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Filling the skills gap and addressing the mismatches – what can business do?

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International Labour Organisation (ILO)

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UN Global Compact and the ILO

- This webinar is the 16th organized by the International Labour Organization and the UN Global Compact.
- Each webinar addressed specific labour topics and provide practical guidance, tools and resources for advancing the UN Global Compact labour principles and the Decent Work Agenda.

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ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (www.ilo.org/mnedecclaration)

The MNE Declaration sets out principles enterprises are recommended to observe.

Article 30:

“In their operations, multinational enterprises should ensure that **relevant training is provided for all levels of their employees in the host country**, as appropriate, to meet the needs of the enterprise as well as the development policies of the country. Such training should, to the extent possible, develop generally useful skills and promote career opportunities. This responsibility should be carried out, where appropriate, in **cooperation with the authorities of the country, employers' and workers' organizations and the competent local, national or international institutions.**”

Article 31:

“Multinational enterprises operating in developing countries should participate, along with national enterprises, in programmes, including special funds, encouraged by host governments and supported by employers' and workers' organizations. These programmes should have the aim of **encouraging skill formation and development** as well as providing vocational guidance, and should be jointly administered by the parties which support them. Wherever practicable, **multinational enterprises should make the services of skilled resource personnel** available to help in training programmes organized by governments as part of a **contribution to national development.**”





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Article 32:

“Multinational enterprises, with the cooperation of governments and to the extent consistent with the efficient operation of the enterprise, **should afford opportunities within the enterprise as a whole to broaden the experience of local management** in suitable fields such as industrial relations.”





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Relevance to the 2030 Agenda for Sustainable Development

Adopted in September 2015 by the UN Members States

Goal 4: Ensure inclusive and quality education for all and promote lifelong learning

Goal 8: to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

It acknowledges the contribution of businesses and calls for their engagement for the implementation of all goals and targets.

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Presentation

- The challenge of matching skills and labour market needs
- Why skills are important for enterprises
- Different models for industry engagement
- Apprenticeships as a model of good practice





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Matching skills and labour market needs

- Skills mismatch is a pressing policy concern
- Different forms of skills mismatch exist in labour markets
- Employers report difficulties in finding suitably skilled workers
- Growing competition amongst firms for skilled workers
- Labour market frictions and employer practices can underlie recruitment difficulties
- Many workers don't adequately utilise their skills
- Skill matching requires a collaborative long term strategy with national, sectoral and local approaches





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Traditionally, business sector depended on governments to educate and train the future workforce.

But things are changing...

- First, because, labour markets are more dynamic and the pace of technological change has accelerated rapidly
- Second, because traditional education and training systems alone are struggling to deliver the skilled workers companies need (*Several reasons for this*) and
- Third, because it is increasingly unrealistic for companies to expect prospective workers to be completely job ready, without previous on-the-job training





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So we want to move from a vicious Downward Circle where unavailable or poor quality skills

- Traps the working poor in low-skilled, low productive, low-wage jobs
- Excludes workers without the right skills from participating in economic growth
- Discourages investment in new technologies





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...to a Virtuous Circle where more and better skills makes it easier to....

- ✓ Innovate
- ✓ Adopt new technologies
- ✓ Attract investment
- ✓ Compete in new markets, and
- ✓ Diversify the economy

Which boosts job growth, productivity and social inclusion

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Why skills are important for enterprises?

- Because skills are a driver of innovation: training and workplace learning support market, product and process innovation
- Because skills can drive workplace change
- Because talent management is a key to enterprise survival and investments in skills develops and retains talent
- Because skills enable individuals to function in the world of work and contribute to modern, productive societies. (a skilled workforce benefits everyone)





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What are the benefits for industry from investing in skills?

- Reduced recruitment costs
- Reduced initial training costs
- Improved productivity of new workers
- Reduced labour turnover
- Increased enterprise productivity
- Improved workforce & industry planning
- Enhanced industry development
- Improved national development





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How can businesses can help bridge the skills gap?

