

OECD Skills Studies

OECD Skills Strategy Northern Ireland (United Kingdom)

ASSESSMENT AND RECOMMENDATIONS



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Foreword

Developing relevant skills and using them effectively is crucial for Northern Ireland's ability to thrive in an increasingly interconnected and rapidly changing world.

In recent years, Northern Ireland has made significant progress in strengthening its skills system, and economic, and social performance. However, there will be significant challenges in the short- to medium-term in the wake of the COVID-19 (coronavirus) pandemic, with inevitable increases in the unemployment rate, significant detrimental impacts to health, and reduced demand for goods and services. COVID-19 is uniquely disruptive, by reducing supply through upsetting existing supply chains and halting production, as well as reducing demand by causing a steep drop in consumption and confidence. In a rapidly changing environment, it is difficult to quantify at this time the exact magnitude of the impact on Northern Ireland's economy, since the recovery will depend on many factors, including the magnitude and duration of Northern Ireland's shutdown, the extent of reduced demand for goods and services in other parts of the economy, and the speed at which significant fiscal and monetary policy support takes effect.

This disruption will accelerate certain trends identified in this report, such as digitalisation, as individuals are forced to learn and work remotely. On the other hand, other trends may be decelerated, such as globalisation, due to reductions in migration and consumption. Moreover, COVID-19 will lead to higher levels of unemployment and economic inactivity, as workers are laid-off from businesses which are struggling to remain afloat, or which are forced to close entirely. The resulting changes in behaviour and consumption, in turn, have the potential to impact on where the jobs of the future lie, and by extension, the skills requirements to undertake these jobs. In this context, a resilient and responsive skills system has the potential to have a significant role to play in Northern Ireland's economic recovery.

In recent years, Northern Ireland already implemented a range of strategies and reforms to create a skills architecture capable of addressing many of these challenges. Building on a tradition of skills strategies, including the 2011-2020 overarching strategy *Success through Skills - Transforming Futures*, Northern Ireland is currently developing a new skills strategy. This report, together with a number of other recent studies and evaluations, will be one of the main inputs for this new strategy. The OECD worked collaboratively with Northern Ireland to develop policy responses which are tailored to specific skills challenges and needs. The process involved detailed analysis and widespread engagement with over 200 stakeholders, leading to the several recommendations outlined in this report.

The OECD stands ready to support Northern Ireland further, particularly in light of the enormous challenges now emerging as a result of the COVID-19 pandemic, as it seeks to implement effective skills policies and continues its transition to a knowledge-based economy and society.

Acknowledgements

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Bart Staats (OECD Centre for Skills) was the project leader responsible for co-ordinating the OECD Skills Strategy project. Seconded from the Northern Ireland Department for the Economy, Conor Brady ensured strong collaboration between the project team and the OECD, and with his local expertise played a crucial role in the development of the report and the organisation of missions. The authors of this report were: Chapter 1. Key insights and recommendations for Northern Ireland (Conor Brady, Sam Thomas, Bart Staats); Chapter 2. Reducing skills imbalances in Northern Ireland (Conor Brady); Chapter 3. Creating a culture of lifelong learning in Northern Ireland (Stefano Piano – OECD Centre for Skills); Chapter 4. Transforming workplaces to make better use of skills in Northern Ireland (Bart Staats); and Chapter 5. Strengthening the governance of skills policies in Northern Ireland (Daniel Unterweger – University of St. Gallen, Switzerland). Serli Abrahamoglu and Sam Thomas (OECD Centre for Skills) provided statistical support. While the report draws on data and analysis from the OECD, authorities in Northern Ireland and other published sources, any errors or misinterpretations remain the responsibility of the OECD team.

As Head of the OECD National Skills Strategy team and Acting Head of the OECD Centre for Skills, Andrew Bell provided oversight, analytical guidance, comments on chapters and supervision. Stefano Scarpetta, Director of the OECD Directorate for Employment, Labour and Social Affairs, and Mark Pearson, Deputy Director of the OECD Directorate for Employment, Labour and Social Affairs, both provided strategic oversight for the project, as well as comments.

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Acronyms and abbreviations

The main abbreviations and acronyms used in the report are listed below.

| | |
|-------|---|
| ACARA | Australian Curriculum, Assessment and Reporting Authority |
| ACS | Slovenian Institute for Adult Education |
| ALMP | Active labour market policy |
| ALSFS | Adult Learning Strategic Forum Scotland |
| BEIS | UK Department for Business, Energy and Industrial Strategy |
| CAF | Careers Advisory Forum |
| CAFRE | Northern Ireland College of Agriculture, Food and Rural Enterprise |
| CBI | Confederation of British Industry |
| CCEA | Council for the Curriculum, Examinations and Assessment |
| CIAG | Career information, advice and guidance |
| CIPD | Chartered Institute of Personnel and Development |
| CMI | Chartered Management Institute |
| CMO | Cluster Management Organisations |
| CoG | Centre of government |
| DAERA | Northern Ireland Department of Agriculture, Environment and Rural Affairs |
| DE | Northern Ireland Department of Education |
| DEIS | Delivering Equality of Opportunity in Schools (Republic of Ireland Programme) |
| DEL | Northern Ireland Department for Employment and Learning |
| DESI | Digital Economy and Society Index |
| DETI | Northern Ireland Department of Enterprise, Trade and Investment |
| DfC | Northern Ireland Department for Communities |
| DfE | Northern Ireland Department for the Economy |
| DoF | Northern Ireland Department of Finance |
| DoH | Northern Ireland Department of Health |
| EC | European Commission |
| EEA | European Economic Area |
| EEI | Employee Engagement Index |
| EHIS | Estonian Education Information System |
| ERC | Educational Research Centre |
| ESCS | Economic, social and cultural status |
| ESF | European Social Fund |
| ESIF | European Structural and Investment Funds |
| ESS | United Kingdom Employer Skills Survey |
| ESS | Enterprise Shared Services initiative |
| ETB | Education and Training Board (Republic of Ireland Body) |
| ETI | Northern Ireland Education and Training Inspectorate |

| | |
|---------|---|
| EU | European Union |
| EUWIN | European Workplace Innovation Network |
| EWS | Early warning systems |
| EWIS | Early Warning Indicator System |
| FDI | Foreign direct investment |
| FE | Further education |
| FEC | Further education college |
| FSB | Federation of Small Businesses |
| FSM | Free school meals |
| GCSE | General Certificate of Secondary Education |
| GDP | Gross domestic product |
| GVC | Global Value Chain |
| HE | Higher education |
| HEI | Higher education institution |
| HESA | United Kingdom Higher Education Statistics Agency |
| HIPS | Holistic Industry Productivity Scorecard (Singaporean assessment too) |
| HPWP | High-performance workplace practices |
| HR | Human resources |
| HRM | Human resource management |
| ICT | Information and communications technology |
| ICTU | Irish Congress of Trade Unions |
| IES | Institute for Employment Studies |
| IIP | Investors in People |
| ILA | Individual Learning Account |
| ILM | Institute of Leadership and Management |
| ILO | International Labour Organization |
| IoD | Institute of Directors |
| IPPR | Institute for Public Policy Research |
| IRCs | Industry Reference Committee (Australian agency) |
| ISCED | International Standard Classification of Education |
| KPI | Key Performance Indicator |
| LEO | Local Enterprise Office (Republic of Ireland agency) |
| LFS | Labour Force Survey |
| LLL | Lifelong learning |
| LMSA | Leadership and Management Skills Assessment |
| MaSN | Maximum student number |
| MTEF | Medium-Term Expenditure Framework |
| NDPB | Non-Departmental Public Body |
| NEET | Not in Education, Employment, or Training |
| NGO | Non-governmental organisation |
| NHS | National Health Service |
| NI | Northern Ireland (United Kingdom) |
| NICICTU | Northern Ireland Committee of the Irish Congress of Trade Unions |
| NICS | Northern Ireland Civil Service |
| NIO | Northern Ireland Office |
| NISRA | Northern Ireland Statistics and Research Agency |
| NQF | National Qualifications Framework |

| | |
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| NSC | National Skills Council (Republic of Ireland Body) |
| OECD | Organisation for Economic Co-operation and Development |
| ONS | United Kingdom Office for National Statistics |
| OSKA | Estonian Information System - Oskuste Arendamise koordinaatsioonisüsteem |
| PARP | Polish Agency for Enterprise Development |
| PD | Professional development |
| PES | Public Employment Service |
| PGCE | Postgraduate Certificate in Education |
| PIAAC | Programme for the International Assessment of Adult Competencies (OECD Survey of Adult Skills) |
| PIRLS | Progress in International Reading Literacy Study |
| PISA | Programme for International Student Assessment |
| PSEP | Pre-School Education Programme |
| QA | Quality Assurance |
| R&D | Research and Development |
| SAA | Skills assessment and anticipation |
| SAF | Strategic Advisory Forum |
| SDS | Skills Development Scotland (Scotland public body) |
| SER | Dutch Social and Economic Council - Sociaal-Economische Raad |
| SGIs | Sustainable Governance Indicators |
| SKL | Swedish Municipalities and the County Councils |
| SMEs | Small and medium-sized enterprises |
| SOC | Standard Occupational Classification |
| SOL | Shortage Occupation List |
| SOLAS | Republic of Ireland Agency - An tSeirbhís Oideachais Leanúnaigh agus Scileanna |
| SSC | Sector Skills Council |
| SSVs | Skill shortage vacancies |
| STEM | Science, technology, engineering and mathematics |
| TAFE NSW | Technical and Further Education in New South Wales |
| TALIS | Teaching and Learning International Survey |
| TIMSS | Trends in International Mathematics and Science Study |
| UCAS | United Kingdom Universities and Colleges Admissions Service |
| UK | United Kingdom of Great Britain and Northern Ireland |
| UKCES | UK Commission for Employment and Skills |
| UNESCO | United Nations Educational, Scientific and Cultural Organisation |
| UUEPC | Ulster University Economic Policy Centre |
| VET | Vocational education and training |
| VVU | Danish Advanced Adult Education |

Executive summary

OECD-Northern Ireland collaboration on the OECD Skills Strategy project

This OECD Skills Strategy project provides Northern Ireland (United Kingdom) with tailored findings and recommendations on its skills performance from an international perspective. It was launched at the Skills Strategy Seminar in Belfast in September 2019 and, during two further missions to Northern Ireland in October 2019 (the Assessment Mission) and January 2020 (the Recommendations Mission), the OECD engaged with a range of departments and government agencies and over 200 stakeholders in interactive workshops, group discussions and meetings in Belfast, Derry/Londonderry and Dungannon. This process provided invaluable input that shaped the findings and recommendations in this report.

Key findings and opportunities for improving Northern Ireland's skills performance

In recent years, Northern Ireland has made significant progress in strengthening its skills and economic performance. Skills of youth have been improving and are now above the OECD average in reading, mathematics and science, and the share of the labour force with a tertiary education has risen. Moreover, Northern Ireland's economic output has been steadily increasing, and other areas continue to see progress, with education, jobs, health and accessibility to services all improving over the past two decades since the Good Friday Agreement.

The COVID-19 pandemic will likely reverse much of this positive performance. While the public health crisis requires the most immediate policy focus, large-scale policy responses will be required to provide immediate support to those affected, as well as to promote economic recovery once containment measures are lifted. Skills policies are an essential component of any exit strategy. Skills can have a positive impact on the economic recovery, and a resilient and adaptable skills system can help to mitigate economic and social shocks in the future and could help to prepare for challenges posed by megatrends, such as digitalisation and technological change, an ageing population, and climate change.

Other persistent and future challenges remain. Northern Ireland continues to experience high rates of economic inactivity, its labour productivity rate is 17% below the United Kingdom (UK) average and, despite improvements, the economy is still characterised by several large, low value-added sectors. Furthermore, current and projected skills imbalances present challenges for skills systems and the labour market, skill levels of adults are below those of many other OECD countries, and employees are not using their skills to their full potential in workplaces. Moreover, many of these skills challenges are rooted in poor governance arrangements across policy areas and levels of government.

Northern Ireland has already implemented a range of strategies and reforms to create a skills architecture capable of addressing many of these challenges. Building on a tradition of skills strategies, including the 2011-2020 overarching strategy *Success through Skills - Transforming Futures*, Northern Ireland is currently developing a new skills strategy. To support this process, the OECD and the government of Northern Ireland identified four priority areas for improving Northern Ireland's skills performance, which are the focus of this report. The key findings and main recommendations are summarised below.

Reducing skills imbalances

Skills imbalances can negatively affect economic growth through their effects on increased labour costs; lower labour productivity growth; and slower adoption of new technologies. Reducing skills imbalances could therefore help Northern Ireland to enjoy significant economic and social benefits. To reduce skills imbalances, Northern Ireland should: enhance the provision of career guidance; strengthen the responsiveness and flexibility of the tertiary education and VET systems; reduce economic inactivity to minimise skills shortages; and improve labour mobility to meet skills demand.

The main recommendations are:

- Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards.
- Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes.
- Better meet Northern Ireland's skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility.

Creating a culture of lifelong learning

A culture of lifelong learning can be defined as the shared set of beliefs, values and attitudes, and resulting behaviours, which are favourable towards learning across the life course. Creating a culture of lifelong learning is crucial to ensuring that individuals actively participate in adult learning after leaving the compulsory education system. To create a culture of lifelong learning, Northern Ireland should: start the development of a culture of lifelong learning early in life; increase motivation of adults to learn; and remove barriers to access adult learning opportunities for individuals and employers.

The main recommendations are:

- Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners.
- Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships.
- Extend the offering of blended (i.e. including an online component) approaches in further education (FE) colleges, by developing a common online learning platform.

Transforming workplaces to make better use of skills

The effective use of skills in workplaces has potential benefits for employers, employees and society as it can help raise productivity and innovation in businesses, and help increase wages and job satisfaction for employees. Public policy makers can work with employers to help create the conditions or provide direct support for strengthening skills use in workplaces. To this end, Northern Ireland should: strengthen management and leadership capabilities; develop engaging and empowering workplaces; and strengthen support structures for businesses.

The main recommendations are:

- Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action.
- Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes or expanding existing ones.

- Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools.

Strengthening the governance of skills policies

Effective governance arrangements are essential to support Northern Ireland's performance in developing and using people's skills. The success of skills policies typically depends on the responses and actions of a wide range of actors (e.g. government, educators, workers, employers). To strengthen the governance of skills policies, Northern Ireland should: effect sustainable funding arrangements and commitment for an overarching strategy for the skills system; increase co-ordination and information distribution across the whole of government; and improve employer engagement in the governance of skills policies.

The main recommendations are:

- Commit all relevant decision makers and ministers (including the first minister and deputy first minister) to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland.
- Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies.
- As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise government on skills policy.

1 Key insights and recommendations for Northern Ireland

This chapter summarises the context, key insights and policy recommendations of the OECD Skills Strategy Assessment and Recommendations project in Northern Ireland (United Kingdom). It applies the OECD Skills Strategy Framework to assess the performance of Northern Ireland's skills system and based on this assessment, four priority areas for action were identified by the OECD in collaboration with the Northern Ireland Project Team. This chapter provides an overview of the policy context for, and summarises the key findings and recommendations in, each of the four priority areas. Subsequent chapters provide more details on the opportunities for improvement, good practices and policy recommendations for Northern Ireland in each priority area.

Skills matter for Northern Ireland

Skills are vital for enabling individuals and countries to thrive in an increasingly complex, interconnected and rapidly changing world. Countries in which people develop strong skills, learn throughout their lives, and use their skills fully and effectively at work and in society are more productive and innovative, and enjoy higher levels of trust, better health outcomes and a higher quality of life. As new technologies and megatrends increasingly shape our societies and economies, getting skills policies right becomes even more critical for ensuring societal well-being and promoting growth that is inclusive and sustainable.

In recent years, Northern Ireland has made significant progress in strengthening its social and economic performance. Since 2013, Northern Ireland's economic output has been steadily increasing; the labour market is strong, with an unemployment rate at a record low of 2.4% in October-December 2019 (the United Kingdom [UK] average is 3.8%); and Northern Ireland performs strongly in a number of well-being areas, with a supportive community, low levels of air pollution and high levels of safety (NISRA, 2020^[1]; OECD, 2018^[2]). Other areas continue to see progress, with education, jobs, health, and accessibility to services all improving over the past two decades, since the Good Friday Agreement (OECD, 2018^[2]). However, much of this is likely to change in the wake of the COVID-19 (coronavirus) pandemic, with inevitable increases in the unemployment rate, significant detrimental impacts to physical and mental health, both as a result of the virus as well as from containment measures, and reduced demand for goods and services.

Other persistent and future challenges remain. For instance, Northern Ireland continues to experience high rates of economic inactivity among the working age population, and its labour productivity is 17% below the UK average, which is itself below the OECD average. Despite improvements, the economy in Northern Ireland is still characterised by several large, low value-added sectors (ONS, 2018^[3]; NISRA, 2019^[4]). Even across industries, sectoral productivity is lower than the UK average in 16 out of 20 sectors (Johnston and Stewart, 2019^[5]). Megatrends such as digitalisation, demographic change, climate change and globalisation will undoubtedly affect Northern Ireland, transforming jobs and the way people consume, interact and spend their time. As a result of the impact of the COVID-19 pandemic especially, people will increasingly need to upgrade their skills to perform new tasks in their existing jobs, or acquire new skills for new jobs, as well as to adapt to new modes of behaviour, consumption and work.

