are needed to improve skills utilisation and to stimulate innovation and growth in knowledge sectors, says the report.

Among the OECD's recommendations are that the UK should:

Strengthen career guidance services. There should be more interactions between employers and secondary schools and access to career guidance services should be extended to cover employed workers as well as the unemployed.

Encourage lifelong learning. Advanced Learner Loans could be made more attractive for low-skilled workers by tying repayment waivers to employment in some shortage occupations. Personal learning accounts or paid training leave for in-demand skills could also help.

Enhance awareness about the value of training. More efforts need to be made to convince employers of the return on investment of training. Group schemes may also encourage more small and medium-sized firms to offer training.

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