- Enterprise-institute partnerships: workforce development
- Knowledge/innovation clusters
- Skills development programmes moving down company supply chains
- Sectoral alliances
- Global partnerships
- Earn-and-learn programmes
- National training funds / voucher schemes
- CSR





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What broader roles for industry?

- Provide strategic leadership
- Support sectoral approaches - SSC
- Enter Private Public Partnerships:
 - institutional management
 - delivery, assessment and certification services – invest in the training market
 - develop the technical skills of trainers
- Inform program development: standards, curriculum and qualification
- Provide data on skills in demand
- Promote workplace learning and investment in skills





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Why is industry important to the TVET & skills sector?

- Industry is the number one client
- Industry understands its own needs, both current and future
- Industry has the technical know-how
- Industry has networks
- Industry has entrepreneurial and managerial experience **AND**
- Industry need skills

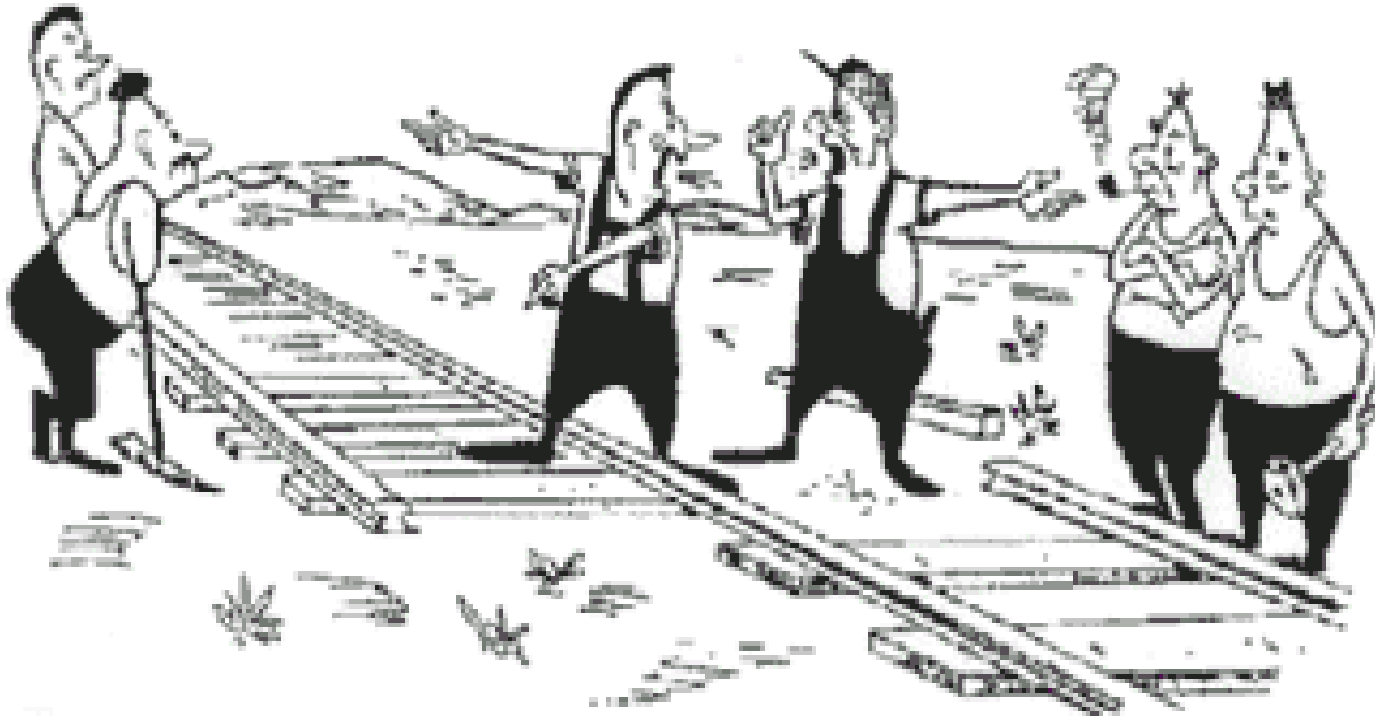




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The importance of coordination...