Digitalisation and demographic change present challenges for Northern Ireland

Rapid advances in technology are transforming how people live and work. Innovations in artificial intelligence, big data and other information and communications technologies (ICTs) present an opportunity to improve productivity and spur growth (OECD, 2019^[6]). Recent research points to the potential for automation to generate up to 70 000 jobs in Northern Ireland by 2030, along with a boost in productivity growth that could not otherwise be achieved solely through reliance on the human workforce (Johnston et al., 2019^[7]). However, digitalisation will also fundamentally change the nature of many jobs and lead to the complete, or quasi-complete, automation of others. Compared to other OECD countries, the UK has a relatively low level of exposure to jobs that are at risk of being automated. Nonetheless, within the UK, Northern Ireland is the region with the highest share of jobs threatened (OECD, 2018^[8]). Moving forward, Northern Ireland will need to encourage the development of sectors more resilient to automation, as well as consider interventions and investment to accelerate appropriate automation.

Population ageing will also profoundly impact Northern Ireland's economy. Despite a projected marginal rise in the working age population between 2020 and 2030, the sharp rise in people aged 65 and above is mainly driving population growth in Northern Ireland. The share of people aged 65 and above is expected to increase from 17% in 2020 to 21% by 2030. Compared to the rest of the UK, Northern Ireland will see the largest percentage increase in pensioners, and the largest percentage decrease in children (aged 0-15) between 2018 and 2043 (NISRA, 2019^[9]). Population ageing can lead to labour shortages, with fewer

qualified workers entering the labour force, and it could negatively affect economic growth (OECD, 2019^[6]). More money, from a proportionally smaller tax base, will be required to fund pensions, healthcare and other services for the elderly. Improving productivity will, therefore, become even more important to continued economic growth in Northern Ireland.

These challenges will need to be faced in the context of climate change action, which will have substantial implications for labour market demand. Some new “green jobs” will be created, whereas others could be eliminated without replacement, or substituted. However, many existing jobs will also be transformed and redefined in terms of day-to-day tasks and methods (ILO, 2017^[10]; Martinez-Fernandez, Hinojosa and Miranda, 2010^[11]).

Globalisation and the UK’s exit from the European Union create challenges and new scenarios

All OECD countries are now integrated to some degree in global value chains (GVCs), with products designed, manufactured, and assembled across different countries (OECD, 2019^[6]). This has strongly affected the competitiveness and success of different economic sectors, as well as the supply of jobs and demand for skills in the labour market across OECD countries (OECD, 2017^[12]). Northern Ireland is particularly dependent on external investment and has been more successful in recent years in attracting foreign direct investment (FDI) than most other UK regions.

Northern Ireland faces a unique set of challenges to its future competitiveness within GVCs. Should the UK’s exit from the European Union (EU) lead to trading barriers either with EU countries or between Northern Ireland and the rest of the UK, the impact will be keenly felt by businesses in Northern Ireland. Some 32% of total sales by businesses in Northern Ireland occur outside of Northern Ireland, with 17% of total sales going to the rest of the UK, and 57% of exports going to the EU, including 38% to the Republic of Ireland alone (NISRA, 2019^[13]). Similarly, the impact of recent decreases in the levels of inward migration, upon which Northern Ireland has depended to address local skills shortages, may be exacerbated following the UK’s exit from the EU. Furthermore, Northern Ireland shares a border with the Republic of Ireland with an average of 100-110 million border crossings each year (Department for the Economy, 2018^[14]). Uncertainty is already having an impact on business investment and, depending on how the UK’s exit from the EU is delivered, economic disruption may be deeply felt. However, the UK’s exit from the EU could also open a number of new positive scenarios. For example, while tighter rules over immigration may create skills pressures for employers, they may also generate better job prospects for adults who are able to develop the skills in demand.

The COVID-19 pandemic is an unprecedented economic shock for Northern Ireland

The COVID-19 pandemic is the third global economic, financial and social shock to take place during the 21st century, after the terrorist attacks of 11 September 2001 and the financial crisis of 2008. It will also be the worst (OECD, 2020^[15]). At the time of writing, it is unclear how long quarantine measures adopted in countries will last, when people will be able to return to education and training, or employees to their places of work. However, we can likely assume that COVID-19 will present many challenges for both skills development and use.

The economic fallout will be felt for years to come. COVID-19 is uniquely disruptive, by reducing supply through upsetting existing supply chains and halting production, as well as reducing demand by causing a steep drop in consumption and confidence (OECD, 2020^[15]). In a rapidly changing environment, it is difficult to quantify at this time the exact magnitude of the impact on gross domestic product (GDP) growth. However, it implies sharp contractions in the level of output, household spending, corporate investment and international trade. The implications for annual GDP growth will depend on many factors, including the magnitude and duration of national shutdowns, the extent of reduced demand for goods and services in other parts of the economy, and the speed at which significant fiscal and monetary policy support takes

effect. What is clear, however, is that it will significantly reduce travel, migration, and trade due to the restrictions being placed on the flow of both people and goods. These disruptions will accelerate certain trends identified in this report, such as digitalisation, as individuals are forced to quickly develop the skills to allow them to learn and work remotely, and innovation as both businesses and individuals are forced to problem-solve and adapt to change. Moreover, COVID-19 will lead to higher levels of unemployment and economic inactivity, as workers are laid off from businesses that are struggling to remain afloat, or that are forced to close entirely. On the other hand, the crisis is likely to lead to an increase in demand for health-related professions.

The resulting changes in behaviour and consumption, in turn, have the potential to impact where jobs of the future lie, and by the extension, the skills requirements to undertake these jobs. In this context, a resilient and responsive skills system will have a significant role to play in Northern Ireland's economic recovery.

Skills should be at the core of the policy response

The above megatrends and the economic shock following COVID-19 reinforce the need for Northern Ireland to have a forward-looking, dynamic skills strategy. While countries' immediate reaction to COVID-19 should rightly focus on minimising the loss of life and health, they should not disregard the impact that skills can have on their economic recovery, through increasing productivity, competitiveness and innovation. A strong and effective skills system with a long-term vision should be sufficiently resilient and adaptable to allow for appropriate reactions and mitigations to such economic and social shocks.

In these circumstances, the recommendations identified in this report will take on even greater significance. To thrive in the world of tomorrow, people will need a stronger and more comprehensive set of skills. Strong foundational skills will make people more adaptable and resilient to changing skills demands, and digital, transversal, social and emotional, and job-specific skills (see Box 1.1) will become increasingly essential for adults to succeed in both work and life. High-quality and inclusive education, training, and lifelong learning should be accessible for everyone to enable full participation in society and to manage the transitions in the labour market successfully. More adults will need more opportunities to upskill and retrain. Learning providers will need to create more flexible and blended forms of learning. Firms will have to adopt more creative and productive ways of using their employees' skills. Finally, robust governance structures will be needed to ensure that reforms are sustainable.

Box 1.1. A wide range of skills is needed for success in work and life

The *OECD Skills Strategy 2019* identifies a broad range of skills that matter for economic and social outcomes, including:

- **Foundational skills**, including literacy, numeracy and digital literacy.
- **Transversal cognitive and meta-cognitive skills**, including critical thinking, complex problem solving, creative thinking, learning to learn and self-regulation.
- **Social and emotional skills**, including conscientiousness, responsibility, empathy, self-efficacy and collaboration.
- **Professional, technical and specialised knowledge and skills**, needed to meet the demands of specific occupations.

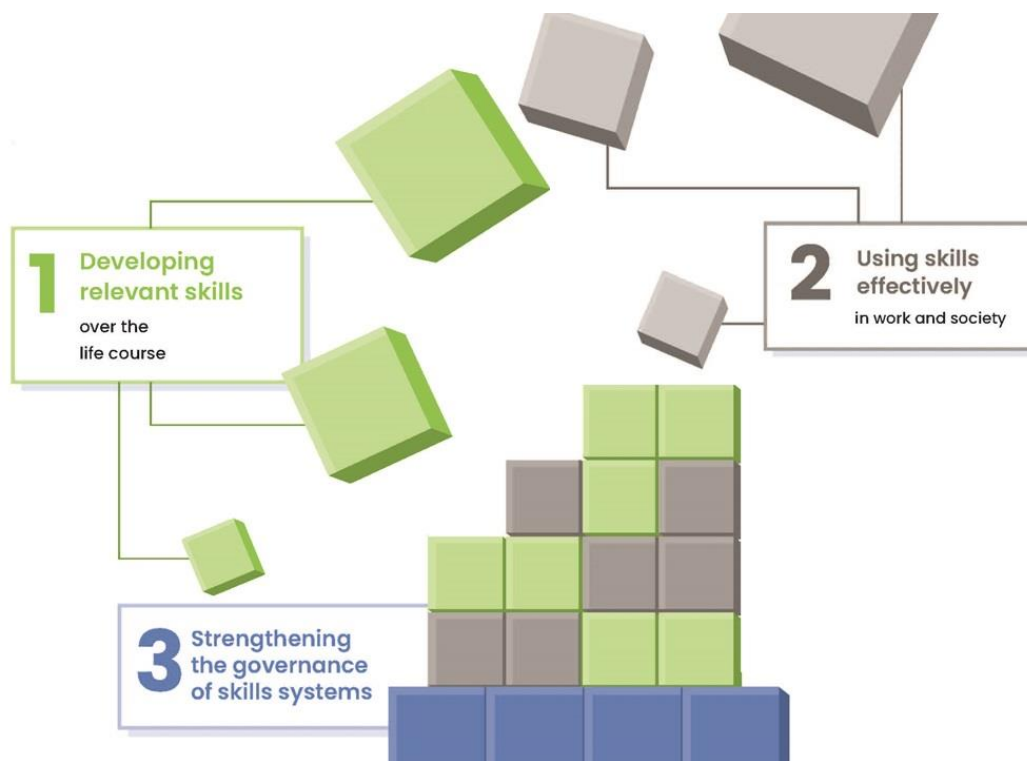
Source: OECD (2019^[6]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://dx.doi.org/10.1787/9789264313835-en>.

The OECD Skills Strategy project in Northern Ireland

OECD Skills Strategy projects provide a strategic and comprehensive approach to assess countries' skills challenges and opportunities and build more effective skills systems. The OECD collaborates with countries to develop policy responses tailored to each country's specific skills challenges and needs. The foundation of this approach is the OECD Skills Strategy Framework (see Figure 1.1), the components of which are:

- **Developing relevant skills over the life course:** To ensure that countries are able to adapt and thrive in a rapidly changing world, all people need access to opportunities to develop and maintain strong proficiency in a broad set of skills. This process is lifelong, starting in childhood and youth and continuing throughout adulthood. It is also “life-wide”, occurring both formally in schools and higher education, and non-formally and informally in the home, community and workplaces.
- **Using skills effectively in work and society:** Developing a strong and broad set of skills is just the first step. To ensure that countries and people gain the full economic and social value from investments in developing skills, people also need opportunities, encouragement and incentives to use their skills fully and effectively at work and in society.
- **Strengthening the governance of skills systems:** Success in developing and using relevant skills requires strong governance arrangements to promote co-ordination, co-operation and collaboration across the whole of government; engage stakeholders throughout the policy cycle; build integrated information systems; and align and co-ordinate financing arrangements. The OECD Skills Strategy project for Northern Ireland adopted this approach by forming an interdepartmental project team to support the whole-of-government approach to skills policies, and by engaging a broad variety of stakeholders.

Figure 1.1. The OECD Skills Strategy Framework



Source: OECD (2019^[6]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://dx.doi.org/10.1787/9789264313835-en>.

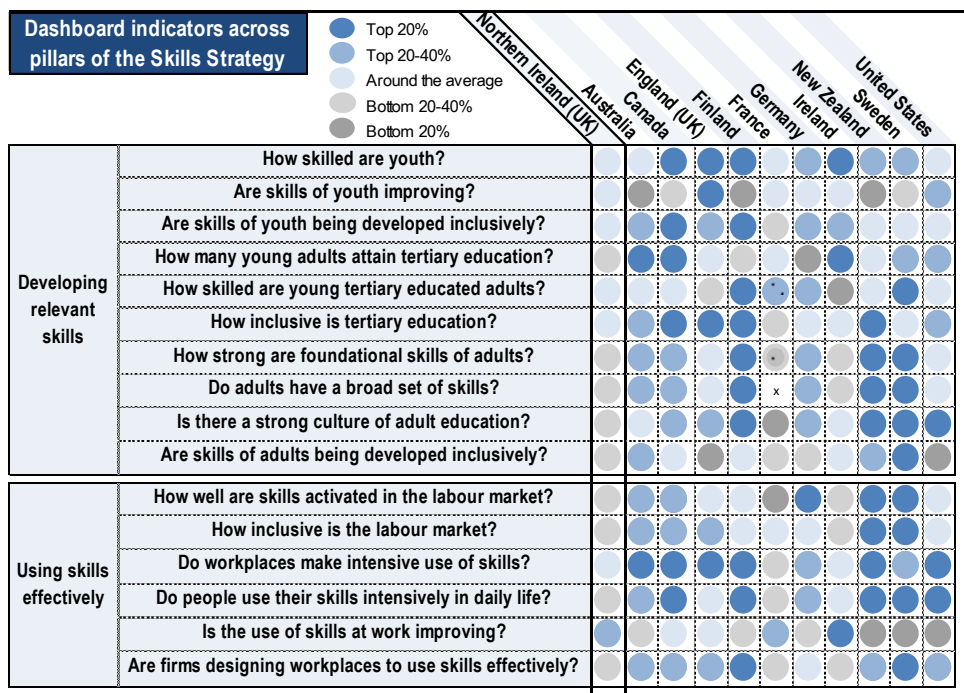
The OECD Skills Strategy project for Northern Ireland officially started with a Skills Strategy Seminar on 24 September 2019. As part of the project, two main missions to Northern Ireland were organised to develop a constructive dialogue between government actors and stakeholders in order to cultivate a shared understanding of skills challenges and opportunities as a basis for action. An Assessment Mission (15-18 October 2019) was undertaken to discuss Northern Ireland’s performance in four priority areas, to identify potential opportunities to improve performance and to start the discussion on areas for potential recommendations. A Recommendations Mission (21-24 January 2020) was organised to test and refine a list of draft recommendations and to identify specific actions that need to be undertaken. In workshops in Belfast, mini-workshops in Derry/Londonderry and Dungannon, and various group discussions and meetings, the OECD Skills Strategy project engaged over 200 stakeholders, representing employer associations, trade unions, education providers and research institutions (see Annex A for more information on engagement activities).

The majority of the report was therefore written before the outbreak of the COVID-19 pandemic, and before the impacts of the pandemic became fully apparent. Consequently, this should not be considered a report that recommends how a future Northern Ireland Skills Strategy should respond to these impacts. Nevertheless, where possible, the report draws attention to anticipated areas of concern and how skills systems might be considered as playing a role in their mitigation.

The performance of Northern Ireland’s skills system

The OECD Skills Strategy Dashboard provides an overview of the relative performance of countries across the dimensions of the OECD Skills Strategy (as presented in Figure 1.2). For each dimension of the strategy, there are a number of indicators, some of which are composite indicators, which provide a snapshot of each country’s performance (see Annex 1.A for the indicators).

Figure 1.2. OECD Skills Strategy Dashboard: Northern Ireland and selected European countries



Note: These summary indicators are calculated as a simple average of a range of underlying indicators (see Annex 1.A). All underlying indicators have been normalised in a way that implies that a higher value and being among the “top 20%” reflects better performance. The “x” indicates insufficient or no available data and dotted circles indicate missing data for at least one underlying indicator.

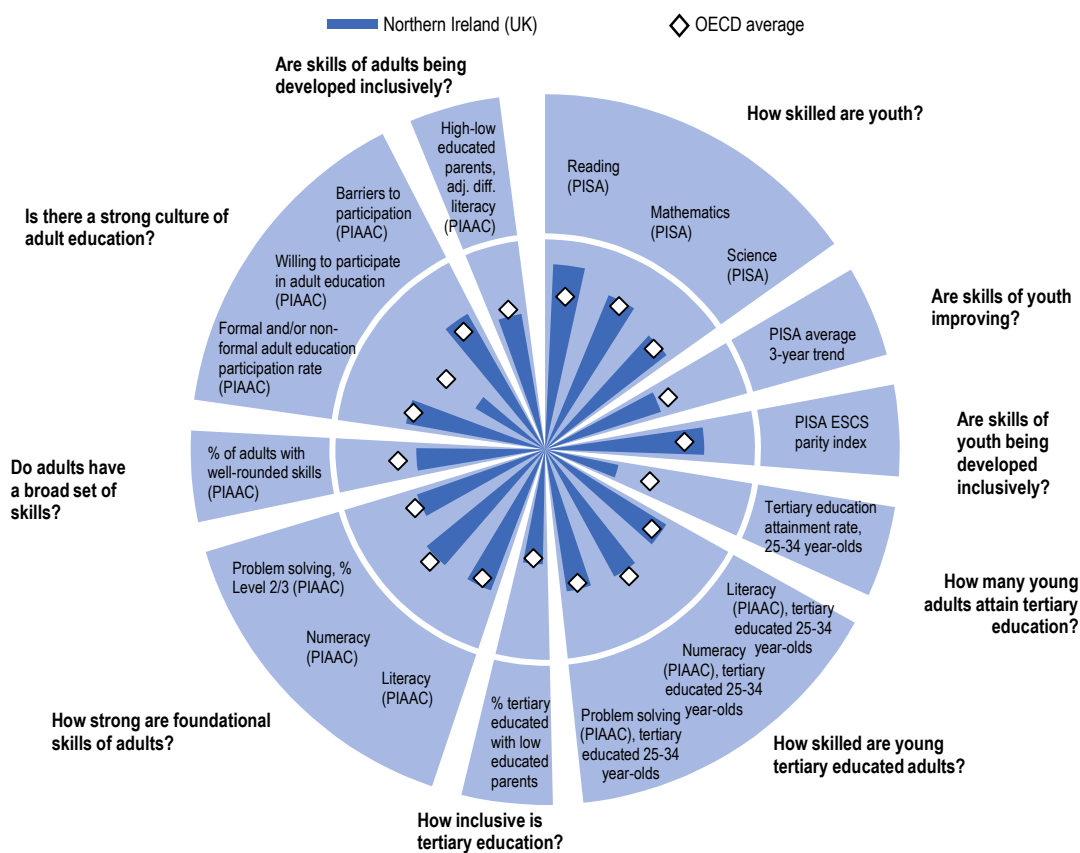
Developing relevant skills

Young people have a comparatively strong set of skills

The skills of youth in Northern Ireland have been increasing in recent decades and are now above the OECD average in reading, mathematics and science. According to the Programme for International Student Assessment (PISA), these skills are being developed inclusively, and young people are improving their skillsets, in line with the OECD average (see Figure 1.3). More students are graduating with a better set of General Certificate of Secondary Education (GCSEs), and more students are staying in education after the age of 16 (when compulsory education ends) to achieve at least three A levels. In 2016/17, 70% of children left school with five or more GCSEs (A*-C) including English and mathematics, compared to 53% in 2005/06, and 40% left with three or more A levels (A*-C), compared to 29% a decade earlier (NISRA, 2019^[16]). These are positive developments that bode well for the future of Northern Ireland’s skills system. With higher levels of skills, young people are in a better position to take advantage of good quality jobs in the labour market.

