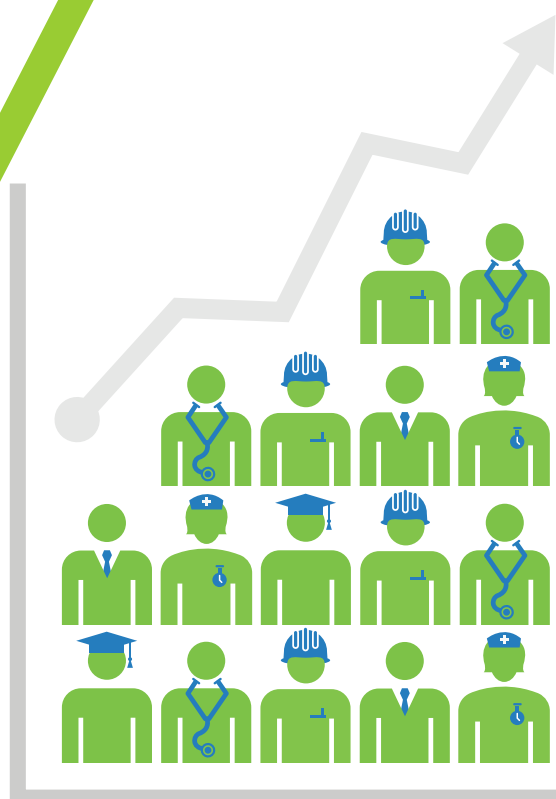


OECD Skills Strategy Norway

2014

Executive Summary



OECD Skills Strategy



EXECUTIVE SUMMARY

Skills transform lives and drive economies

Skills matter. Skills have become one of the main drivers of individual well-being and economic success in a global economy and a knowledge-based society. In the future, Norway's competitiveness will depend more upon the skills of its people, than upon the abundance of its natural resources.

Effective national and local skills systems connect skills with jobs and productivity to deliver prosperity and social cohesion. The OECD Skills Strategy provides countries with a framework to analyse their strengths and weaknesses using a three-pillar framework which encompasses: 1) developing relevant skills; 2) activating the supply of skills, and 3) using skills effectively. An effective skills strategy ensures policy coherence across the three pillars while strengthening the enabling conditions which underpin the skills system as a whole.



The OECD is working in collaboration with countries to support more effective skills strategies at the national and local level. Putting the OECD Skills Strategy's integrated paradigm into practice requires whole-of-government collaboration across ministerial portfolios, working with regional and local administrations, as well as co-operation and dialogue among key stakeholders – ranging from education institutions and researchers to employers, trade unions and civil society.

Norway's main skills challenges in a global perspective

Norway is the first country to undertake a collaborative project with the OECD which aims to apply the OECD Skills Strategy in practice. This diagnostic report identifies 12 skills challenges for Norway which were distilled from a series of interactive diagnostic workshops held in the course of 2013 with a wide range of stakeholders in Oslo, Buskerud County and Nordland County.

The 12 skills challenges identified by stakeholders align closely with the OECD's assessments of various aspects of Norway's skills system and available international evidence. This diagnostic report draws upon a wide range of OECD comparative data and analysis to illustrate each skills challenge and offers insights from the experience of other countries in tackling similar skills challenges.