- ... skills development and industrial, trade, technology and environmental policies*
- ... development partners*
- ... government agencies*
- ... employer and worker organisations at sector level*
- ... institutions and workplaces*

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Apprenticeships: linking skills with innovation and SME competitiveness

The competitive advantage of national economies is based on:

- High performance work organisation in companies
- Innovative potential of SMEs
- High quality education and training systems





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The Global Competitiveness Report (2015)

 Europe Top 10	Global Rank*
Switzerland	1
Finland	4
Germany	5
Netherlands	8
United Kingdom	9
Sweden	10
Norway	11
Denmark	13
Belgium	18
Luxembourg	19

Source: The Global Competitiveness Report 2014-2015
Note: * 2014-2015 rank out of 144 economies

<http://www.weforum.org/pdf/GCR10/Report/Countries/Switzerland.pdf>

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The role of SMEs in competitive economies



Innovation in SMEs

Switzerland	55 %
Germany	45 %
Austria	42 %

UK	29 %
France	22 %

WEF (2015)

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Mixed success of formal apprenticeship systems

(participation per 1,000 employees)

Australia	England	France	Germany	Ireland	Switzerland	India
40	20	17	39	11	44	5

70% of the 17-25 age cohort in Switzerland are in an apprenticeship

‘The apprenticeship system is the most important factor in the quality of Swiss work and the competitiveness of the Swiss economy’

‘Why the Swiss are that rich’ (Rudolf H. Strahm 2010)

International interest in apprenticeships is growing because of the measurable returns to the individual, the enterprise and society