Figure 1.3. Northern Ireland’s performance on key indicators for developing relevant skills

Relative position in country ranking (based on normalised scores), where higher value reflects better performance



How to read this figure: The normalised scores indicate the relative performance across OECD countries: the further away from the core of the chart, the better the performance. For example, the indicator “Willing to participate in adult education” has a low score compared to the average, indicating a share of employees willing to participate near the bottom of the ranking.

Notes: ESCS refers to the PISA index of economic, social and cultural status. The OECD average is based on the sample of countries/regions assessed in the Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC).

Source: See Annex 1.A for an explanation of sources and methodology.

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Tertiary education attainment rates have improved, but more can be done to reduce skills imbalances

The share of the labour force with tertiary education has risen in the past decade, from 30.2% in 2007 to 38.4% in 2017 (OECD, 2019^[17]). However, this remains below the average of the UK as a whole, which has 42.7% of the labour force with tertiary education, indicating more can still be done to improve the uptake of tertiary qualifications (OECD, 2018^[18]). This is particularly important as only 10% of new job openings over the coming decade will be accessible to people with qualifications at National Qualifications Framework (NQF) Level 2 or below, and 33% will require at least an undergraduate degree (Ulster University Economic Policy Centre, 2019^[19]).

While overall skill levels of tertiary educated graduates are similar to those in England (United Kingdom) and other OECD countries, skills imbalances remain a problem. Three-quarters of employers lack confidence that they can fill highly skilled roles, which suggests that graduates in some occupations are not well matched to their roles (Ulster University Economic Policy Centre, 2019^[19]). Inclusivity in tertiary education also remains an issue, and more can be done to encourage those from disadvantaged backgrounds or with parents who did not participate in education at a tertiary level, to undertake further study.

Adults' foundational skills are comparatively weak but are improving

The average skill level of adults in Northern Ireland is below that of many other OECD countries (OECD, 2016^[20]). While adults in Northern Ireland have levels of literacy around the OECD average, they are falling behind in problem solving and numerical ability. The share of adults with a well-rounded skill set is therefore relatively low when compared to England and the OECD average. This is caused, in part, by the high level of adults with no qualification at all. In 2017, 16.6% of Northern Ireland residents aged 16 to 64 had no qualifications, compared to just 8.0% of all UK residents. However, in recent years this comparative gap has been closing and by the end of 2019, the figure for Northern Ireland had already fallen to 13.3% (NISRA, 2019^[21]). This is an important, positive trend. Adults will need a well-rounded skillset to take advantage of digitalisation and the transformation of jobs occurring due to megatrends, as well as to be more resilient and adaptable in the uncertain labour market that will follow on from COVID-19. Nonetheless, more can still be done to improve lifelong learning in Northern Ireland.

Many adults are reluctant to participate in lifelong learning

Adults in Northern Ireland are less motivated to participate in lifelong learning than their counterparts in other OECD countries (OECD, 2016^[20]). Only 18% of adults indicated their willingness to participate in some form of formal or non-formal learning, compared to an OECD average of 24%, and 25% in England. Low motivation extends across age ranges, with younger and tertiary-educated adults not engaging in lifelong learning to the same extent as in other countries. As a result, participation rates in adult learning over the last 12 months are lower at 49% of the population, compared to 56% in England (as measured by the Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC), (OECD, 2019^[22]). According to Eurostat's Labour Force Survey, adult participation rates in education and training in the last month were also below the EU28 average in 2019 (10.9% vs. 11.3%) and well below the EU target of 15% by 2020 (Eurostat, 2019^[23]). This lack of engagement is especially notable given that barriers to participation are no higher than in England and just below the OECD average (OECD, 2020^[24]).

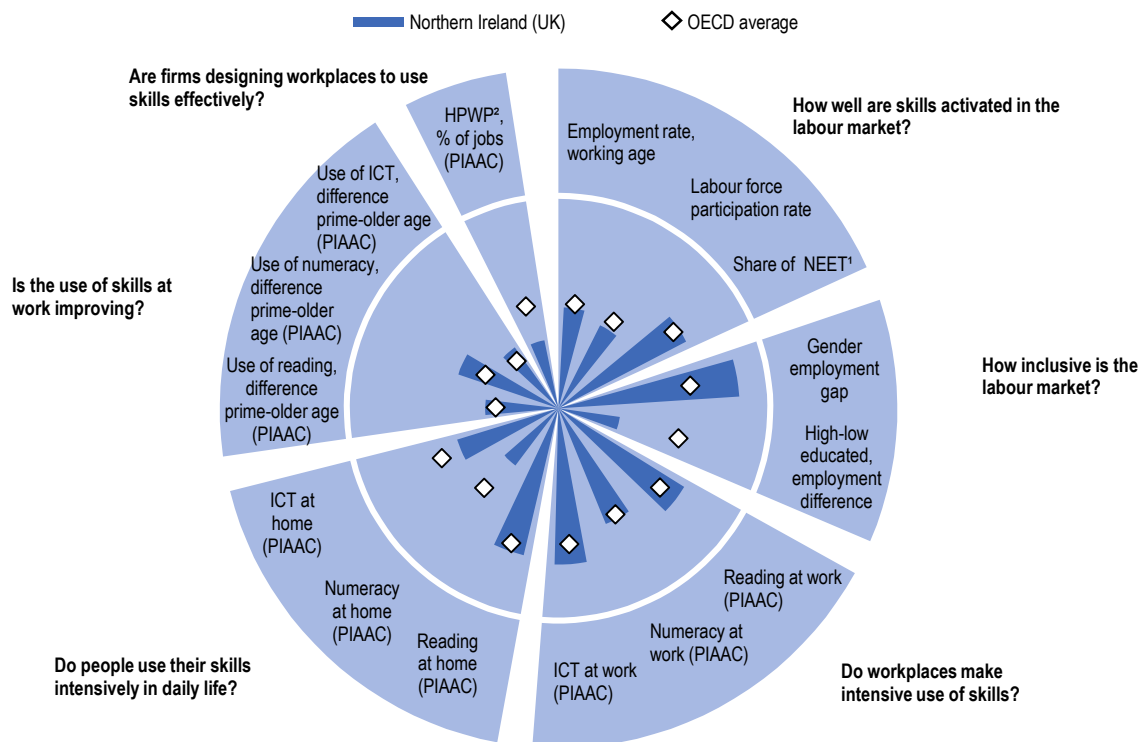
Using skills effectively

Many employees are not yet using their skills to their full potential in the workplace

Northern Ireland businesses make relatively good use of their employees’ skills; for instance, the use of computer, literacy and numerical skills is comparable with England and other OECD countries (see Figure 1.4). However, there is still room to further enhance the use of skills in Northern Ireland’s workplaces, since many employees are currently not using all the skills they possess. For instance, 37% of employers report skills under-utilisation in their business, by having employees with both qualifications and skills that are more advanced than those required for their current job (UK Department for Education, 2017^[25]). This is higher than the rest of the UK and is particularly prevalent within certain sectors, regions and among charity/voluntary organisations (UK Department for Education, 2017^[25]). Improving skills use at work will be of crucial importance in closing Northern Ireland’s productivity gap with the rest of the UK, and could support the economic recovery following COVID-19, through its effect on growth, innovation and competitiveness.

Figure 1.4. Northern Ireland’s performance on key indicators for using skills effectively

Relative position in country ranking (based on normalised scores), where higher value reflects better performance



How to read this figure: The normalised scores indicate the relative performance across OECD countries: the further away from the core of the chart, the better the performance. For example, the indicator ‘High-low educated, employment differences’ indicates performance below the OECD average; i.e. Northern Ireland has a comparatively large difference in employment outcomes between its high- and low-educated workers.

Notes: The OECD average is based on the sample of OECD countries/regions assessed in the Survey of Adult Skills (PIAAC).

1. Youth not in employment, education or training (NEET).

2. High-performance workplace practices (HPWP).

Source: See Annex 1.A for an explanation of sources and methodology.

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Innovative workplace practices can support effective skills use

The adoption of certain practices in the workplace can have an important impact on the effective use of skills. These practices, collectively known as high-performance workplace practices (HPWP), consist of organisational and management practices, including flexible working arrangements, teamwork and the scope for career progression (OECD, 2019^[6]). Greater adoption of HPWP is correlated with more intensive use of skills in the workplace. There is considerable scope for improvement in the adoption of HPWP in Northern Ireland. Only 21% of businesses have adopted HPWP, compared to an OECD average of 27%, and an uptake of 28% in England (OECD, 2019^[6]).

A high inactivity rate and a low employment rate for low-skilled adults are a concern

While the employment rate is comparable with the OECD average, economic inactivity in Northern Ireland is high, with three out of ten adults either not working or not looking for work (NISRA, 2019^[16]). However, it should be noted that any post-COVID-19 recession will result in a significant increase in both the unemployment and economic inactivity rates. Moreover, participation of low-skilled adults in the labour market is particularly weak – the employment rate difference between higher and lower skilled workers (36%) is much greater in comparison to other OECD countries (28%), and only a few countries perform worse. Moreover, 39% of those currently in the workforce have qualifications equal to NQF Level 4 or above, whereas only 12% of unemployed workers have the same educational attainment level (Ulster University Economic Policy Centre, 2019^[19]). This suggests that there is much greater scope for engaging lower skilled workers through upskilling or unemployment programmes than is currently the case.

Strengthening the governance of skills systems

Sound public governance within skills systems, or across any policy that seeks to improve economic growth and standards of living, is contingent upon a government's ability to co-ordinate, steer, monitor, communicate and work horizontally (across departments and institutions within government) and vertically (with local authorities and with external public and private stakeholders). Many of today's skills challenges across OECD countries are rooted in poor governance arrangements across policy areas and levels of government, as well as with stakeholders; inadequate information on skills and learning outcomes; and inefficient financing mechanisms.

The governance of policies aimed at improving skills outcomes, both in the development and the use of skills, is complex. In Northern Ireland, this governance complexity takes on an additional multi-layered dimension when it is considered that only certain powers are devolved to the Northern Ireland Assembly from the UK Government, with many other significant policy responsibilities remaining reserved at a UK central government level. Furthermore, recent reforms to public administration have devolved additional responsibilities to local councils, although these remain at an early stage of implementation.

The whole-of-government approach to skills policies could be strengthened

The UK generally has high levels of strategic capacity and inter-ministerial co-ordination (Bertelsmann Stiftung, 2019^[26]). However, it has been recognised that despite recent attempts to reform public administration and thereby strengthen the whole-of-government approach in Northern Ireland, there remain indications of limited strategic co-operation between the various departments and government organisations (OECD, 2016^[27]). Northern Ireland, as a devolved UK region with a broad coalition Executive, needs to work in a more co-ordinated and integrated manner to reduce the institutional and administrative barriers that may undermine its ability to address multidimensional challenges (OECD, 2016^[27]).

Co-operation and co-ordination with stakeholders is essential for an effective skills system

A broad spectrum of stakeholders forms a core part of any national skills system, through their provision of funding, facilitation, and/or delivery of education and training. Successful implementation of skills policies cannot, therefore, be restricted to the central government level, but instead requires co-operation from stakeholders throughout the wider community (OECD, 2016^[27]). Co-ordinating effectively with these diverse stakeholders enables policy makers to benefit from their expertise, and to ensure policies acquire a higher level of legitimacy and accountability (OECD, 2019^[6]).

In Northern Ireland, the economy is characterised by a large share of small and medium-sized enterprises (SMEs); as of 2019 they account for 75% of turnover in the private sector, compared with 52% across the UK, and 78% of employment in Northern Ireland compared with 60% across the UK (UK Government, 2020^[28]). This structure presents challenges for stakeholder engagement. SMEs are less likely to engage due to capacity issues, as they have more limited time, staff and finances (OECD, 2019^[17]). Northern Ireland will need to continue to find ways to encourage and facilitate the active involvement of stakeholders at various stages in the policy process.

Sustainable financing will become increasingly important for Northern Ireland

Governance and financing are inexorably linked. Funding for skills in Northern Ireland has come under pressure over the past decade with the Department for the Economy (DfE), for example, seeing a real-terms decrease in the budget in recent years (Gunson, Murray and Williamson, 2018^[29]). Moreover, pressures on skills funding are likely to intensify in the context of a projected recession, when government priorities will focus on addressing issues such as high unemployment. In addition, the European Social Fund (ESF) has been a key funding instrument for the Northern Ireland skills system, and Northern Ireland's access to it is now uncertain because of the UK's exit from the EU. In the past, the ESF has contributed up to 40% of total funding for many skills programmes in Northern Ireland, including apprenticeships (Department for Employment and Learning, 2014^[30]).

The policy context in Northern Ireland

Northern Ireland has already implemented a range of strategies and reforms to create a skills architecture capable of addressing many of the aforementioned challenges (see Annex 1.B for a complete overview). In 2011, Northern Ireland launched its skills strategy, *Success through Skills - Transforming Futures*, offering an overarching vision to promote the development of skills up to 2020. It outlined four strategic goals to increase the level of skills of people in employment and encourage greater uptake of science, technology, engineering and mathematics (STEM) subjects (Department for Employment and Learning, 2011^[31]).

A series of *Success* strategies have followed since 2011, each providing recommendations to improve a specific area of Northern Ireland's skills system. For instance, new strategies for further education and higher education were put forward in *Further Education Means Success: The Northern Ireland Strategy for Further Education* in 2016 and *Graduating to Success: A Higher Education Strategy for Northern Ireland* in 2012. These strategies were centred on themes such as economic development, accessibility and curriculum delivery (Department for Employment and Learning, 2012^[32]; Department for Employment and Learning, 2016^[33]). New strategies for vocational education were outlined in *Securing our Success: The Northern Ireland Strategy on Apprenticeships* in 2014 and *Generating our Success – the Northern Ireland Strategy for Youth Training* in 2015. Tangible results from these strategies include the introduction of Higher Level Apprenticeships at Qualification Level 4+ (Department for Employment and Learning, 2014^[34]).

In addition to the *Success* strategies, Northern Ireland launched a number of other strategies in recent years. For instance, in 2017 the Department of Agriculture, Environment and Rural Affairs (DAERA) developed a Knowledge Framework, focused on the agri-food industry, which sets out: the rationale for DAERA's involvement in education, training and technology exchange provision; what the department seeks to achieve; and the nature of its interventions. (Department of Agriculture, Environment and Rural Affairs, 2017^[35]). In 2016, the strategy for career guidance was overhauled with *Preparing for Success 2015-2020: A Strategy for Careers Education and Guidance*. The refreshed strategy provided the future direction of careers education and guidance for the next five years and set out the vision, aims, policy commitments and key actions to ensure delivery (Department for Employment and Learning; Department of Education, 2016^[36]).

In recent years, a focus on skills can also be found in Northern Ireland's overarching strategy for government, *The Draft Programme for Government Framework: 2016-21* (Northern Ireland Executive, 2016^[37]), which proposes a number of skills-related economic indicators such as increasing innovation, increasing the proportion of people working in good jobs, and reducing educational inequality. More recently, the agreement between the UK and Irish Governments (*New Decade, New Approach*) (UK Government, 2020^[38]) includes a commitment to invest strategically to ensure that Northern Ireland has the right mix of skills for a thriving economy, as well as an enhanced approach to careers advice, curriculum, training and apprenticeships to enhance employability and support economic growth.

In addition, the draft of Northern Ireland's industrial strategy, *Economy 2030: A Consultation on an Industrial Strategy for Northern Ireland* (Department for the Economy, 2017^[39]) includes a vision for Northern Ireland "to be a globally competitive economy that works for everyone". The strategy includes enhancing education, skills and employability as one of the five core pillars for growth, with proposals consisting of reforms to careers advice, strengthening collaboration across industry and government, and delivering new models of youth training.

Skills are also central to the two City Deals being negotiated for the Belfast and Derry/Londonderry regions. Employability and skills form one of the four Investment Pillars of the Belfast Region City Deal, envisaging a City Deal Apprenticeship Programme and a Digital Skills Programme (Belfast City Region; UK Government, 2019^[40]). Under the Enabling Infrastructure and Regeneration pillar of the Derry/Londonderry City Deal, a number of skills-related initiatives are proposed, including an Apprenticeship and Skills hub, Skills Academies and an Intermediate Labour Market Programme (Derry City and Strabane District Council, 2018^[41]). In addition to these City Deals, the UK Government has announced that Northern Ireland will also benefit from a share of the UK Growth Deals Fund, which is designed to support local economic growth, create jobs or invest in local projects. The Mid, South and West regions, as well as the Causeway Coast and Glens, are to benefit from a GBP 163 million share of UK Government funds, and the future contribution of these funds to the local skills landscape will be developed in due course by the relevant local councils.