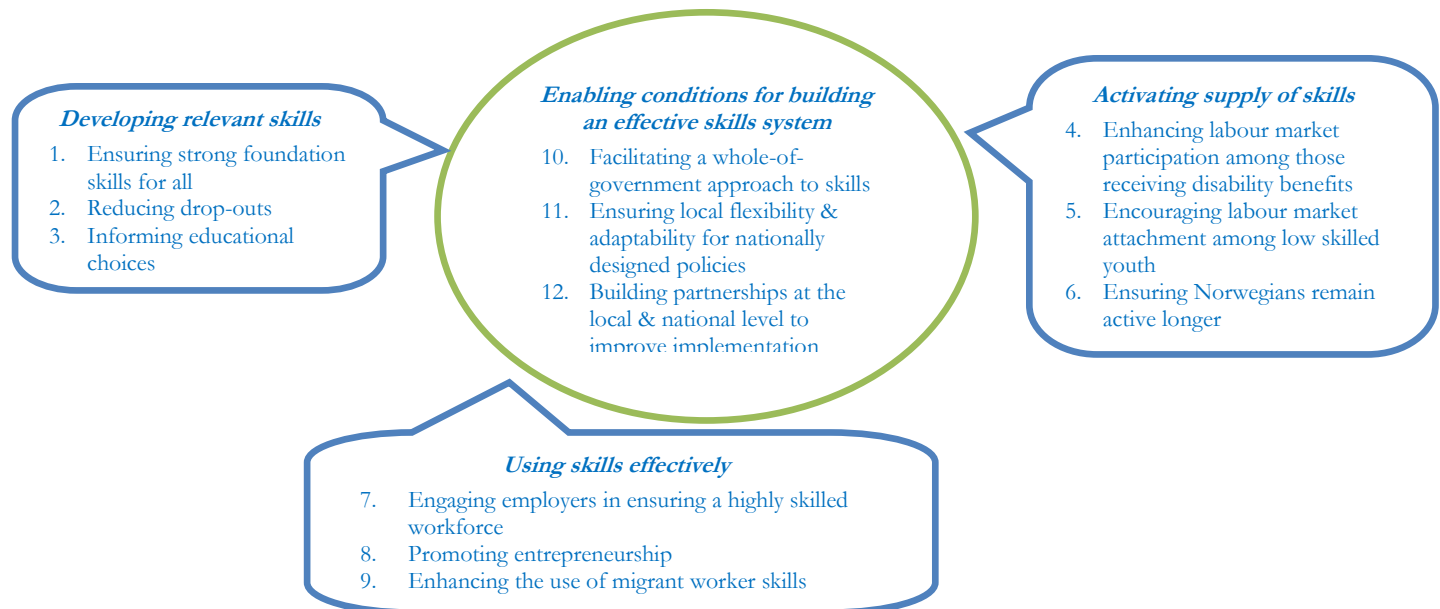
The first 9 skills challenges refer to specific outcomes across the three pillars of developing, activating and using skills and they are presented briefly here.

Developing relevant skills

1. **Ensuring strong foundation skills for all:** while student performance in PISA 2012 is at, or above, the OECD average, the share of low performers in Norway has increased in recent years from 18.2% in 2009 to 22.3% in 2012. New data from the Survey of Adult Skills (PIAAC) shows that on average, adults in Norway are more proficient in literacy, numeracy and problem solving in technology-rich environments than the average across all participating countries. However, a relatively large share of the adult population in Norway has poor foundation skills. Looking to the future, perhaps of greater concern is the finding that Norway's young adults are below average in literacy and are average in numeracy when compared with their peers in other countries.

2. **Reducing drop-out:** over the past decade educational attainment in Norway, as reflected in the proportion of 25-64 year olds holding an upper-secondary education or higher, has fallen from 85% in 2000 to 82% in 2011. A contributing factor has been the large number of students that drop out of upper secondary school. Persistently lower completion rates among students of vocational courses (62% in 2010) compared with students enrolled in more general courses (83%) are also a contributing factor.
3. **Informing educational choices:** across the OECD there are shrinking numbers of jobs in elementary occupations and production, a trend which is also seen in Norway. Better public data on current and projected labour market needs and professional career guidance services for young people in education and for adults seeking to reskill can help people make better choices. Yet to date, only 14 out of 19 counties have opened career centres. Meeting Norway's projected skills shortages in areas such as nursing, care-giving, technical and scientific fields will require renewed efforts to better inform students' educational choices and provide appropriate incentives.