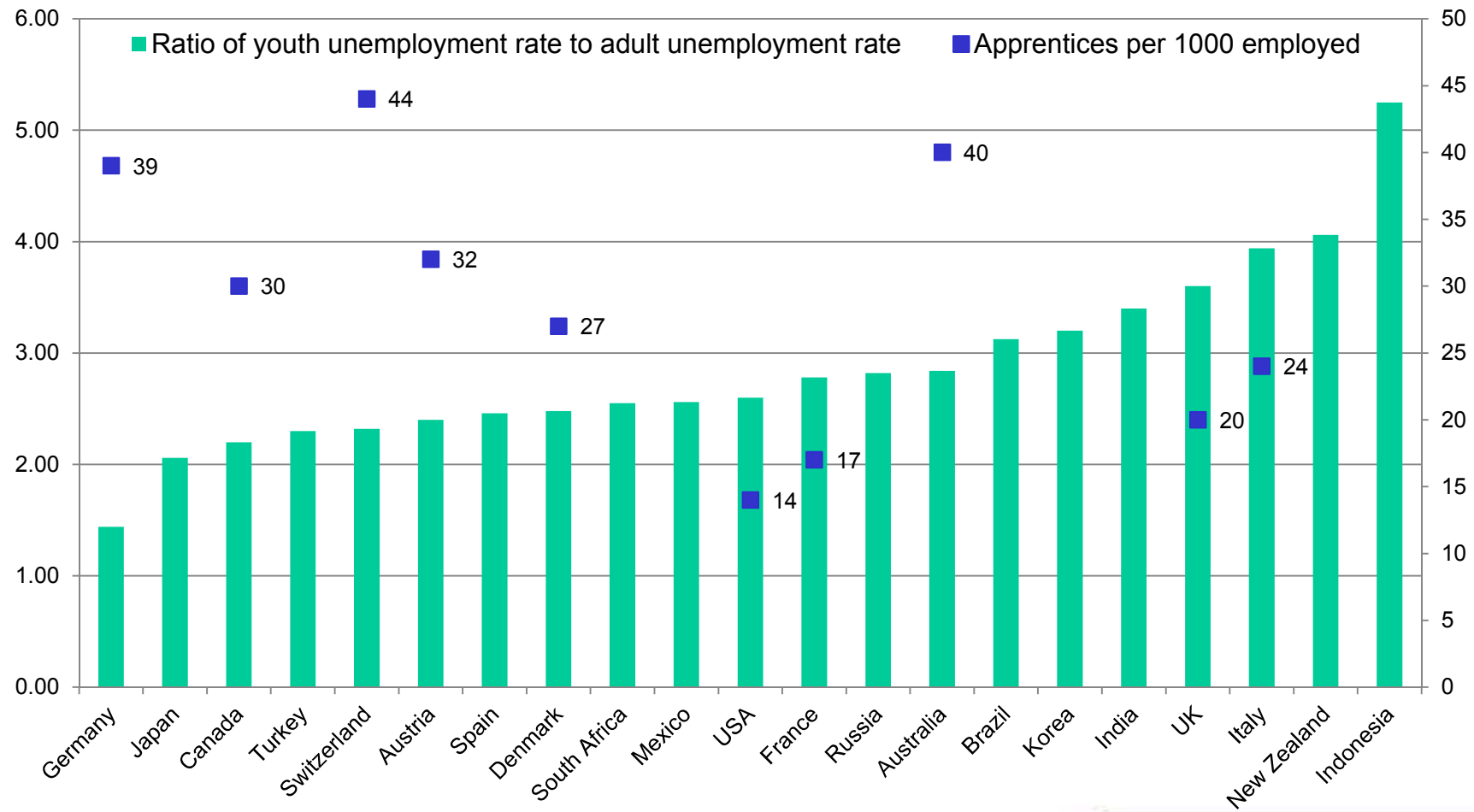




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Apprenticeships and youth to adult unemployment rates



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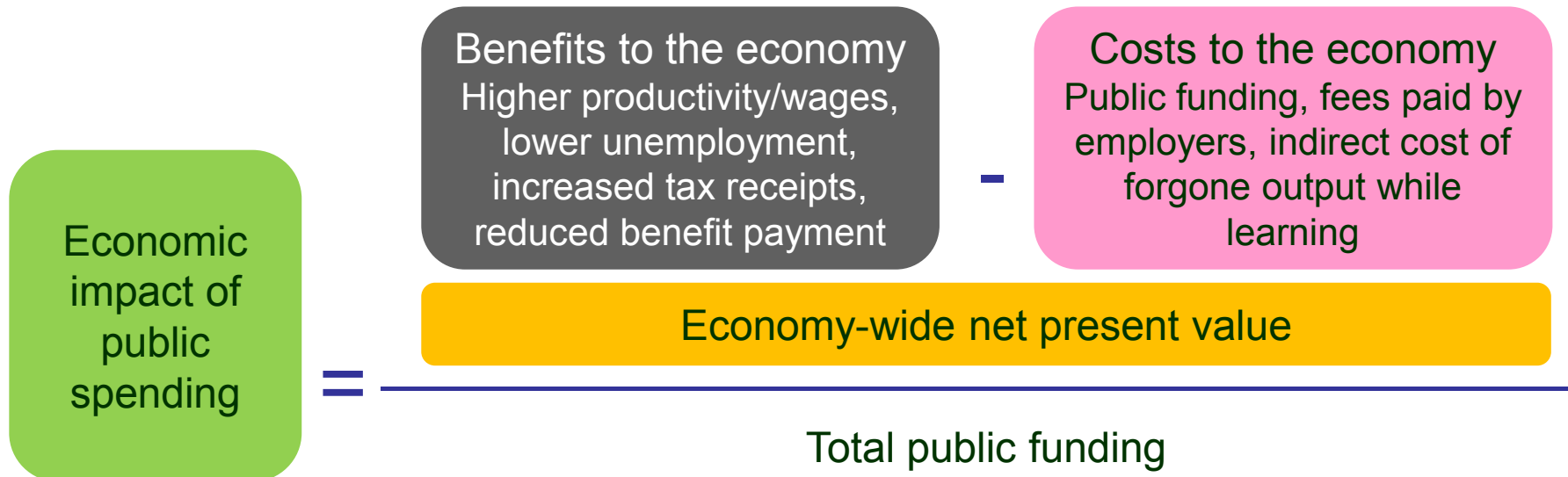


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Economic returns to public investment: UK

The net present value to the economy per £1 of government spending on apprenticeships is estimated to be £16 - £21.