Priority areas and recommendations

Based on the assessment of the performance of Northern Ireland's skills system and feedback from the Northern Ireland Government, four priority areas have been identified for the Northern Ireland Skills Strategy project:

1. Reducing skills imbalances in Northern Ireland (Chapter 2).
2. Creating a culture of lifelong learning in Northern Ireland (Chapter 3).
3. Transforming workplaces to make better use of skills in Northern Ireland (Chapter 4).
4. Strengthening the governance of skills policies in Northern Ireland (Chapter 5).

Based on in-depth desk analysis, stakeholder workshops, pre-workshop surveys (see Annex B for outcomes), discussion groups and several bilateral meetings in Northern Ireland, the OECD has selected

opportunities and developed recommendations for Northern Ireland in each of the priority areas. The summaries below highlight the key findings and recommendations for each priority area, and the chapters themselves present the complete findings and describe the recommendations in more detail.

Reducing skills imbalances in Northern Ireland

Skills imbalances can negatively affect economic growth through their consequences on increased labour costs; lower labour productivity growth; and slower adoption of new technologies. Additionally, skills mismatches can increase unemployment and reduce a government's tax revenues. Businesses that suffer from longer-term skills shortages may be constrained in their productivity, innovation, competitiveness, and growth, and may also result in increased hiring costs and higher staff turnover. At the individual level, skills mismatches can cause people to experience higher risk of unemployment relative to well-matched workers, lower wages, lower levels of job satisfaction and the attrition of their skills over time. Reducing skills imbalances could, therefore, help Northern Ireland to enjoy significant economic and social benefits.

Opportunity 1: Improving individual career choice through the provision of enhanced career guidance

There is general recognition that reducing skills imbalances in Northern Ireland requires the provision of effective career guidance, in tandem with the availability of robust and reliable information regarding the local labour market and skills needs to inform such career guidance. The simple availability of such information in and of itself provides an incomplete solution to skills imbalances. There is also a need for targeted education and information on career pathways and requirements, not only for individuals making career choices but also for those who might influence those choices. This opportunity describes how Northern Ireland could improve the quality and consistency of career guidance; the dissemination of career guidance information; and how Northern Ireland could raise employer involvement in the provision of career guidance (see Table 1.1).

Table 1.1. Opportunity 1: Improving individual career choice through the provision of enhanced career guidance

| Policy directions | Recommendations | Responsible parties |
|--|---|---|
| Improving the quality and consistency of career guidance | 1.1. Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards. | <ul style="list-style-type: none"> • DfE, DE, DAERA • Education/training providers • Client representatives |
| Improving the dissemination of career guidance information | 1.2. Introduce a consolidated portal to provide all users of career guidance with access to information on the labour market and skills needs, as well as study/work opportunities. | <ul style="list-style-type: none"> • DfE, DE, DAERA, DfC • Employer representatives • Career Advisory Forum |
| | 1.3. Review the effectiveness of recently introduced career guidance tools with a view to their further improvement. | <ul style="list-style-type: none"> • DfE's Careers Service |
| | 1.4. Consider launching a publicity campaign targeted at students and their families that reinforces the importance of using labour market information. | <ul style="list-style-type: none"> • DfE, DE, DAERA |
| Including employers in the provision of career guidance | 1.5. Ensure that common quality standards for the provision of career guidance include specific employer engagement measures. | <ul style="list-style-type: none"> • DfE, DE, DAERA • Education/training providers • Employer representatives • Career Advisory Forum |
| | 1.6. Include opportunities for employer engagement on a new careers portal. | <ul style="list-style-type: none"> • DfE, DE, DAERA • Employer representatives • Career Advisory Forum |

Note: DfE is the Department for the Economy; DE is Department of Education; DAERA is the Department of Agriculture, Environment and Rural Affairs; DfC is the Department for Communities.

Opportunity 2: Strengthening the responsiveness and flexibility of the tertiary education and vocational education and training systems

While there is information available in Northern Ireland regarding labour market demand (especially at field-of-study level), this demand is not always subsequently reflected in the levels of provision within education and training providers. As with individuals, education and training providers must also be informed about job opportunities and the associated skills requirements. This helps to ensure that study programmes are better aligned with labour market demand, in terms of the quantum, field-of-study specificity and content of that provision. To this end, this opportunity describes how to increase alignment between education and training provision and labour market demand, and how to facilitate improved interaction between education/training providers and employers (see Table 1.2).

Table 1.2. Opportunity 2: Strengthening the responsiveness and flexibility of the tertiary education and vocational education and training systems

| Policy directions | Recommendations | Responsible parties |
|--|---|--|
| Improving the alignment between education provision and labour market demand | 1.7. Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes. | <ul style="list-style-type: none"> • DfE |
| Facilitating improved interaction between education/training providers and employers | 1.8. Strengthen local networks among employers through a sectoral approach and by enhancing engagement of SMEs and hard-to-reach employers. | <ul style="list-style-type: none"> • DfE • Education/training providers • Local councils • Employer and sectoral representatives |

Note: DfE is the Department for the Economy.

Opportunity 3: Reducing economic inactivity to minimise skills shortages

In light of Northern Ireland’s comparatively high levels of economic inactivity, consideration will need to be given to the most effective means of (re)activating those who are inactive in the labour market, as well as preventing them from becoming inactive in the first place. The “economically inactive” are a heterogeneous group with a range of differing barriers to skills activation and employment, which require separate consideration. Particular consideration should, therefore, be given to the specific needs of the diverse cohorts who collectively comprise the “economically inactive”. In addition, the role that employers play is key, both in recruiting from these cohorts, as well as in preventing people from leaving the labour market through a transition from in-work sickness to economic inactivity. This opportunity will describe the need to assess current measures to engage the economically inactive, as well as the involvement of employers in addressing economic inactivity (see Table 1.3).

Table 1.3. Opportunity 3: Reducing economic inactivity to minimise skills shortages

| Policy directions | Recommendations | Responsible parties |
|--|---|---|
| Assessing current measures to engage the economically inactive | 1.9. Undertake a mapping exercise of current service provision for the economically inactive, to improve efficiency and effectiveness, and align interventions with skills needs. | <ul style="list-style-type: none"> • DfC, DfE, DoH • Local councils • Voluntary and community sector |
| | 1.10. Undertake a targeted engagement exercise, to better understand the barriers facing the economically inactive, with a view to better directing support and developing skills in line with the identified need. | <ul style="list-style-type: none"> • DfC |
| Involving employers in reducing economic inactivity | 1.11. Undertake a formal employer engagement exercise, to identify current barriers to recruiting specific economically inactive cohorts. | <ul style="list-style-type: none"> • DfC, DfE |
| | 1.12. Encourage healthier workplaces in order to prevent inflows into disability benefits, particularly in sectors where there are skills shortages. | <ul style="list-style-type: none"> • DfC, DfE |

Note: DfC is the Department for Communities; DfE is the Department for the Economy; DoH is the Department of Health.

Opportunity 4: Improving labour mobility to meet skills demand

Addressing skills needs through the use of migrant labour is a key facet of many labour markets. The available evidence indicates that the levels of inward migration to Northern Ireland have been decreasing in recent years. Northern Ireland does not, however, have devolved responsibility for immigration policy and therefore has limited control over its ability to address local skills imbalances through migrant labour. Northern Ireland should consider addressing skills needs through policies in relation to increasing its attractiveness for migrant labour, and minimising the impacts of “brain drain”. To this end, Opportunity 4 describes matters for consideration by the Northern Ireland Executive to inform how it can best seek to influence any future UK migration policy, to take account of Northern Ireland’s regional needs; how Northern Ireland could improve its appeal to targeted migrants; and how Northern Ireland could attract recent graduates and skilled emigrants back to Northern Ireland (see Table 1.4).

Table 1.4. Opportunity 4: Improving labour mobility to meet skills demand

| Policy directions | Recommendations | Responsible parties |
|---|--|---|
| Ensuring that Northern Ireland’s specific regional skills needs can be met through migrant labour | 1.13. Better meet Northern Ireland’s skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility. | <ul style="list-style-type: none"> • NICS • Northern Ireland Executive • UK Government • Local councils |
| Improving the appeal of Northern Ireland to targeted migrants | 1.14. Increase the attraction of Northern Ireland for high-skilled migrants, through a mix of pecuniary and non-pecuniary measures within a regional approach to migration. | <ul style="list-style-type: none"> • NICS • Local councils |
| | 1.15. Develop a comprehensive information source for migrant workers, to advertise employment opportunities in Northern Ireland, and encourage and support the relocation process. | <ul style="list-style-type: none"> • NICS • Local councils • External migrant support stakeholders |
| Attracting recent graduates and skilled emigrants back to Northern Ireland | 1.16. Develop a comprehensive programme for engagement with the diaspora that builds on data on the skills and motivations of Northern Ireland emigrants. | <ul style="list-style-type: none"> • NICS • Invest NI |
| | 1.17. Merge the recommended information source for returning Northern Ireland domiciles with that for attracting foreign talent. | <ul style="list-style-type: none"> • NICS • Invest NI |

Note: NICS is the Northern Ireland Civil Service; Invest NI is Invest Northern Ireland.

Creating a culture of lifelong learning in Northern Ireland

A culture of lifelong learning can be defined as the shared set of beliefs, values and attitudes, and resulting behaviours, which are favourable towards learning across the life course. Creating a culture of lifelong learning is crucial to ensuring that individuals actively participate in adult learning after leaving the compulsory education system. In turn, participation in different forms of adult learning has positive impacts on individuals, firms and society, including higher wages for individuals, higher productivity for firms and higher levels of social trust.

Opportunity 1: Starting the development of a culture of lifelong learning early in life

Developing a strong culture of lifelong learning in the longer term will depend on educational experiences and parental support early in life. International and UK evidence confirms that children who develop a positive attitude towards learning and strong cognitive and meta-cognitive skills in compulsory education will have greater motivation and foundations to participate effectively in adult learning later in life. This opportunity describes how improving the curriculum and examination methods would help ensure that all learners develop the right skills and attitudes to learning in the context of megatrends. Moreover, it describes how increasing support for vulnerable children and their families could help reduce the number of low-educated and low-skilled workers in the future who may be less likely to participate in adult learning (see Table 1.5).

Table 1.5. Opportunity 1: Starting the development of a culture of lifelong learning early in life

| Policy directions | Recommendations | Responsible parties |
|--|---|--|
| Improving the curriculum and examination methods in compulsory education | 2.1. Revise the compulsory curriculum in the light of megatrends to focus on the development of digital and data literacy skills. | <ul style="list-style-type: none"> • CCEA |
| | 2.2. Expand professional development opportunities in technology-friendly pedagogies for new and existing teachers to improve the use of ICT tools in the classroom. | <ul style="list-style-type: none"> • DE • University colleges • Higher education institutions |
| | 2.3. Consider revising the examination criteria for GCSEs, by placing a stronger emphasis on a range of diverse assessments, rather than a single summative assessment. | <ul style="list-style-type: none"> • CCEA |
| Strengthening support for vulnerable children and their families | 2.4. Improve the targeting of early childhood support programmes for vulnerable families. | <ul style="list-style-type: none"> • DE • NISRA |
| | 2.5. Strengthen information sharing across the school system to improve the measurement of social disadvantage and monitoring of related policy interventions. | <ul style="list-style-type: none"> • DE |

Note: CCEA is the Council for the Curriculum, Examinations and Assessment; DE is the Department of Education; NISRA is the Northern Ireland Statistics and Research Agency.

Opportunity 2: Increasing adults' motivation to learn

Motivation is considered to be key for successful adult education engagement and is an even more significant factor than socio-economic background. Yet, existing evidence suggests that individuals in Northern Ireland are not strongly motivated to engage in adult learning, especially if they have lower levels of education. Investment in the early years will only help increase motivation to engage in adult learning in the longer term. This opportunity will first provide recommendations on how to develop and implement a holistic vision of adult learning to increase motivation in the short term. Then, it will suggest a targeted approach for low-skilled learners that could be implemented as a part of this holistic vision (see Table 1.6).

Table 1.6. Opportunity 2: Increasing adults' motivation to learn

| Policy directions | Recommendations | Responsible parties |
|---|---|--|
| Developing and promoting a holistic vision of adult learning | 2.6. Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners. | <ul style="list-style-type: none"> • Northern Ireland Executive • DfE, DAERA |
| | 2.7. Implement co-ordinated awareness-raising initiatives to help deliver the objectives of the strategy, which rely on behavioural and diagnostic profiling tools. | <ul style="list-style-type: none"> • DfE (including DfE's Careers Service) • DAERA and CAFRE • FE colleges • Other training providers |
| Implementing a targeted approach to increase engagement of low-skilled learners | 2.8. Strengthen the provision of adult learning to low-skilled learners in the workplace and the community by developing tailored local-level plans. | <ul style="list-style-type: none"> • DfE • FE colleges • Local councils • Regional skills hubs (see Priority Area 4) • Local training funds (see Opportunity 3) |
| | 2.9. Introduce local awareness-raising initiatives involving FE colleges, DfE's Careers Service, local councils, employers and social partners. | <ul style="list-style-type: none"> • DfE (including DfE's Careers Service) • FE colleges • Local councils • Regional skills hubs (see Priority Area 4) |

Note: DfE is the Department for the Economy; DAERA is the Department of Agriculture, Environment and Rural Affairs; CAFRE is the College of Agriculture, Food and Rural Enterprise and FE colleges are further education colleges.

Opportunity 3: Removing barriers for individuals and employers to adult learning opportunities

Even when individuals and employers are motivated to participate in adult learning, they frequently face barriers that prevent them from transitioning from an interest to active participation. Minimising these barriers is crucial to cultivating a strong culture of lifelong learning. For adults, the key barriers are generally related to cost and time, whereas for employers, they relate to cost, the fear of poaching, the lack of time and the lack of an adequate supply. Financial incentives, such as subsidies and loans, play a crucial role in reducing barriers both for individuals and employers but are likely to be insufficient on their own. Improving the flexibility in format (e.g. part-time, online) and design (modular, credit-based courses) of adult learning opportunities can help overcome time-related barriers, especially for medium-to-high skilled workers. This opportunity focuses on better use of financial incentives for individuals, better use of financial incentives for employers, and making adult learning opportunities more flexible for medium-to-high-skilled workers (see Table 1.7).

Table 1.7. Opportunity 3: Removing barriers for individuals and employers to adult learning opportunities

| Policy directions | Recommendations | Responsible parties |
|---|---|---|
| Better using financial incentives to reduce barriers for individuals | 2.10. Strengthen childcare subsidies for lower-skilled and part-time higher-skilled learners to mitigate the impact of childcare responsibilities on take-up of adult learning. | <ul style="list-style-type: none"> • DfE |
| | 2.11. Extend current loans and subsidies for higher-skilled learners to cover modular courses and increase loan caps for part-time higher-skilled learners. | <ul style="list-style-type: none"> • DfE |
| | 2.12. Consider introducing legislation and compensatory mechanisms for training leave to increase take-up of learning among adults who currently report being too busy at work. | <ul style="list-style-type: none"> • Northern Ireland Executive • DfE |
| Better using financial incentives to reduce barriers for employers | 2.13. Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships. | <ul style="list-style-type: none"> • Northern Ireland Executive |
| | 2.14. Establish local training funds to increase the availability of training and apprenticeships among employers. | <ul style="list-style-type: none"> • DfE • Regional skills hubs (see Priority Area 4) |
| Making adult learning opportunities more flexible for medium-to-high-skilled learners | 2.15. Extend the offering of short-term modular courses in FE colleges, by introducing changes to the FE funding model and taking a joint approach to validation (see Priority area 4). | <ul style="list-style-type: none"> • FE colleges • DfE |
| | 2.16. Extend the offering of blended (i.e. including an online component) approaches in FE colleges, by developing a common online learning platform. | <ul style="list-style-type: none"> • FE colleges |

Note: DfE is the Department for the Economy and FE colleges are further education colleges.

Transforming workplaces to make better use of skills in Northern Ireland

The effective use of skills in workplaces has potential benefits for employers, employees and society as it can help raise productivity and innovation in businesses, and help increase wages and job satisfaction for employees. Public policy makers can work with employers to help create the conditions or provide direct support for strengthening skills use in workplaces. For Northern Ireland, transforming workplaces to make even better use of the skills of the workforce is key. This would help to achieve wider objectives such as boosting productivity, stimulating innovation and raising competitiveness.

Opportunity 1: Strengthening management and leadership capabilities

Strong leadership and management capabilities can drive organisational change to optimise the use of skills and the adoption of high-performance workplace practices. Strong and effective leadership and management have many benefits for businesses in Northern Ireland, but there are a number of studies that point to Northern Ireland's challenges for leadership and management capabilities. This opportunity describes how the management and leadership capability of managers and leaders could be enhanced to improve skills use and workplace performance, including by making management and leadership capabilities a priority for Northern Ireland; developing the right skills and attitudes for managers and leaders of the future; and raising the motivation, as well as minimising barriers, to participate in lifelong learning for current managers and leaders (see Table 1.8).