12 skills challenges for Norway



Activating skills supply

4. **Enhancing labour market participation among those receiving disability benefits:** within the OECD area, Norway has by far the highest rates of sickness absence with almost 7% of the workforce on sick leave at any given moment. Over 10% of all working age adults receive permanent or temporary disability allowances, a figure which rises to 14% if people on Work Assessment Allowances are included. At the same time, rejection rates for disability claims are among the lowest in the OECD. Given that the rates of return to full-time employment are low, people on disability represent a lost asset for Norway's stock of available skills.
5. **Encouraging labour market attachment among low skilled youth:** Norway fares well when it comes to youth unemployment rates which in 2012 stood at 8.6%, among the lowest in the OECD where the average was 16.3%. The share of youth who are not in employment, education or training (NEETs) was also low at 7%. However important variations among youth exist – those who do not complete upper secondary school are almost four times more likely to be unemployed than those who had completed tertiary education, underscoring the need for Norway to focus on its low skilled youth.

6. **Ensuring Norwegians remain active longer:** although Norway is better placed to meet its future demographic challenges than many other OECD countries, the ratio of the population aged 65 and over to the population aged 20-64 is estimated to nearly double from approx. 30% in 2011 to 60% by 2050. While employment rates among older workers are high in Norway, almost one quarter of people over 55 years old are registered as disabled which is nearly double the OECD average. The Survey of Adult Skills (PIAAC) reveals that older Norwegians have relatively high literacy skills, which means they are an important asset on which to draw.

Using skills effectively

7. **Engaging employers in ensuring a highly skilled workforce:** the Survey of Adult Skills (PIAAC) provides a measure of skills mismatch and results show that around 20% of Norwegian workers consider that they are over-qualified and 15% believe they are under-qualified for their current jobs. The gap in literacy proficiency between workers in elementary occupations, such as labourers and production workers, and those in skilled occupations, such as professionals and technicians, is the largest observed at 55.6 score points. Norway performs well in terms of the prevalence of employer funded training, yet these skills investments often go to high-skilled employees and may not benefit those who need it most – namely workers with low proficiency levels in low-skilled occupations who are most at risk in the event of downsizing or restructuring.
8. **Promoting innovation and entrepreneurship:** among OECD countries, the level of self-employment as a share of total employment in Norway is the second lowest after Luxembourg, while business start-up rates are also among the lowest. Without innovative businesses and skilled entrepreneurs to run them, Norway may struggle to maintain its current levels of prosperity in the future as the contribution of natural resources to the economy declines.
9. **Enhancing the use of migrants' skills:** according to projections from Statistics Norway, by 2040 migrants will comprise close to 20% of the Norwegian population and over 30% in Oslo. The Survey of Adults Skills (PIAAC) shows that over-qualification is relatively widespread among the foreign-born population in Norway – who are two and a half times more likely to be over-qualified for their job than native born Norwegians. This rate is higher than that found in Austria, Sweden and Germany and indicates that migrants offer a significant stock of untapped skills in Norway.

While it may be tempting to think of these 9 “outcome challenges” as a list of discrete skills policy challenges that are the responsibility of single ministries, agencies or social partners – this would be misleading. They are best viewed as an integral set of skills challenges requiring integrated policy responses and coordinated action.

The interlinkages between each of the 9 outcome challenges are clearly identified throughout this diagnostic report. Failure to look beyond policy silos to address them will have practical implications for specific groups of people in Norway. For example, if young people fail to acquire strong foundation skills (Challenge 1) they run an increased risk of dropping-out from school (Challenge 2), relying on social benefits (Challenge 4) and having poor job market outcomes (Challenge 5). Even when they do find a job, their lack of foundation skills may dissuade their employers from investing in their training (Challenge 7).

This example illustrates the need for integrated policy responses and ‘joined-up’ public services to meet the multifaceted needs of specific target groups – including youth, older workers, part-time workers and migrants. In short, no skills challenge exists in isolation – each one is affected by, and impacts upon, others within and across the three pillars.