National Audit Office (2012) *Adult apprenticeships: Estimating economic benefits from apprenticeships – Technical paper*





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Employment returns to individuals: Italy

Young people on an apprenticeship schemes will enjoy greater employment stability than fix-term contract holders:

- 5% lower probability of unemployment
- 16% higher chances of having a permanent contract

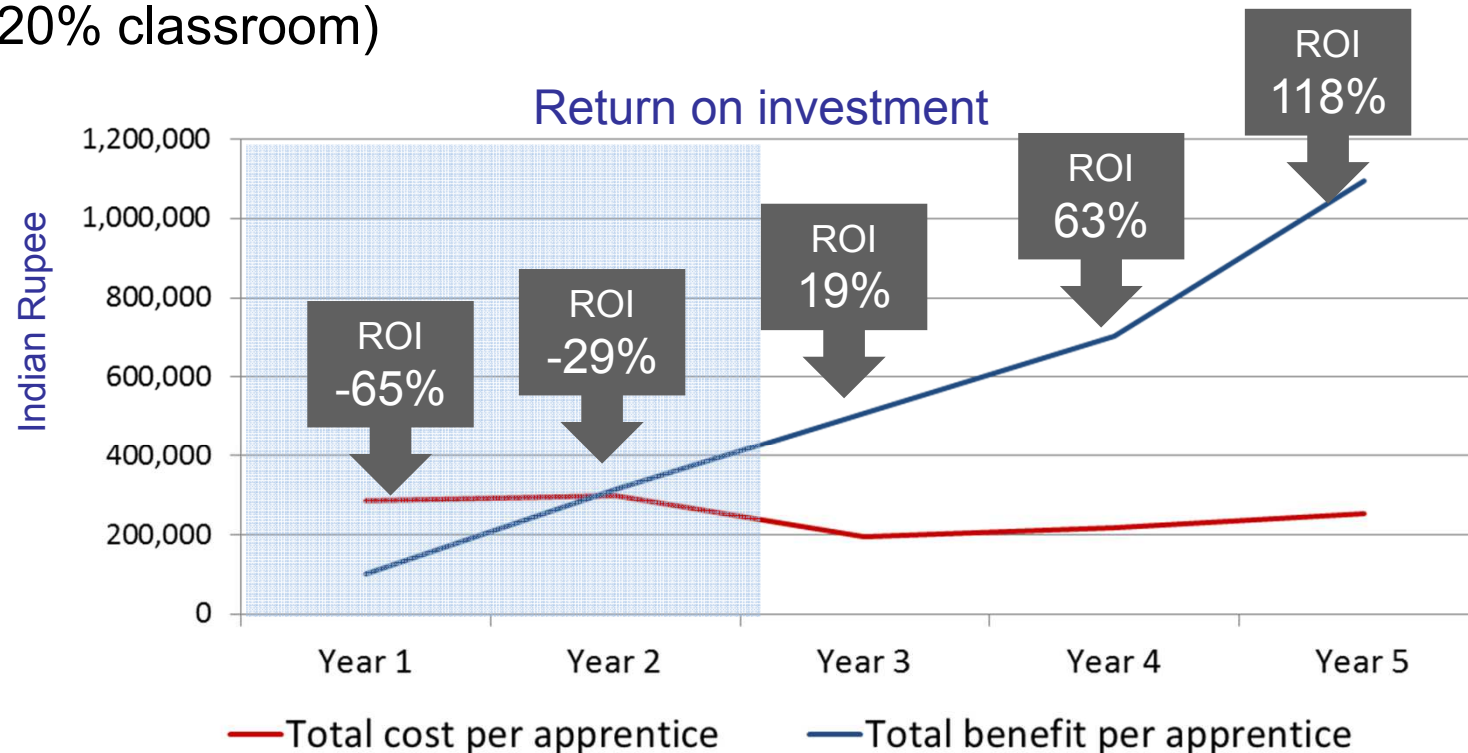
European Commission (2013) *The effectiveness and costs-benefits of apprenticeships: Results of the quantitative analysis*