Table 1.8. Opportunity 1: Strengthening management and leadership capabilities

| Policy directions | Recommendations | Responsible parties |
|---|---|---|
| Making management and leadership capabilities a priority for Northern Ireland | 3.1. Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action. | <ul style="list-style-type: none"> • DfE, DfC, DoF, DE • Business support, especially Invest NI • Business/employer/employee organisations |
| Developing the right skills and attitudes for managers and leaders of the future | 3.2. Expand the role of entrepreneurship education and the development of other soft skills needed in the labour market in school curricula. | <ul style="list-style-type: none"> • DE, DfE, CCEA |
| Raising the motivation to participate in lifelong learning for current managers and leaders | 3.3. Launch a new campaign to highlight the importance of management and leadership capabilities, emphasising its benefits and promoting strong performers, and targeted to small businesses. | <ul style="list-style-type: none"> • DfE • Regional skills hubs • Business support, especially Invest NI |
| | 3.4. Centralise all information on management and leadership programmes in one location within nibusinessinfo.co.uk or the Invest NI website. | <ul style="list-style-type: none"> • DfE • Invest NI |
| Minimising barriers to participate in lifelong learning for managers and leaders | 3.5. Raise financial support, and allocate funding efficiently, to reduce financial barriers to participation in management and leadership programmes. | <ul style="list-style-type: none"> • DoF, DfE, DE |
| | 3.6. Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes, or expanding existing ones. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI |

Note: DfE is the Department for the Economy; DfC is the Department for Communities; DoF is the Department of Finance; DE is the Department of Education; CCEA is the Council for the Curriculum, Examinations and Assessment; Invest NI is Invest Northern Ireland.

Opportunity 2: Developing engaging and empowering workplaces

An empowered workforce, which is skilled and motivated to actively contribute to the success of the business, could play an important role in workplace transformation by driving innovation and growth from the bottom up. Employee engagement is considered to be one of the main determinants of skills use and productivity, and evidence shows that employees with high levels of engagement achieve higher individual performance, including proactive, innovative behaviour, higher job satisfaction and personal well-being. However, employee empowerment and engagement could be enhanced in Northern Ireland, as exemplified, for instance, by low labour mobility within businesses. This opportunity will examine ways to raise the engagement and empowerment of employees in both the private and public sectors (see Table 1.9).

Table 1.9. Opportunity 2: Developing engaging and empowering workplaces

| Policy directions | Recommendations | Responsible parties |
|--|---|---|
| Raising engagement and empowerment of employees in the business sector | 3.7. Promote a business culture where employers value and encourage employees, by raising awareness of relevant workplace practices and the benefits of an empowered and engaged workforce. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Business/employer/employee organisations • Regional skills hubs |
| | 3.8. Introduce a charter or business pledge where employers formally endorse principles concerning employees and their working conditions. | <ul style="list-style-type: none"> • DfE |
| | 3.9. Make quality marks (e.g. Investors in People [IIP]) a condition for medium- and larger sized businesses to benefit from business support programmes. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI |
| Raising engagement and empowerment of civil servants | 3.10. Develop a NICS management and leadership culture that supports employee engagement, by strengthening management training, enhancing internal mobility and adopting HPWP. | <ul style="list-style-type: none"> • NICS |
| | 3.11. Strengthen the implementation of proposed actions in the <i>Innovation Strategy</i> and <i>NICS People Strategy 2018-21</i> , by raising their granularity and including outcome-based targets. | <ul style="list-style-type: none"> • NICS |

Note: DfE is the Department for the Economy; Invest NI is Invest Northern Ireland; NICS is Northern Ireland Civil Service; HPWP is high-performance workplace practices.

Opportunity 3: Strengthening support structures for businesses

To strengthen skills use, Northern Ireland should aim to move towards more high-value-added activities, and enable sustainable long-term growth through the better performance of firms, of all sizes and in all regions. Better skills utilisation and workplace transformation require a proactive approach by governments. SMEs, in particular, need support to strengthen workplace practices, competitiveness, innovation and growth realisation. To optimise the impact of these and other efforts, Northern Ireland should ensure that the overall business support structures are effective and efficient. This opportunity will analyse how Northern Ireland could support businesses by providing targeted support and by expanding networking, and increasing collaboration and knowledge spillovers between businesses (see Table 1.10).

Table 1.10. Opportunity 3: Strengthening support structures for businesses

| Policy directions | Recommendations | Responsible parties |
|---|---|---|
| Providing targeted support to businesses | 3.12. Raise the impact of business-to-business mentoring and coaching, in particular for SMEs, by promoting and incentivising businesses to participate. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Business/employer/employee organisations • Regional skills hubs |
| | 3.13. Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Regional skills hubs |
| | 3.14. Launch an overarching new initiative for micro and small business support, which centralises and co-ordinates all support programmes for growth, innovation, and management and leadership (see Recommendation 3.6). | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Regional skills hubs |
| Expanding networking and increasing collaboration and knowledge spillovers between businesses | 3.15. Promote peer-to-peer learning for small businesses by increasing their participation in informal business networks. | <ul style="list-style-type: none"> • Business/employer/employee organisations, especially NI Chamber of Commerce and Industry, Invest NI • Regional skills hubs |
| | 3.16. Strengthen business clusters, by leveraging existing networks, consolidating support, identifying strategic priority clusters and strengthening their governance. | <ul style="list-style-type: none"> • DfE • Business support • Regional skills hubs |
| | 3.17. Raise the benefits of FDI by facilitating and incentivising knowledge spillovers between large, foreign-owned businesses and small, local businesses. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI |

Note: DfE is the Department for the Economy; Invest NI is Invest Northern Ireland.

Strengthening the governance of skills policies in Northern Ireland

Effective governance arrangements are essential to support Northern Ireland’s performance in developing and using people’s skills. The success of skills policies typically depends on the responses and actions of a wide range of actors, including government, learners, educators, workers, employers and trade unions. A whole-of-government approach, effective stakeholder engagement, integrated information systems and co-ordinated financing arrangements are essential to improve skills development and use.

Opportunity 1: Making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland’s skills system

Sufficient funding for skills policy is essential in making societies fit for technological change and the subsequent new skills requirements arising from it. Northern Ireland must ensure that all major stakeholders understand the importance of skills for future economic growth, social inclusiveness and well-being. The benefits of skills policies are most visible in the long term; therefore, all relevant stakeholders have to commit themselves to overcoming a focus on short-term financial needs. The UK’s exit from the EU will have important consequences for Northern Ireland’s skills system, giving rise to uncertainty. This opportunity, therefore, tackles putting the sufficient and balanced funding of skills policies at the top of key decision makers’ agendas and addresses the need to respond to the potential impact of the UK’s exit from the EU (see Table 1.11).

Table 1.11. Opportunity 1: Making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland’s skills system

| Policy area | Recommendations | Responsible parties |
|---|---|---|
| Putting sufficient and balanced funding of skills policies on top of decision makers’ agendas | 4.1. Commit all relevant decision makers and ministers to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland. | <ul style="list-style-type: none"> • Government departments • First minister and deputy first minister • Business stakeholders |
| | 4.2. Ensure sustainable funding models and budgeting processes that enable multi-year planning beyond the short-term, traditional annual budgeting cycle. | <ul style="list-style-type: none"> • DoF, DfE, DE, DAERA |
| Responding to the potential impact of the United Kingdom’s exit from the EU and the loss of ESF funding | 4.3. Reassess and restructure current ESF-funded programmes across departments in order to avoid possibly inefficient and expensive overlaps of programmes for similar target groups. | <ul style="list-style-type: none"> • DE, DfC, DfE |
| | 4.4. Consider shifting previously ESF-funded programmes to departments’ own budgets, as opposed to a continued reliance on external funds (e.g. on a potential Shared Prosperity Fund). | <ul style="list-style-type: none"> • DoF, DE, DfC, DfE |

Note: DoF is the Department of Finance; DfE is the Department for the Economy; DE is the Department of Education; DAERA is the Department of Agriculture, Environment and Rural Affairs; DfC is the Department for Communities.

Opportunity 2: Increasing co-ordination and information distribution across the whole of government

Especially in times of tight budgetary constraints, it is essential to ensure that existing financial means are used most efficiently. Making the most efficient use of available resources requires co-ordination across the whole of government, i.e. a “whole-of-government approach”. This includes horizontal co-ordination between (and within) different departments responsible for skills policy, as well as vertical co-ordination between different levels of government, (e.g. between district councils and central government). Furthermore, it is necessary to ensure that decision makers in these governance arrangements can make informed choices regarding the skills needs of the economy. This opportunity, therefore, describes how Northern Ireland could increase inter- and intra-departmental co-ordination, vertical co-ordination and governance of skills policies on a local level, as well as how to make full use of, and including, stakeholders in information systems (see Table 1.12).

Table 1.12. Opportunity 2: Increasing co-ordination and information distribution across the whole of government

| Policy area | Recommendations | Responsible parties |
|---|---|---|
| Increasing inter- and intra-departmental co-ordination | 4.5. Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies. | <ul style="list-style-type: none"> • Government departments (DfE, DoF, DE, DfC, DAERA) • Arms-length bodies active in skills policies |
| Improving vertical co-ordination and the governance of skills policies on a local level | 4.6. Increase vertical co-ordination by appointing skills representatives of district council/City Deal/Growth Deal areas and including them in a central oversight body that co-ordinates skills policy at a higher level. | <ul style="list-style-type: none"> • District councils • DfE, DoF, DE, DfC, DAERA |
| | 4.7. Put skills policy on district council stakeholders' agendas by encouraging them to commit themselves to their own local skills strategies in accordance with the priorities of Northern Ireland's overarching skills strategy. | <ul style="list-style-type: none"> • District councils • DfE • Potential central oversight body |
| Making full use of and including stakeholders in information systems | 4.8. Re-engage business in skills anticipation and assessment via a central skills needs advisory body. | <ul style="list-style-type: none"> • Business stakeholders • DfE |
| | 4.9. Ensure distribution of all available evidence to policy makers. | <ul style="list-style-type: none"> • DfE • Stakeholders in potential central skills needs advisory body |

Note: DfE is the Department for the Economy; DoF is the Department of Finance; DE is the Department of Education; DfC is the Department for Communities; DAERA is the Department of Agriculture, Environment and Rural Affairs.

Opportunity 3: Improving employer engagement in the governance of skills policies

Increasing employers' participation in and contribution to the provision and funding of skills policies can substantially relieve pressure on public budgets and ensure that the skills generated match labour market needs. As research on skills systems has shown, in order to ensure employer contribution (e.g. to raise their participation in training or apprenticeship schemes), it is beneficial to include employers in the governance of skills policies. To this end, this opportunity discusses how Northern Ireland could restructure the existing stakeholder engagement bodies, as well as how governance arrangements for involving employers at lower levels of government could be improved (see Table 1.13).

Table 1.13. Opportunity 3: Improving employer engagement in the governance of skills policies

| Policy area | Recommendations | Responsible parties |
|---|--|---|
| Restructuring stakeholder engagement bodies | 4.10. Improve governance structures by assessing potential mergers and making responsibilities of employer engagement bodies clear. | <ul style="list-style-type: none"> • DfE, DoF, DE, DfC, DAERA • Business stakeholders |
| | 4.11. As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise the government on the skills policy. | <ul style="list-style-type: none"> • DfE, DoF, DE, DfC, DAERA • Business stakeholders |
| | 4.12. Ensure sufficient steering of the central skills needs advisory body by including independent experts and researchers. | <ul style="list-style-type: none"> • DfE, DoF, DE, DfC, DAERA • Independent experts |
| | 4.13. Ensure accountability of policy makers towards advice given by the central skills needs advisory body. | <ul style="list-style-type: none"> • DfE, DoF, DE, DfC, DAERA • Independent experts • Business stakeholders |
| Improving governance arrangements for involving employers at lower levels of government | 4.14. Improve employer engagement by encouraging the creation of local, collaborative training networks among employers. | <ul style="list-style-type: none"> • Business stakeholders at the local level • DfE, DfC |
| | 4.15. Create an infrastructure of regional skills hubs at district councils that increase information exchange and co-ordination between employers, education and training providers and (local) government. | <ul style="list-style-type: none"> • District councils • Business stakeholders at the local level • DfE, DfC |

Note: DfE is the Department for the Economy; DoF is the Department of Finance; DE is the Department of Education; DfC is the Department for Communities; DAERA is the Department of Agriculture, Environment and Rural Affairs.

Overview of main recommendations

Box 1.2. Main recommendations to strengthen Northern Ireland's skills system

Based on discussions with the Northern Ireland Project Team, three recommendations have been selected for each priority area that could be considered to have the highest priority based on an assessment of potential impact, relevance in the current Northern Ireland context, as well as overall support from stakeholders for implementation.

Reducing skills imbalances in Northern Ireland

- Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards (Recommendation 1.1).
- Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes (Recommendation 1.7).
- Better meet Northern Ireland's skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility (Recommendation 1.13).

Creating a culture of lifelong learning in Northern Ireland

- Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners (Recommendation 2.6).
- Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships (Recommendation 2.13).
- Extend the offering of blended (i.e. including an online component) approaches in FE colleges, by developing a common online learning platform (Recommendation 2.16).

Transforming workplaces to make better use of skills in Northern Ireland

- Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action (Recommendation 3.1).
- Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes or expanding existing ones (Recommendation 3.6).
- Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools (Recommendation 3.13).

Strengthening the governance of skills policies in Northern Ireland

- Commit all relevant decision makers and ministers (including the first minister and deputy first minister) to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland (Recommendation 4.1).
- Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies (Recommendation 4.5).
- As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise government on skills policy (Recommendation 4.11).

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Annex 1.A. The OECD Skills Strategy Dashboard

This annex presents the OECD Skills Strategy Dashboard. The objective of the Dashboard is to present an overview of the performance of skills systems in OECD countries. It is the starting point for analysis in the diagnostic phase of Skills Strategy projects and allows the OECD and the Project Team to identify the priority skills policy themes to be covered in greater detail in the report. Presenting the relative position of countries on key skills outcomes, the Dashboard provides a general overview of the strengths and weaknesses of a given country or region's skills system. This annex describes the characteristics, presents the indicators and describes the underlying methods for calculating indicators.

Characteristics

The OECD Skills Strategy Dashboard is the result of internal consultation and analysis of core indicators used in OECD Skills Strategy projects. It presents a simple, intuitive overview of the outcomes of skills systems that is easy to interpret, and gives a quick overview of a country's skills performance across the dimensions of the OECD Skills Strategy ("developing relevant skills" and "putting skills to effective use"). The Dashboard applies a broad definition of skills by presenting foundational skills, problem-solving skills and breadth of skillsets, and considers both economic and social outcomes. A total of 33 key outcome indicators were selected and grouped into 16 aggregated indicators.

Indicator selection

The selection of indicators followed a process whereby a longlist of the most commonly used indicators in OECD Skills Strategy reports was gradually reduced to a shortlist of core indicators. This process built on the principle that the indicators describe the core outcomes of the different dimensions of the skills system. In addition, these indicators express outcomes in terms of level, trend, distribution and equity. The indicators need to be comparatively easy to interpret and based on OECD sources, using the most recently available.

Method for the calculation of aggregate indicators

To develop aggregate indicators that represent the relative position of countries on key outcomes of the skills system, a number of calculations were made on the collected data. To describe the relative position across countries, a score for each indicator was calculated ranging from 0 to 10, with 0 for the weakest performance and 10 for the strongest performance. This resulted in an indicator that allows comparisons between different types of indicators (e.g. averaging performance of literacy scores and educational attainment rates). The resulting scores were normalised in such a way that better performance results in a higher score. Subsequently, an unweighted average of the indicators was calculated for each of the aggregates, and these scores were then ranked. The final ranking was separated into five groups of equal size, ranging from top 20% performer to bottom 20% performer. Aggregate indicators are only presented in the Dashboard when more than half of the underlying indicators have data available.