Strengthening Norway's skills system

The last 3 skills challenges refer to the “enabling” conditions which strengthen the overall skills system. Success in tackling these skills challenges will boost performance within each of the pillars – as well as across the pillars.

10. **Facilitating a “whole-of government approach to skills”:** a responsive and efficient skills system requires effective horizontal co-ordination across ministerial silos and concrete mechanisms to develop and deliver on shared goals. Vertical co-ordination across national, county and municipal levels is rendered particularly complex in Norway where overlapping boundaries of different agencies for education, labour and migrant integration services do not correspond with county limits.
11. **Ensuring local flexibility and adaptability for nationally designed policies:** Norway's geographic diversity is reflected in the unique skills profiles and needs of its 19 counties and 428 municipalities. By way of example, completion of upper secondary education within two years of the expected date ranges from just 55% in Finnmark County to close to 80% in Sogn og Fjordane. Subnational authorities play an important role in implementing national skills policies. To do so successfully, they require adequate information, strong professional capacities and resources to balance the twin requirements of local autonomy and accountability for results.
12. **Building partnerships at the local and national level to improve implementation:** achieving better skills outcomes for Norway's future is not a task which can be left to government alone. Employers, trade unions, education and training institutions, researchers and students can all play a role in tackling Norway's skills challenges. Broad-based partnerships, which develop shared goals while mobilising the respective expertise and experience of each partner, are most likely to develop innovative approaches to addressing Norway's emerging skills challenges.

Moving from diagnosis to action

The OECD Skills Strategy offers a useful “compass” with which to explore the complexity of skills systems and identify the main challenges or obstacles. In 2013, during the diagnostic phase of the OECD-Norway collaborative Skills Strategy project, participants gained new insights on how to design and implement more effective skills policies across such diverse fields as education and training, labour, economy, tax, local economic development, research and innovation.

Norway's longstanding commitment to ensuring equitable access to education and training is reflected in its high levels of spending on education which, at 7.6% of GDP, is one of the highest across OECD countries. Given these levels of public investment, Norway could reasonably expect a higher level of performance from its national skills system than it achieves today. A better-performing skills system is needed to boost Norway's competitiveness and help maintain its high standards of living in the future. Young people and adults will need the opportunities, incentives and drive to improve and apply their skills starting in their earliest school years and throughout their lifetimes.

The responsibility for maximising Norway's skills potential goes well beyond that of government alone – and will require the active contribution of many stakeholders including employers, trade unions, students and teachers.

The next phase of the project in 2014 will focus on developing an action plan to meet Norway's future skill needs and to improve the match between supply and demand for skills. Success in this endeavour will require a shared commitment across government ministries and social partners to deliver better skills outcomes for all Norway's people.

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OECD Skills Strategy

Norway

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Better skills policies help build economic resilience, boost employment and reinforce social cohesion. The OECD Skills Strategy provides countries with a framework to analyse their skills strengths and challenges. Each OECD Skills Strategy diagnostic report reflects a set of skills challenges identified by broad stakeholder engagement and OECD comparative evidence while offering concrete examples of how other countries have tackled similar skills challenges.

These reports tackle questions such as: How can countries maximise their skills potential? How can they improve their performance in developing relevant skills, activating skills supply and using skills effectively? What is the benefit of a whole-of-government approach to skills? How can governments build stronger partnerships with employers, trade unions, teachers and students to deliver better skills outcomes? OECD Skills Strategy diagnostic reports provide new insights into these questions and help identify the core components of successful skills strategies.

This report is part of the OECD's ongoing work on building effective national and local skills strategies.

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- skills.oecd.org/ for OECD work on skills.

Further reading

OECD (2012), *Better Skills, Better Jobs, Better Lives: A Strategic Approach to Skills Policies*, OECD Publishing.
OECD (2013), *OECD Skills Outlook 2013: First Results from the Survey of Adult Skills*, OECD Publishing.