Enterprise return on investment (ROI): India

- Food processing equipment manufacturer
- 5 year apprenticeship programme for technician (80% practical, 20% classroom)



ILO (2014) *Using Benefit Cost Calculations to Assess Returns from Apprenticeship Investment in India: Selected SME Case studies*





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Global Apprenticeship Network (GAN)

On a global scale the GAN is actively supported by:

- ILO: International Labour Organisation
- OECD: Organisation for Economic Cooperation & Development
- IOE: International Organisation of Employers
- BIAC: The Business and Industry Advisory Committee
- 13 leading companies:

Adecco Group, Astra International, Ericsson, GI Group, Hilton Worldwide, Huawei, IBM, Mastercard Foundation, Nestlé, Randstad Holding Samsung, Telefónica, UBS)

On a national scale the GAN acts via National Networks, which helps to act quickly, bringing the idea to the ground despite the large network.

Three National Networks have been launched with different needs:

- Turkey with 25 member companies
- Indonesia with 19 member companies
- Spain with 29 member companies

GAN

Global Apprenticeships Network

Skills for Business - Jobs for Youth

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Overcoming challenges

- ◆ Partnerships
- ◆ Leverage expertise
- ◆ Take a broader view:
 - link skills initiatives with firm level HRM
 - skills++ to drive productivity
 - contribute to sectoral workforce development
 - demonstrate CSR





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Tools and resources

SKILLS FOR EMPLOYMENT: **Knowledge Sharing Platform**

www.skillsforemployment.org

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Skills for employability :

- Basic education/foundation (literacy and numeracy skills)
- Vocational or technical (specialized skills, knowledge)
- Professional/personal (individual attributes)
- Core work skills (ability to learn/adapt, communication skills, problem solving, teamwork...)

Source: L. Brewer, 2013. Enhancing the employability of disadvantaged youth: What? Why? And How? Guide to core work skills, International Labour Organization, Geneva.





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SKILLS FOR EMPLOYMENT: Knowledge Sharing Platform (KSP)

- Requested by ILO constituents during ILC 2010; G20/Multi-year Action Plan on Development
- One-stop website for information on skills

Skills KSP was formally launched in June 2013





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What can you find on the Skills KSP?

**Many skills related topics covered on the website.
Knowledge products found on the site include:**

*Publication, research reports, good practices, international standards,
national policies and strategies on skills, etc...*

*For employers and businesses, the Skills KSP offers a broad range of
knowledge products that may be of interest*

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Items found on the Skills KSP

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The Coca-Cola Company's 5by20 Initiative

Women's empowerment initiative launched in 2010.

When : 1 June 2014 - 30 December 2020
Where : Global

5by20 is The Coca-Cola Company's global commitment to enable the economic empowerment of 5 million women entrepreneurs across the company's value chain by 2020. This initiative aims to help women across the Coca-Cola value chain—producers, suppliers, distributors, retailers, recyclers and artisans—overcome barriers to business success by providing them with access to business skills, financial services, assets and support networks of peers and mentors. Launched in 2010, in just three years the initiative has reached more than 550,000 women entrepreneurs. There are 5by20 programs in 44 countries.

Contact Information:
Coca-Cola 5by20

5by20 by the Numbers

5by20 is The Coca-Cola Company's global commitment to enable the economic empowerment of 5 million women entrepreneurs across the company's value chain by 2020. Specifically, that means the small businesses the company works with in over 200 countries around the world. From fruit farmers to artisans, this initiative aims to help women overcome the barriers they face to business success.