Annex Table 1.A.1. The OECD Skills Strategy Dashboard: Dimensions, indicators and sources

| Dimension and aggregates | Indicator | Source |
|---|--|---|
| Developing relevant skills | | |
| How skilled are youth? | Reading (PISA ¹), mean score, 2018 | OECD (2019), <i>PISA 2018 Results (Volume I): What Students Know and Can Do</i> , https://doi.org/10.1787/5f07c754-en . |
| | Mathematics (PISA ¹), mean score, 2018 | |
| | Science (PISA ¹), mean score, 2018 | |
| Are the skills of youth improving? | PISA ¹ average three-year trend (reading, mathematics, science) ² | |
| Are the skills of youth being developed inclusively? | PISA ¹ economic, social and cultural status (ESCS) parity index, science performance, 2015 | |
| How many young adults attain tertiary education? | Tertiary education attainment rate, 25-34 year-olds, 2017 ³ | OECD (2018), "Population with tertiary education" (indicator), https://doi.org/10.1787/0b8f90e9-en . |
| How skilled are young tertiary-educated adults? | Literacy (PIAAC ⁴), mean score, tertiary-educated 25-34 year-olds, 2012/15 | OECD (2019), Survey of Adults Skills (PIAAC) (2012, 2015, 2019) (database) www.oecd.org/skills/piaac/ . |
| | Numeracy (PIAAC ⁴), mean score, tertiary-educated 25-34 year-olds, 2012/15 | |
| | Problem solving (PIAAC ⁴), % level 2/3, tertiary-educated 25-34 year-olds, 2012/15 | |
| How inclusive is tertiary education? | Share tertiary educated with both parents less than tertiary, 2012/15 | |
| How strong are foundational skills of adults? | Literacy (PIAAC ⁴), mean score, 2012/15 | |
| | Numeracy (PIAAC ⁴), mean score, 2012/15 | |
| | Problem solving (PIAAC ⁴), % level 2/3, 2012/15 | |
| Do adults have a broad set of skills? | Percentage of adults with a broad set of skills (PIAAC ⁴) (level 3-5 in literacy and numeracy and level 2-3 in problem solving), 2012/15 | |
| Is there a strong culture of adult education? | Formal and/or non-formal adult education participation rate (PIAAC ⁴), last 12 months, 2012/15 | |
| | Willing to participate in adult education (PIAAC ⁴), percentage of population, 2012/15 | |
| | Low barriers to participation (PIAAC ⁴), low percentage of adults wanting to participate but who did not, 2012/15 | |
| Are the skills of adults being developed inclusively? | High-low educated parents, adjusted literacy difference (PIAAC ⁴), 2012/15 | |
| Putting skills to effective use | | |
| How well are skills activated in the labour market? | Employment rate, working age, 2018 | OECD (2018), "Employment rate" (indicator), https://doi.org/10.1787/1de68a9b-en . |
| | Labour force participation rate, 2018 | OECD (2018), "Labour force participation rate" (indicator), https://doi.org/10.1787/a452d2eb-en . |
| | Low share of youth not in employment education or training (NEET), 15-29 year-olds, 2017 | OECD (2018), "Youth not in employment, education or training (NEET)" (indicator), https://doi.org/10.1787/72d1033a-en . |
| How inclusive is the labour market? | Gender (male-female), employment rate difference, 2018 | OECD (2018), "Employment rate" (indicator), https://doi.org/10.1787/1de68a9b-en . |
| | High-low educated, employment rate difference, 2017 | OECD (2018), "Employment by education level" (indicator), https://doi.org/10.1787/26f676c7-en . |
| Do workplaces make intensive use of skills? | Reading at work (PIAAC ⁴), score, 2012/15 | OECD (2019), Survey of Adults Skills (PIAAC) (2012, 2015, 2019) (database), http://www.oecd.org/skills/piaac/ . |
| | Numeracy at work (PIAAC ⁴), score, 2012/15 | |
| | Information and communication technology (ICT) at work (PIAAC ⁴), score, 2012/15 | |
| Do people use their skills intensively in daily life? | Reading at home (PIAAC ⁴), score, 2012/15 | |

| Dimension and aggregates | Indicator | Source |
|---|--|---|
| | Numeracy at home (PIAAC ⁴), score, 2012/15 | OECD (2019), Survey of Adults Skills (PIAAC) (2012, 2015, 2019) (database) http://www.oecd.org/skills/piaac/ . |
| | ICT at home (PIAAC ⁴), score, 2012/15 | |
| Is the use of skills at work improving? | Reading skills use at work difference prime-age adults (26-54) and older (55-65) (PIAAC ⁴), 2012/15 | |
| | Numeracy skills use at work difference prime-age adults (26-54) and older (55-65) (PIAAC ⁴), 2012/15 | |
| | ICT skills use at work difference prime-age adults (26-54) and older (55-65) (PIAAC ⁴), 2012/15 | |
| Are firms designing workplaces to use skills effectively? | High-performance workplace practices, percentage of jobs, 2012/15 (PIAAC ⁴) | |

Notes: Indicators without a specific source between brackets are OECD indicators from OECD Data (<https://data.oecd.org/home/>).

1. Programme for International Student Assessment (PISA).
2. The average trend is reported for the longest available period since PISA 2006 for science, PISA 2009 for reading, and PISA 2003 for mathematics.
3. Labour market imbalances, average standard deviation across occupations in wages, employment, hours worked, unemployment and under-qualifications, 2015/17.
4. Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC).

Annex 1.B. Strategies and recent reforms in Northern Ireland related to skills and education

Annex Table 1.B.1. Success strategies for skills and education

| Strategy | Year | Skills area | Overview |
|--|------|--|---|
| <i>Success through Skills: Transforming Futures</i> | 2011 | Overarching | Northern Ireland's overarching vision to promote the development of skills up to 2020. It outlines four strategic goals to increase the level of skills of people in employment and encourage greater uptake of STEM subjects. |
| <i>Success through STEM</i> | 2011 | Science, technology, engineering and mathematics | This strategy sought to take forward work to equip Northern Ireland's workforce with the STEM skills necessary to support the needs of business. |
| <i>Pathways to Success: Preventing Exclusion and Promoting Participation of Young People</i> | 2012 | Young people not in education, employment or training (NEET) | The strategy is divided into three parts: prevention for under 16s, re-engagement for 16-18 year-olds and re-engagement for 18-24 year-olds. Specific initiatives for each age group are proposed. |
| <i>Graduating to Success: A Higher Education Strategy for Northern Ireland</i> | 2012 | Higher education | This strategy proposes ways to make higher education more responsive to the needs of the economy, more accessible, more flexible and of even greater quality for students. |
| <i>Access to Success</i> | 2012 | Higher education | This strategy for widening participation in higher education seeks to build upon the work of Graduating to Success, by ensuring that individuals are given every opportunity to benefit from higher education, irrespective of their personal or social background. |
| <i>Securing our Success: The Northern Ireland Strategy on Apprenticeships</i> | 2014 | Apprenticeships | This strategy puts forwards measures to increase the quality and participation levels of apprenticeships. It also introduced Higher Level Apprenticeships from Qualification Level 4-8. The majority of these Higher Level Apprenticeships are at Level 5 (Foundation degree equivalent). |
| <i>Generating our Success: The Northern Ireland Strategy for Youth Training</i> | 2015 | Youth vocational training | The strategy envisages a new vocational system for young people aged 16-25 who require training at Level 2 (equivalent of GCSEs). This scheme would be an alternative to more academic routes and provides a foundation on which young people can then go onto further training (such as with apprentices). |
| <i>Enabling Success: A Strategy to Tackle Economic Inactivity in Northern Ireland</i> | 2015 | Economic inactivity | The strategy is focused on individuals with work-limiting health conditions or disabilities, lone parents and individuals with caring commitments. It aims to improve information, engagement and employment opportunities for these groups, as well as address wider barriers to their participation in the labour market. |
| <i>Preparing for Success 2015-2020: A Strategy for Careers Education and Guidance</i> | 2016 | Careers guidance | This is the second outline of Northern Ireland's career guidance strategy (the first ran from 2009-14). The refreshed strategy provides the future direction of careers education and guidance for the next five years and sets out the vision, aims, policy commitments and key actions to ensure delivery. |
| <i>Further Education Means Success: The Northern Ireland Strategy for Further Education</i> | 2016 | Further education | The strategy puts forward numerous aims for further education centred on themes such as economic development, social inclusion and excellence. |

Source: Department for Employment and Learning (2011^[31]), *Success through Skills - Transforming Futures*, <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Success-through-Skills-Transforming-Futures.pdf>; Department for Employment and Learning (2011^[42]), *Success through STEM*, <https://www.economy-ni.gov.uk/sites/default/files/publications/del/STEM%20Strategy-Success%20through%20STEM.pdf>; Department for Employment and Learning (2012^[43]), *Pathways to Success: Preventing Exclusion and Promoting Participation of Young People*, <https://www.economy-ni.gov.uk/sites/default/files/publications/del/del-pathways-to-success-v6.pdf>; Department for Employment and Learning (2012^[32]), *Graduating to Success: A Higher Education Strategy*, <https://www.economy-ni.gov.uk/sites/default/files/publications/del/graduating-to-success-he-strategy-for-ni.pdf>; Department for Employment and Learning (2012^[44]), *Access to Success: An Integrated Regional Strategy for Widening Participation in Higher Education*, https://www.economy-ni.gov.uk/sites/default/files/publications/del/Access%20to%20Success-An%20integrated%20regional%20strategy%20for%20widening%20participation%20in%20HE_0.pdf; Department for Employment and Learning (2014^[34]), *Securing our Success: The Northern Ireland Strategy on Apprenticeships*, <https://www.economy-ni.gov.uk/sites/default/files/publications/del/Securing%20our%20Success%20The%20NI%20Strategy%20on%20Apprenticeships.pdf>; Department for Employment and Learning (2015^[45]), *Generating our Success: The Northern Ireland Strategy for Youth Training*, <https://www.economy-ni.gov.uk/sites/default/files/publications/del/youth-training-strategy.pdf>; Department for Enterprise, Trade and Investment (2015^[46]), *Enabling Success: A Strategy to Tackle Economic Inactivity in Northern Ireland*, <https://www.economy-ni.gov.uk/sites/default/files/publications/deti/enabling-success.pdf>; Department for Employment and Learning (2016^[36]), *Preparing for Success 2015 - 2020 - A Strategy for Careers Education and Guidance*, <https://www.education-ni.gov.uk/sites/default/files/publications/de/Careers-strategy.pdf>; Department for Employment and Learning (2016^[33]), *Further Education Means Success: The Northern Ireland Strategy for Further Education*, <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/FE-Strategy%20-FE-Means-success.pdf>.

Annex Table 1.B.2. Recent strategies and reforms related to skills and education

| Strategies/reforms | Year | Overview |
|---|--------------|--|
| InnovateNI: Innovation Strategy for Northern Ireland | 2014 | This strategy set out the key actions required to support businesses in all areas of the economy to become more innovative, in order to transform the Northern Ireland economy into one that is knowledge-based and export-focused. |
| The Draft Programme for Government Framework: 2016-21 | 2016 | This programme lays out the major societal outcomes that the Executive wants to achieve. Included is the aim to increase innovation, increase the proportion of people working in good jobs and reduce educational inequality. |
| Economy 2030: A Consultation on an Industrial Strategy for Northern Ireland | 2017 | Northern Ireland's industrial strategy. It is based around five pillars for growth: accelerating innovation and research, enhancing education, skills and employability, driving inclusive, sustainable growth, succeeding in global markets and building the best economic infrastructure. |
| DAERA Knowledge Framework | 2017 | The framework recognises agri-food as one of the areas in Northern Ireland that has the greatest potential for growth. It highlights the need to develop a world-class education and skills system which is critical for economic growth, and indicates that improving the skills and employability of the entire workforce will allow people to scale the skills ladder, thereby delivering higher productivity and increased social inclusion. |
| Belfast Region City Deal | 2017–present | City Deals are bespoke packages of funding and decision-making powers agreed between central government and local regions. Employability and skills form one of this deal's four Investment Pillars. |
| Derry/Londonderry City Deal | 2017–present | This City Deal proposes Enabling Infrastructure and Regeneration as a key area for investment, which includes a number of skills-related initiatives. |

Source: Northern Ireland Executive (2014^[47]), *InnovateNI: Innovation Strategy for Northern Ireland 2014-2025*, https://www.economy-ni.gov.uk/sites/default/files/publications/deti/Innovation-Strategy-2014-2025_2_0.pdf; Northern Ireland Executive (2016^[37]), *The Draft Programme for Government Framework: 2016-21*, <https://www.northernireland.gov.uk/sites/default/files/consultations/newnigov/draft-pfg-framework-2016-21.pdf>; Department for the Economy (2017^[39]), *Economy 2030: A consultation on an Industrial Strategy for Northern Ireland*, <https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/industrial-strategy-ni-consultation-document.pdf>; Belfast City Region and UK Government (2019^[40]), *Belfast Region City Deal*, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789253/HoT-City-Deals-Final-with-signatures_1.pdf; Derry City and Strabane District Council (2018^[41]), *Delivering Inclusive Growth City Deal for the Derry Londonderry City Region: Vision and Outline Bid Proposal*, [https://www.derrystrabane.com/getmedia/14715373-d8cd-44de-957a-e806234a3dac/6525_DCSDC_GrowthDeal_A4_Sept_Amended_PRINT-\(1\).pdf](https://www.derrystrabane.com/getmedia/14715373-d8cd-44de-957a-e806234a3dac/6525_DCSDC_GrowthDeal_A4_Sept_Amended_PRINT-(1).pdf); Ulster University Economic Policy Centre (2019^[19]), *Northern Ireland Skills Barometer: Summary Report*, <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Skills-Barometer-2019-Summary-Report.pdf>.

2

Reducing skills imbalances in Northern Ireland

The impact of persistent skills imbalances can prove detrimental for individuals, for businesses, and ultimately for the economy as a whole, resulting in lower levels of investment and lower productivity. Longer-term strategic solutions to skills imbalances range from a more targeted and prioritised approach in the activation of skills to strengthening and encouraging the responsiveness of education and training systems. This chapter explains the importance of reducing skills imbalances for Northern Ireland (United Kingdom) and examines current practices and performance. It then explores four opportunities to reduce skills imbalances: through providing career guidance and labour market information; strengthening the responsiveness and flexibility of the tertiary education and vocational education and training systems; addressing economic inactivity; and improving labour mobility to meet skills demand.

The importance of reducing skills imbalances

Skills imbalances, in the form of skills shortages, skills surpluses and skills mismatches (see Box 2.1) can be characterised as misalignments between the demand and supply of skills within an economy. Accumulated skills imbalances result in lower economic output than the potential provided for by an economy's total skills stock. For society, reducing persistent skills shortages can contribute to increased overall prosperity, through higher levels of growth and additional tax revenues (OECD, 2016^[1]). Businesses that suffer from skills shortages may be constrained in their productivity, innovation and competitiveness, and may also be impacted by increases in hiring costs and the rate of staff turnover. At the individual level, skills mismatches can cause people to experience a higher risk of unemployment relative to well-matched workers, lower wages, lower levels of job satisfaction, the attrition of their skills over time, as well as negative impacts on well-being and career progression (OECD, 2016^[1]). Minimising skills imbalances is therefore critical for the economic and social success of wider society, businesses and individuals (OECD, 2019^[2]).

Box 2.1. Definitions: Types of skills imbalances

A skills shortage refers to a condition of disequilibrium in which the demand for a specific type of skill exceeds its supply in the labour market, at the prevailing market wage rate.

A skills surplus, in contrast, comes about when the supply of a specific type of skill exceeds its demand in the labour market.

Skills mismatches occur when a worker's skills either exceed, or fall short of, those required for the job under current market conditions (OECD, 2017^[3]). Skills mismatches can be measured in a number of different ways:

- **Qualifications mismatch** arises when a worker's educational attainment is either higher or lower than that required by his/her job. If his/her qualification level is higher than that required by the job, the worker is classified as over-qualified; if the opposite is true, then he/she is classified as under-qualified.
- **Skills mismatch** arises when a worker has higher or lower skills proficiency than that required by his/her job. If the worker's skills proficiency is higher than that required by his/her job, then the worker is classified as over-skilled; if the opposite is true, then he/she is classified as under-skilled.
- **Field-of-study mismatch** arises when a worker is employed in a field that is different from the one in which he/she has specialised.

Source: OECD (2016^[4]), *Skills Matter: Further Results from the Survey of Adult Skills*, <https://doi.org/10.1787/9789264258051-en>.

The impact of megatrends such as demographic change and automation (as mentioned in Chapter 1) will undeniably impact the Northern Ireland labour market of the future and, by extension, the skills required to be successful in that future labour market. The past number of years have witnessed an important shift in both the nature and number of jobs that make up the economy, thereby changing the skills demand of the economy (OECD, 2016^[1]). Furthermore, as is the case with many other OECD countries, Northern Ireland will continue to be impacted by an ageing population (NISRA, 2019^[5]). This decline in the working age population suggests that Northern Ireland will need to give due cognisance to ensuring more effective alignment of its workforce's skills with the jobs that are available. Moreover, Northern Ireland will experience significant skills impacts as a result of the COVID-19 (coronavirus) pandemic. In the near term, there will be increased pressures within health-related occupations and other specific fields. However, skills pressures at the aggregate level will likely dissipate in the short and medium term.

Northern Ireland, therefore, needs to reflect on where it anticipates the pressures will be during its economic recovery, and subsequently prepare for that.

There are a number of different policy areas that have an impact on skills demand and supply, and therefore on skills imbalances. Chapter 3 examines the encouragement of lifelong learning as a policy response to aligning skills supply with changing demands. Educational provision within the compulsory system can also contribute to reducing skills imbalances, as is discussed in detail in Chapter 3. Similarly, while improving skills use and workplace practices can both have an impact on reducing skills mismatches, these matters are dealt with in Chapter 4. Finally, the responsiveness of the education and training sectors can be dependent on the overall funding available to them, which is covered in Chapter 5.

This chapter begins with an overview of current practices to reduce skills imbalances and performance indicators for Northern Ireland. It then explores four other main opportunities for reducing skills imbalances that have been chosen from the broad range of related policy areas: 1) improving individual career choice through the provision of enhanced career guidance; 2) strengthening the responsiveness and flexibility of the tertiary education and vocational education and training (VET) systems; 3) reducing economic inactivity to minimise skills shortages; and 4) improving labour mobility to meet skills demand.

Northern Ireland's practices and performance in reducing skills imbalances

Current practices to reduce skills imbalances

In Northern Ireland, there are a variety of governmental and non-governmental actors involved in addressing skills imbalances through the provision of career guidance and labour market information; the education and training systems; policies to support labour mobility; and policies to reduce economic inactivity. Addressing skills imbalances requires a multi-agency approach across levels of government and external stakeholders. Overall governance of the Northern Ireland skills system is discussed in more detail in Chapter 5, but it is worth noting here the key players involved in addressing skills imbalances through their respective policy areas.

Insofar as career guidance is concerned, the Department for the Economy's (DfE) Careers Service is responsible for providing careers information, advice and guidance on an all-age basis across Northern Ireland. The Department of Education (DE), which sets the common curriculum for all grant-aided schools, provides guidance on the delivery of careers education in schools.

DfE is also responsible for the policy, strategic development and financing of the further education (FE) sector, including for curriculum and qualifications below degree level (National Qualifications Framework [NQF] Level 6). Further education colleges (FECs) are non-departmental public bodies, and management responsibility for them lies with each individual college's governing body. Insofar as higher education (HE) is concerned, DfE's role is to formulate policy and administer funding to support education, research and related activities, through the autonomous HE institutions (HEIs).

The Department of Health (DoH) is responsible for funding, and applying student number limits, for study places on medicine, dentistry and nursing courses at Northern Ireland's universities. The Department of Agriculture, Environment and Rural Affairs (DAERA) through the College of Agriculture, Food and Rural Enterprise (CAFRE), provides a range of full-time and part-time FE and HE courses in the areas of agriculture, food, equine studies, agri-food, and horticulture. There is a range of employer organisations involved in informing FE and HE provision to ensure alignment between education and training curricula and labour market demand.