2010 **550k+** **5M** women to be

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See also

Article

- Coca-Cola 5by20 Entrepreneur: Janete Nazareth Guilherme
- Coca-Cola 5by20 Entrepreneur: Preeti Gupta

Video

- 5by20 Success Stories Bio/Videos

Webpage

- 5by20 Success stories

Publication

- The Coca-Cola Company's 5by20 Initiative: Empowering Women Entrepreneurs across the Value Chain

Sources
Employers

Regions
Global

Knowledge Products
Case studies and good practices

Coca-Cola 5 x 20 Initiative: aims to help 5 million women across its value chain achieve business success by 2020

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Disability and corporate social responsibility reporting: An analysis comparing reporting practices of 40 selected multinational enterprises

Corporate Social Responsibility (CSR) has become an integral part of corporate strategy in recent years. It consists of a multifaceted approach that has an impact on both society and the company. It encompasses human rights and environmental issues, contributing to community development, all the while improving company reputation, brand image and corporate culture. To explore how companies are integrating disability into their CSR work, this publication investigates reporting practices of 40 multinational enterprises.

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English [pdf 1102KB]

International Labour Organization

Disability and corporate social responsibility reporting:

an analysis comparing reporting practices of 40 selected multinational enterprises

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Knowledge Products
Case studies and good practices

Issues
People with disabilities
Participation of social partners

Sub Issues
Employer organizations

Subject Tags
Inclusion
Skills and training policy
business
employment policy
people with disabilities

Additional Subject Tags
corporate social responsibility, human rights

ILO publications highlighting company practices on promoting inclusive workplaces

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Advancing employment opportunities for young people (Video)

Jamie McAuliffe, President and CEO of Education for Employment, joins Jill Huntley to discuss youth employment, and the company's Skills to Succeed partnership aimed at equipping over 10,000 young people across five countries with digital literacy and foundational skills.

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Youtube video link:

Advancing Employment Opportunities for Young People



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Advocacy and information materials

Sub Knowledge Products
Video


Issues
Anticipating future skills needs
Youth employability

Subject Tags
youth employment
youth
youth unemployment
Skills and training policy

Interview with the President and CEO of Education for Employment discussing youth employment, and the company's Skills to Succeed partnership programme with Accenture aimed at equipping over 10,000 young people across five countries with digital literacy and foundational skills.

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Bridging education and training to the world of work



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Apprenticeships and their advantages for the employment prospects of young people (video)

Video series: *Skills Matter*

In today's economy, there is a growing interest in apprenticeships as a means of enhancing school-to-work transition and enabling young people to overcome the work-inexperience trap. In this interview, Michael Axmann, ILO Specialist in Skills Development Systems, talks about key elements of quality apprenticeships, its potential in addressing the youth unemployment crisis, the importance of social dialogue in developing effective apprenticeship systems, and some challenges in implementation.

Youtube video link:

Apprenticeships and their advantages for the employment prospects ...



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Issues
Apprenticeships

Subject Tags
social dialogue
youth employment

Publication Date
11/2013

Interview with ILO expert on quality apprenticeships and its potential in addressing the youth unemployment crisis.

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Items found on the Skills KSP

www.lkdfacility.org/unido-volvo-group-project.html

UNIDO - Volvo Group I

Partnering to enhance skills development and youth employment in Ethiopia.

The Challenge

Unemployment and underemployment are persistent problems in Ethiopia, especially among youth. Most of the workforce, around 35 million people, have very low levels of educational attainment and are engaged in low skill employment sectors. Technical vocational education and training (TVET) programmes, established to improve the quality of human resources in the

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www.volvogroup.com

INDUSTRY
Heavy Duty Machinery and Commercial Vehicles

PARTNERSHIP OBJECTIVE

Case story from UNIDO/LKDF highlighting how Volvo works with a local training service provider

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The Global Talent Competitiveness Index 2013

The Global Talent Competitiveness Index (GTCI) measures the performance of countries across the world on their talent competitiveness, i.e. their ability to attract, develop and retain talent.

The Global Talent Competitiveness Index (GTCI) is an innovative, annual benchmarking study, encompassing 103 countries. The GTCI introduces the dimension of talent/human capital and its connection to competitiveness. The 48 variables are grouped into talent enablers, attraction, growth, retention as well as output in terms of vocational and global knowledge skills.

The GTCI 2013 is a joint endeavor among INSEAD, Human Capital Leadership Institute and Adecco Group.

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Sources
Other sources
Academic institutions

Specify Source
Adecco Group; INSEAD; the Human Capital Leadership Institute (HCLI)

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Global

Knowledge Products
Research papers and syntheses
Case studies and good practices

Sub Knowledge Products
Publication

Issues
Portability of skills and life

GTCI 2013 report – joint effort between academia and business to measure the performance of 100+ countries across the world on their talent competitiveness, i.e. their ability to attract, develop and retain talent.

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Technology at work: The future of innovation and employment

The 21st century has already brought remarkable technological achievements. The leading corporations of the digital age — including YouTube, Facebook and eBay — barely existed only a decade ago. The Human Genome Project was completed in 2003, the year Skype was first released. The first iPhone was launched in 2007 and in 2010 Google announced their first fully autonomous car. Yet, the benefits of these developments have not been widely shared.

Real median wages have stagnated in about half of all OECD countries since 2000, and have fallen even further behind growth in productivity. Between 1980 and 2000, each pound of UK gross domestic product (GDP) growth, for example, was accompanied by around 90 pence of median wage growth. Over the period 2000 to 2007, the equivalent number was 43 pence.

This report introduces a vision to the future of innovation and employment. While the concern over technological unemployment has so far proven to be exaggerated, the reason why human labour has prevailed relates to its ability to acquire new skills. Yet this will become increasingly challenging as new work requires a higher degree of cognitive abilities. At a time when technological change is happening even faster, a main hurdle for workers to adapt is thus the surging costs of education.

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Sources
Academic Institutions
Employers

Specify Source
Citi Research; University of Oxford

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Report

Issues
Anticipating future skills needs

Subject Tags
technology
innovation

Citi GPS

Report introduces a vision of the future of innovation and employment.

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How should our schools respond to the demands of the twenty first century labour market? Eight perspectives

Young people have never left education more highly qualified and with more years of schooling to their names and yet face record levels of unemployment, too often losing out to older workers in the competition for employment. This report features interviews with eight leading commentators on the relationship between education and employment. The interviews highlight ways in which the labour market has become more hostile to young people over the last generation. Three key themes emerge: the labour market is more complex and opaque than in the past increasing the significance of careers education especially where it is rich in direct workplace contacts; school to work transitions have become more fractured than in the past demanding new recruitment skills and resiliency from young people; and, employers offering jobs with greatest prospects have changed requirements, expecting young people to be personally effective in applying knowledge in unfamiliar situations demanding that schools place greater emphasis on applied learning and enterprise education.

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Sources
Other sources
Employers

Specify Source
Education and Employers
Taskforce Charity

Country
United Kingdom

Economic Groups
OECD members

Regions
Europe and Central Asia

Knowledge Products
Research papers and syntheses

Sub Knowledge Products

Education Employers

Report features interviews with eight leading commentators on the relationship between education and employment.

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How does the KSP benefit business?

- A space for sharing good practices
- An opportunity to give visibility to successful initiatives in skills development and foster strategic leadership in this field
- Motivation and practical insights on how employers and workers can influence national and sectoral skills development strategies and policies
- A venue to broadcast experience in not only developing skills but in utilizing skills to adopt new technologies, enter new markets, attract investment and create more and better jobs
- An opportunity to learn about current research on skills, and good practices on skills development and training

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Facts: Skills KSP

Over 1,500 skills-related items - 70 % English (content accepted in all languages)

- Nearly 2,000 unique visitors/month
- Monthly newsletter
- Social media (Twitter)
- Supported by ILO - Donor resources

Contributions to the Skills KSP are welcome. Open invitation to submit content to:

knowledge@skillsforemployment.org

To sign up to receive the KSP newsletter, visit the homepage:

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