For the policy areas relating to labour mobility and economic inactivity, a number of key players should be noted. While the United Kingdom (UK) Government Home Office has overall responsibility for migration policy in the UK, the Northern Ireland Executive has devolved responsibility for the implementation of

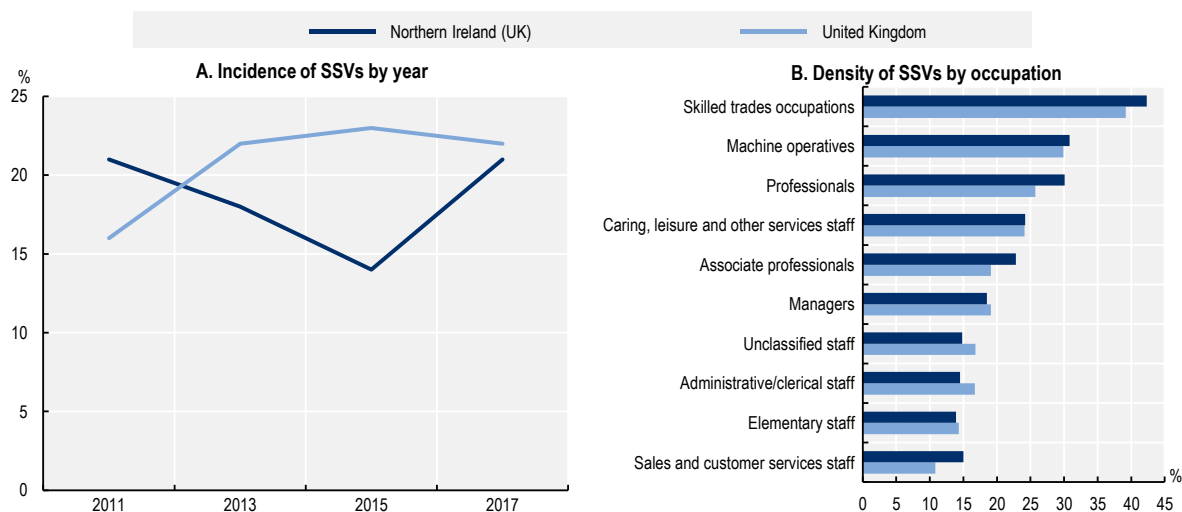
certain migration-related policies, including the provision of education and training for migrants who arrive in-country. The Department for Communities (DfC) provides support for job seekers through the Employment Service, which is based in Jobs and Benefits Offices/Job Centres and Resource Centres. Support is also provided for people with disabilities through the Health and Work Support Branch and Work Psychology Services.

Performance in reducing skills imbalances

Labour market trends show that employment changes in Northern Ireland have fluctuated considerably over the last 15 years. Following the 2008 financial crisis, Northern Ireland's recovery has been tentative, with employment growth being halted in 2012 and 2013, before then beginning to rise. At 2.4% at the end of 2019, the unemployment rate in Northern Ireland is relatively low compared to other OECD countries and economies and sits below the UK average (3.9%) (NISRA, 2020^[6]). The comparatively low rate of unemployment has, however, resulted in a tightening labour market, with evidence emerging of labour shortages in certain occupational areas.

While the incidence of labour shortages is marginally lower in Northern Ireland than in the other UK countries, the tightening of the labour market in recent years has witnessed a sharp increase in skills shortage vacancies (SSVs) (see Figure 2.1, Panel A). While these vacancies are shared across the labour market, the highest concentrations are in high-skilled and middle-skilled occupations, with the highest occupational density of SSVs being in skilled trades and machine operatives (see Figure 2.1, Panel B).

Figure 2.1. Incidence of skills shortage vacancies (SSVs) and density of SSVs by occupation, as % of all vacancies, 2017



Note: Skills shortage vacancies are defined as hard-to-fill vacancies that resulted from the impossibility of finding appropriately skilled individuals (lack of skills, qualifications or experience among applicants).

Source: UK Government (2017^[7]), *Employer Skills Survey 2017: UK Findings*, <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>.

StatLink  <https://doi.org/10.1787/888934127453>

Forecasts that examine future labour market demand in Northern Ireland suggest that the current shortages witnessed in high-skilled and medium-skilled occupations are likely to persist (if unaddressed) for the coming years. In line with other OECD countries, overall job growth is forecast to continue in these occupational levels. The Skills Barometer estimates that in a high-growth scenario, employment in Northern Ireland will grow from 885 000 in 2018 to 971 000 in 2028. Although this is an ambitious rate of growth, it is not inconsistent with growth rates achieved over the 2012-18 period (UUEPC, 2019^[8]).

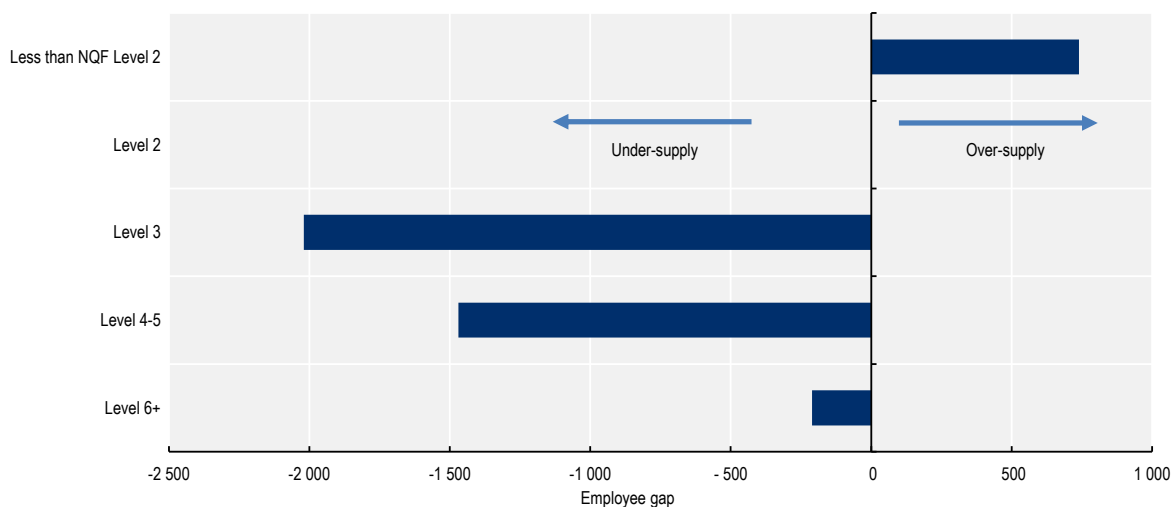
It is also in line with assumptions of higher growth in higher value-added areas of the economy, as identified in the DfE's draft Industrial Strategy (*Economy 2030*) (DfE, 2017^[9]).

As mentioned in Chapter 1, however, the fall-out from COVID-19 is likely to have significant short- and possibly medium-term impacts on the rate of employment growth in Northern Ireland. While certain sectors, such as healthcare, will see immediate near-term pressures, many other sectors will likely experience a lessening of current skills pressures in the short and medium terms, as a result of the increased rate of unemployment. Nevertheless, there remains value in continuing to use long-term growth forecasts, as a resilient multi-year skills strategy should be structured to adapt to economic shocks, however unprecedented they might be.

The Skills Barometer predicts that the sector that will see the largest growth will be Information and Communications, with a 4.2% per annum increase by 2028, followed by Professional, Scientific and Technical Services (2.4% per annum) and Finance and Insurance (1.9% per annum). The sectors contributing the largest absolute increase in jobs over the period 2018-28 are anticipated to be Professional, Scientific and Technical Services (11 780); Information and Communication (11 360); and Health and Social Work (11 320). Almost half of new jobs created in these and other sectors of the Northern Ireland economy will be for managers, professionals and associate professionals (UUEPC, 2019^[8]).

The skill level required to take advantage of these new opportunities will be high. Only 10% of new job openings over the next decade will be accessible by people with qualifications at NQF Level 2 or below, and 33% will require at least an undergraduate degree (UUEPC, 2019^[8]). As a result of this trend, it is anticipated that there will be an over-supply of low-skilled workers, and an under-supply of workers for medium-skilled occupations and, to a lesser extent, for high-skilled occupations (see Figure 2.2).

Figure 2.2. Average annual supply gap by qualification level in Northern Ireland (UK), 2018-20



Note: Supply gap measured in workers per year, from 2018-20.

Source: UUEPC (2019^[8]), "Northern Ireland Skills Barometer" (Summary Report), <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Skills-Barometer-2019-Summary-Report.pdf>.

StatLink  <https://doi.org/10.1787/888934127491>

In addition to labour shortages, over- and under-skilling, over- and under-qualification, as well as field-of-study mismatch, are affecting Northern Ireland. While a number of skills assessment and anticipation (SAA) tools are publicly available, the above phenomena indicate that there may be ineffective engagement with them by individuals making career choices throughout their life course. Additionally,

these labour and skills shortages and mismatches may be caused by a relative lack of responsiveness from the secondary VET and tertiary education sectors to align their provision with labour market demand and other factors.

Based on employer-reported data, Northern Ireland demonstrates a reasonably high share of under-skilled workers (i.e. with lower skills proficiency than that required by the job), and a low share of over-skilled workers (i.e. with higher skills proficiency than that required by the job) (UK Government, 2017^[7]). UK employers report skills shortages in both the specific technical and practical skills required for specific jobs and in transversal skills (see Table 2.1). They report specialist skills and knowledge (69%) as being in shortest supply, although these are also accompanied by shortages in time management and prioritisation (46%), complex problem solving (40%) and team working (40%) skills.

Table 2.1. UK employer-reported skills shortages, 2017

| Technical and practical skills difficult to obtain from applicants | % | People and personal skills difficult to obtain from applicants | % |
|--|-----|---|-----|
| Specialist skills or knowledge needed to perform the role | 69% | Ability to manage own time and prioritise own tasks | 46% |
| Solving complex problems requiring a situation-specific solution | 40% | Team working | 40% |
| Knowledge of products and services offered by your organisation and organisations like yours | 38% | Customer handling skills | 38% |
| More complex numerical or statistical skills and understanding | 36% | Managing or motivating other staff | 33% |
| Knowledge of how your organisation works | 34% | Managing their own feelings, or handling the feelings of others | 28% |
| Reading and understanding instructions, guidelines, manuals or reports | 32% | Setting objectives for others and planning human, financial and other resources | 25% |
| Basic numerical skills and understanding | 30% | Persuading or influencing others | 24% |
| Writing instructions, guidelines, manuals or reports | 30% | Sales skills | 22% |
| Manual dexterity | 30% | Instructing, teaching or training people | 22% |
| Advanced or specialist Information Technology (IT) skills | 24% | Making speeches or presentations | 16% |
| Adapting to new equipment or materials | 23% | | |
| Computer literacy / basic IT skills | 20% | | |
| Communicating in a foreign language | 18% | | |

Note: Percentage refers to the share of employers surveyed who reported difficulties in recruiting candidates with these skills.

Source: UK Government (2017^[7]), *Employer Skills Survey 2017*, <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>.

StatLink  <https://doi.org/10.1787/888934127472>

While the Northern Ireland employment rate is marginally above the European Union (EU) average (NISRA, 2019^[10]), workers in Northern Ireland often do not have the right qualifications for their jobs. Consequently, the above shortages across high- and medium-skilled occupations have also been coupled with relatively high incidences of qualification mismatches. The Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC), indicates that approximately 14% of Northern Ireland employees were under-qualified, and 22% of employees were over-qualified for their current profession. These rates are both higher than their respective OECD averages, resulting in an overall qualification mismatch rate of 36.1% (OECD, 2019^[11]).

The UK Office for National Statistics (ONS) has indicated that, in line with other EU countries, the incidence of over-qualification throughout the UK, including in Northern Ireland, seems higher for certain age groups (in particular those aged 25-34). This is a common reflection of the fact that it can often take recent graduates some time to find an appropriate occupational fit in the labour market (OECD, 2017^[3]). However, the ONS goes on to suggest that the relatively high incidence of over-qualification for older age groups indicates that over-qualification is not just a temporary, but also a persistent, phenomenon in the UK labour market (ONS, 2019^[12]). The persistent issue of over-qualification in Northern Ireland may, therefore, be

related to increasing numbers of people undertaking higher education at Level 6, while the more significant levels of skills requirements, as suggested by the Skills Barometer, lie instead at Levels 3-5 (UUEPC, 2019^[8]). The issue of over-qualification may also be related to employers not changing their business models, and adopting innovations to take advantage of these skills (see Chapter 4).

The issue of qualification mismatch does not exist in isolation, however, and is also accompanied by significant levels of field-of-study mismatch. A mismatched worker is not able to use his/her field-specific skills on the job and, as a result, employers will generally not reward those skills. Field-of-study mismatched workers are therefore expected to earn lower salaries when compared to their well-matched peers (Montt, 2015^[13]). There are certain exceptions to this rule, as some occupations may pay a higher salary to workers who have been trained in other fields (for example, a physics graduate who is working in the finance sector). However, the evidence suggests that on average, there are more costs than rewards associated with field-of-study mismatch. It should be noted that the costs of field-of-study mismatch will only be high in terms of individual earnings when it is also accompanied by a qualification mismatch (Montt, 2015^[13]). At 47%, Northern Ireland's rate of field-of-study mismatch is considerably higher than the OECD average of 39.6% (OECD, 2019^[11]).

Field-of-study mismatches between HE graduates and key labour market areas dominate the HE landscape (UUEPC, 2019^[8]). Despite the availability of information on current and future labour market shortages to direct field-of-study choice, there remains a persistent and significant under-supply of tertiary graduates in Engineering and Technology; Mathematical and Computer Science; and Physical Environmental Sciences. The situation has been improving of late, with the number of Northern Ireland "narrow" science, technology, engineering and mathematics (STEM) graduates increasing from 18% of overall HE output in 2008/09 to 23.8% in 2016/17. However, there remains a persistent oversupply of graduates in Education; Social Sciences; and Medical-Related Subjects (UUEPC, 2019^[8]). This imbalance is echoed by Northern Ireland employers, with 73% of them reporting being "not confident" about their ability to access high-skilled employees – a higher rate than any other UK region (CBI/Pearson, 2018^[14]).

Opportunities to reduce skills imbalances

This chapter examines four main opportunities to reduce skills imbalances. These opportunities have been selected following consideration of the relevant literature, discussions with the Northern Ireland Project Team, and feedback from government and stakeholder representatives who were consulted during a series of group discussions and workshops in Northern Ireland (see Chapter 1). Given the Northern Ireland context, the following four skills-related opportunities are considered to be the most appropriate to reduce skills imbalances in Northern Ireland:

1. Improving individual career choice through the provision of enhanced career guidance.
2. Strengthening the responsiveness and flexibility of the tertiary education and vocational education and training systems.
3. Reducing economic inactivity to minimise skills shortages.
4. Improving labour mobility to meet skills demand.

These opportunities have the potential to reduce skills imbalances in the short, medium, and longer term, according to the specific recommendations suggested below.

Opportunity 1: Improving individual career choice through the provision of enhanced career guidance

As seen in Chapter 1, the past decades have witnessed significant shifts in the types of jobs that make up the Northern Ireland economy, with the evidence indicating that these shifts will not only continue but will likely deepen (OECD, 2018^[15]). The job market, and navigation of it, is consequently becoming significantly

more complex. For those people who are about to complete, or have completed, compulsory education, decisions regarding what and where to study and work are taking on increased importance and difficulty. These decisions will take on additional significance in the context of the economic downturn that will follow the COVID-19 pandemic when many education leavers will not be able to find employment for significant periods of time. Bearing that in mind, people need to be better informed than ever about career and study options, in anticipation of the labour market returning to relative normality in the medium term.

Career guidance refers to “services intended to assist people, of any age and at any point throughout their lives, to make educational, training and occupational choices and to manage their careers” (OECD, 2004_[16]). Career guidance can then be broken down into three main components: career education; career information; and career counselling (see Box 2.2).

Box 2.2. Main components of career guidance

Career education, as part of the curriculum, in which attention is paid to helping groups of individuals develop the competencies for managing their career development. This includes exploring the world of work, partly through work experience, work shadowing, work visits and work simulations such as mini-enterprises. It also includes self-awareness and the development of skills for making decisions and managing transitions, both now and in the future.

Career information, provided in various formats (increasingly web-based), is concerned with information on courses, occupations and career pathways, in order to support career and learning choices. This includes labour market information, such as employment rates and salary levels for occupations, as well as current job opportunities and education/training programmes for entry into professions.

Career counselling, conducted on a one-to-one basis or in small groups, in which attention is focused on the distinctive career issues faced by individuals. Counselling assists with self-assessment and self-analysis, in order to help individuals best match their aptitudes, skills and interests with various professions, and thereby inform their choices about careers pathways and career development.

Source: Watts, A.G. (2009_[17]), “The Relationship of Career Guidance to VET” (Paper), www.oecd.org/education/innovation-education/44246616.pdf.

Effective career guidance can help people make beneficial decisions about their education and career pathways, both for their short-term and longer-term future. High-quality career guidance can provide genuine value at key moments throughout the life course, especially when someone leaving education is deciding between future learning or career pathways. Career guidance services, provided they are accessible and informed by relevant and up-to-date labour market information, can help steer individuals towards career or training pathways for which they are well suited, and which hold good employment prospects (Musset and Kureková, 2018_[18]).

However, it is often the case that students, workers, employers, and education and training providers may not be fully informed about the skills required in the labour market in the short, medium and long term. The value of effective career guidance, therefore, lies in addressing the imperfect or incomplete information upon which individuals might initially depend to inform their own preferences, capabilities and opportunities for beneficial career moves. Additionally, there is a strong element of equity that underpins career guidance. Effective career guidance can strengthen social mobility by informing young people of appropriate career paths, which their family and social networks might not otherwise have suggested, and by encouraging them to choose pathways that are more likely to lead to gainful employment (Musset and Kureková, 2018_[18]).

Evidence also suggests that good-quality career guidance can not only have a positive impact on decision-making processes, but can also contribute to reducing course switching and dropout rates, and contribute to more successful transitions between statutory and further/higher education (Bowes, Smith

and Morgan, 2005^[19]). Conversely, the absence of complete information or ineffective engagement with such information can lead to education/training choices that result in mismatches and/or shortages (Musset and Kureková, 2018^[18]).

Given the uncertainty around forecasts of labour market demands, exacerbated by the impact of COVID-19, and the likelihood that individuals will make multiple career changes, the goal of career guidance should not be limited to effectively matching individual choices with labour market demands. Good quality career guidance should also guide young people to equip themselves with essential career-related skills, such as career exploration, self-awareness and self-confidence. This wider, behaviour-centred approach to the provision of career guidance can support individuals in not only managing their career transitions but also in maintaining openness to change and adapting to change throughout the life course (Patton, 2008^[20]).

In Northern Ireland, a number of departments and organisations are responsible for career guidance. The Department of Education (DE) sets a statutory common curriculum for all grant-aided schools to pupils of school age. While the amount of time per subject is not prescribed, schools are required to provide sufficient time to deliver a balanced curriculum that meets all statutory requirements. A key component of the common curriculum is the Entitlement Framework, whose aim is to provide pupils with access to a wide range of subject pathways. This broader choice of subject pathways requires a corresponding increase in access to high-quality careers provision if young people are to make informed choices. Consequently, DE guidance to support schools in planning for the Entitlement Framework includes a substantial section on careers education. The guidance defines the overall objective of a careers education programme as enabling learners to manage their own career development successfully and sets out three aims: self-awareness and development; career exploration; and career management.

The Department for the Economy's (DfE) Careers Service provides impartial career information for all ages, as well as an advice and guidance service throughout Northern Ireland (nidirect, 2020^[21]). There are over 100 careers advisers, all of whom are professionally qualified to postgraduate level or equivalent, and are members of the Career Development Institute – the main UK-wide professional body for careers practitioners. DfE careers advisers support all 16-17 year-olds who have yet to enter or sustain a place in education, training or employment after leaving school. They also take an active role in the transition planning process for young people with disabilities moving from school to adult provision or employment. They can also help parents/guardians with their child's future career plans. Every post-primary school has a Partnership Agreement in place with DfE's Careers Service to support careers education provided in schools by careers teachers.

In addition, each of the FECs and HEIs offers an independent career and employability service. Many of the advisers employed in FECs and HEIs have similar professional backgrounds and qualifications to DfE's Careers Service advisers, with the job often being combined with a general student support role, including developing links with industry and helping to secure work placements for the students (Ambrose, 2014^[22]). FECs also have in place Partnership Agreements with DfE's Careers Service, which operate on a referral basis. The CAFRE also organises career advice events across its three campuses.

There have been a number of recent strategies on, and reviews of, career guidance provision in Northern Ireland. In 2009, the former Department for Employment and Learning (DEL) and DE jointly developed the *Preparing for Success (2009-2014) Careers Education, Information, Advice and Guidance Strategy* (DEL; DE, 2009^[23]). It sought to improve partnership working between the departments, to meet the career guidance needs of individuals of all ages. In 2013, the then Northern Ireland Assembly Committee for Employment and Learning published a detailed inquiry into the provision of career guidance in Northern Ireland (NI Assembly Committee for Employment and Learning, 2013^[24]). The inquiry made 25 recommendations for DEL and DE, including the need to improve quality and consistency within the careers advice system, as well as its responsiveness to the needs of the labour market. In response to the report, the Ministers for Employment and Learning and Education jointly established an independent

panel to advise on the implementation of recommendations and the future direction of the careers system in Northern Ireland. The panel's report (Ambrose, 2014^[22]) made a series of recommendations under seven main themes: a statutory duty - developing a consistent approach; the role of the curriculum; overcoming barriers; promoting STEM subjects; providing information; engaging with business; and improving advice.

As a response to the two previous assessment reports, DEL and DE launched *Preparing for Success (2015-2020): A joint strategy for career education and guidance in Northern Ireland*. The strategy includes five policy commitments in relation to the improvement and dissemination of information on the labour market and career guidance services in order to minimise skills imbalances (DEL; DE, 2016^[25]). The strategy will be reviewed in 2020 to assess the extent to which it has delivered on previous recommendations. However, views expressed by participants in OECD Skills Strategy consultations indicate that, while some progress has been made in addressing many of the earlier recommendations, there remain a number of persistent issues within career guidance provision.

Improving the quality and consistency of career guidance

Participants throughout the OECD Skills Strategy project consistently reported issues of fragmentation in how careers guidance and education was delivered across providers, as well as variations in the quality of this provision (see Annex B, for instance, for outcomes of pre-workshop surveys on reducing skills imbalances). Northern Ireland should, therefore, examine current provision and evaluate how careers guidance delivery could improve and be made demonstrably more consistent.

DfE's Career Service could strengthen the measurement of outcomes of their services to support the quality and consistency of career guidance. DfE's Career Service has in place a number of metrics to measure its various interventions. For 2018-19, these activities included: 53 052 clients who accessed careers services; 97% of Year 12 pupils received face-to-face careers guidance (against a target of 100%); 12 843 careers guidance interviews delivered to adults; 498 609 visits to the Careers Service website; 6 289 telephone queries answered; 724 email queries answered; and 2 381 web chats held (DfE, 2020^[26]). While there is value in quantifying interventions in demand-led provision, the above metrics point only to activity undertaken and do not measure the impact or outcomes of that activity. DfE's Careers Service has made significant progress in recent years, by putting in place Partnership Agreements with 100% of schools and FECs. This has not always been the case, and may, therefore, be one explanation for the reported variance in quality of careers guidance across different education providers. The provision of these agreements, and the resulting guaranteed access to the Careers Service's expertise, points to the structural potential for greater consistency of career guidance provision. Moreover, the adoption of a partnership approach between schools and an external career guidance service is recognised internationally as the preferred model for delivering careers services (Watts, 2009^[27]). However, there are currently no measurement arrangements in place to allow for assessment of the outcomes of this model.

There are indications that the quality and consistency of careers education in schools could be improved. While DE has specified the minimum careers education content that must be delivered to pupils at each stage of their education pathway, schools have considerable flexibility in how to interpret this, as well as the resources and levels of expertise allocated to its delivery. There was a clear indication from individuals consulted throughout this project that this flexibility has resulted in inconsistent delivery of careers education in Northern Ireland schools; a point also highlighted in previous reviews (Ambrose, 2014^[22]; NI Assembly Committee for Employment and Learning, 2013^[24]). This point is reinforced by an examination of the Education and Training Inspectorate's (ETI) evaluations of careers education provision in schools. When ETI first evaluated careers education in 2010, only 37% of provision (for 2008-10) was assessed as "good or better". This rose significantly to 68% for 2010-12, and again to 86% for 2012-14. However, the most recent Chief Inspector's Report (ETI, 2018^[28]) describes only the majority (50-74%) as meeting pupils' needs and aspirations.

What the above points to is systemic fragmentation and inconsistency in the delivery of careers advice and education across education and training providers, as well as variation in how the impact of such provision is measured. This fragmentation, in turn, suggests the need for common quality standards to be developed, as a way to ensure greater consistency in how all education and training providers in Northern Ireland deliver career guidance. Such common standards (see Box 2.3) should feature outcomes-based measurements to gauge the impact of delivery.

As will be recommended below, DfE, DE and DAERA, in collaboration with schools, FE providers, HEIs, as well as client representatives, should develop a set of common practitioner and organisational quality standards, to define and evaluate the desired outcomes from a successful system of career guidance provision. Such outcomes could be the development of specific skills/personal characteristics (as in Canada, see Box 2.3), or of educational/employment outcomes. In addition to clearer and common definitions of expected outcomes, the standards could include precision on the range of specific services to be offered by each education/career service provider, such as career guidance classes (e.g. in Norway); one-to-one sessions; activities with parents (e.g. in Austria); and activities to promote STEM-related subjects (e.g. in the Netherlands). The range of these activities should be adapted according to the level of education being delivered. For example, one-to-one sessions could be more suitable in FE and HE provision, while promoting STEM-related subjects could be more important in secondary schools.

Moreover, in order to increase external awareness of performance against common quality standards, as well as to promote the availability of these services, providers of careers guidance should regularly publish careers performance data, against established metrics for outcomes. Such data should be user-friendly, and increase the accountability of the departments and providers to their respective stakeholders.

Box 2.3. Relevant international examples: Quality and consistency in careers advice provision

Establishing clear quality standards: An example from Scotland (United Kingdom)

Scotland has a well-developed and comprehensive system of career guidance. The government funds a national public body, Skills Development Scotland (SDS), to deliver work-based learning, engage employers in learning, and deliver career information, advice and guidance (CIAG). The SDS sets clear standards in terms of the type of services to be received by different users and is developing a series of learning resources for career guidance professionals, which are directly linked to the Career Education Standard. SDS takes a person-centred approach to the delivery of CIAG and tailors the provision of support to the unique needs of each student or adult user. To increase equality of opportunity for all, CIAG services target resources at those users who require the most support. A “needs matrix” is used to indicate the level of support required for each user and the corresponding service offer they might receive; this need is then validated to confirm the service offer entitlement.

Quality standards that focus on outcomes: An example from Canada

Career guidance quality standards can also focus on outcomes by, for example, specifying the types of skills and competencies that career guidance should try to achieve. The Canadian Blueprint for Life/Work Designs is an example of such an approach. The Blueprint is a common framework of career development competencies that students and adults anywhere in Canada or the United States need to master, in order to be successful and self-reliant in planning and managing their careers in a rapidly changing, knowledge-age labour market. A practical resource designed for career guidance professionals, the Blueprint specifies ten broad competencies in three overarching areas: personal management; learning and work exploration; and life/work building.

Source: SDS (2020^[29]), “Skills Development Scotland” (Article), www.skillsdevelopmentscotland.co.uk/; Jarvis and Richardt (2000^[30]), “Blueprint for Life/Work Designs” (Report), <https://eric.ed.gov/?id=ED446296>.

Recommendation for improving the quality and consistency of career guidance

- 1.1. Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards.** DfE, DE and DAERA, in collaboration with schools, FE providers, HEIs, as well as client representatives, should develop a set of common practitioner and organisational quality standards, to define and evaluate the desired outcomes from a successful system of career guidance provision. Such outcomes could be the development of specific skills/personal characteristics (as in Canada) or of educational/employment outcomes. In addition to clearer and common definitions of expected outcomes, the standards could include precision on the range of specific services to be offered by each education/career service provider. In order to increase external awareness of performance against common quality standards, as well as to promote the availability of these services, providers of careers guidance should regularly publish careers performance data, against established metrics for outcomes.

Improving the dissemination of career guidance information

As the performance section of this chapter indicates, emerging skills imbalances and unsatisfactory employment prospects may in part result from an absence of reliable and accessible labour market information, or at least from ineffective engagement with such information. This issue is not exclusive to Northern Ireland; it has historically been a challenge in most OECD countries. Young people, their parents, teachers, and other intermediaries often have insufficient information or poor understanding of career options, including those related to vocational education and training, and their potential to support young people into ultimate employment (OECD, 2004_[16]). Choices made by younger people are often driven by external influencers (peers, parents and teachers) and not solely based on objective information (OECD, 2004_[16]); a point that is now most likely reinforced through young people's increased engagement with social media.

Northern Ireland's misalignments at qualification, skill and field-of-study levels indicate a need for improved information; either effective (real-time) labour market information to inform career pathway choice is unavailable, or individuals are unaware of such information, or they are engaging with it ineffectively. The misalignment also indicates a need to assess the extent to which SAA tools, such as the Northern Ireland Skills Barometer, are being effectively incorporated into the provision of career guidance. Participants throughout the OECD Skills Strategy project repeatedly emphasised that young people were often encouraged to undertake aspirational higher education pathways, even though a vocational/apprenticeship pathway may be more appropriate for their personal aptitudes, as well as for local employment. This would appear to be substantiated by the Skills Barometer, which demonstrates significant under-supply at the mid-skill levels, with only a marginal under-supply at the higher skill levels.

To minimise skills imbalances, students and the individuals who influence their choices need to become more responsive to current and future labour market dynamics. Across OECD countries, this typically requires improvement in the dissemination of information from SAA tools, and the provision of effective career guidance services (OECD, 2017_[31]). SAA exercises are the main tools for generating and disseminating information on labour market and skills needs. Countries rely on different types of SAA exercises, such as labour market information systems (including vacancies and other labour market data); quantitative forecasting models; and more qualitative methods such as employer surveys and panels (OECD, 2016_[1]). These are examined in greater detail in Chapter 5.

Across OECD countries, online portals and targeted information campaigns are the two main channels for disseminating information on labour market and skills (OECD, 2017_[31]). Online portals can be used to provide information on labour market demand and employment outcomes for different courses, as well as study and career opportunities. Information campaigns, on the other hand, raise awareness about

the importance of using information on labour market and skills needs when making career and education choices, or to steer graduates towards specific fields of study that are in demand (OECD, 2017^[31]).

Currently, Northern Ireland does not have a single online portal that combines information on study/career opportunities and educational/training outcomes, with local labour market needs. While there is considerable information available on line, the provision of this information across multiple sources creates fragmentation that is difficult to navigate efficiently or coherently. This point was strongly made by participants in the OECD Skills Strategy projects as well as in a recent report by Ulster University's Economic Policy Centre (Johnston et al., 2019^[32]). In other OECD countries (see Box 2.4), it is common practice to have information on both study opportunities and labour market information/trends on the same careers website. This combination allows students and their choice influencers to more easily consider the advantages and disadvantages of different study options. On the *nidirect* portal, a range of different information is provided on HE, FE and training provision, although these elements sit separately from careers support information. Meanwhile, local job vacancies are advertised separately on the Department for Communities' (DfC) JobCentreOnline website. In the "Careers" section of *nidirect*, ostensibly the main online careers site for Northern Ireland, there is a "Skills in Demand" section that provides information from the Skills Barometer on occupational areas where there is current and anticipated future demand. This section also contains good information regarding online career support, career events and work experiences. However, the information simply provides a list of occupational areas; users have to navigate to a different part of the website to find further information on the qualification requirements for those occupations, and for the educational/training pathways to achieve the required qualifications. There is no indication provided of whether there are local study opportunities that impart the skills needed in those occupations. The "Careers A-Z List" does provide comprehensive information on various career profiles, including required qualifications, expected salary outcomes and video testimonials.

The DiscoverUni website provides official statistics about the UK HE courses taken from national surveys and student data collected from universities and colleges. The Universities and Colleges Admissions Service (UCAS) website also provides support, advice and guidance to prospective students, and their parents/advisers. For FE provision in Northern Ireland, there is no equivalent to the UCAS or DiscoverUni sites.

DfE's Careers Service recently launched a new tool for adults (Kudos) on the *nidirect* portal, which enables clients to access the MyFuture assessment tool, which links interests and career ideas. These tools are examples of good practice and have the potential to positively influence individuals' career choices. However, the challenge with such types of online services is tailoring the information to the specific and diverse needs of target groups. There will be value in reviewing these resources in due course, to assess both uptake and clients' views on their usefulness. DfE's Careers Service should, therefore, undertake a review of these tools to assess their effectiveness in meeting their clients' requirements. Any such review would need to be both qualitative and quantitative, and take into account the interactivity of the tools, the usefulness of the information provided and the format of the provision. This latter point is especially important in light of the increasing digital literacy of clients, and their demand for engagement with information in more immediate and accessible formats.

Northern Ireland could also design re-focussed careers information webpages that combine the currently fragmented SAA information into one place; *nidirect* appears to be well-placed to host this information. Such a webpage would mirror the provision of careers advice and guidance in other UK jurisdictions. It should simultaneously contain information on FE/HE graduate tracking and longitudinal outcomes; local study and training opportunities; job vacancies; the content of university and vocational education and training courses; and potentially more clearly visualised information on specific career pathways. While some of this information is currently on *nidirect*, Northern Ireland could benefit from having more consolidated and expanded careers webpages to facilitate ease of navigation and concentration of content. The information on the portal would need to be updated at regular intervals.

Once the careers portal has been established, DfE could also consider undertaking a publicity campaign that advertises the importance of engaging with labour market information when making educational/training choices, throughout one's life course. The campaign could advertise the newly consolidated careers webpages through a variety of channels (e.g. social and traditional media). Consideration should also be given as to whether such a campaign should be one-off, or whether a sustained information campaign is required to drive demand to the site.

Box 2.4. Relevant national and international examples: Availability and use of skills assessment and anticipation tools

My World of Work: An example from Scotland

Scotland has a well-developed and comprehensive system of career guidance, which is central to the Scottish Government achieving its ambitions in the key areas of skills, education and employment. The importance of high-quality career guidance is reflected across numerous policies and strategies, with Skills Development Scotland (SDS) funded as a national public body, to deliver work-based learning, engage employers in learning and deliver career guidance. [My World of Work](#) is SDS' award-winning career information and advice website. By working in partnership with industry and education, SDS has developed a portal that provides tailored information, advice, and resources for: individuals seeking career guidance; parents and careers; teachers; and college and university staff. The Skills Planning model used by SDS allows career practitioners to be equipped with the most recent available labour market intelligence, provided in an easily-accessible format. This includes information on industry demand, at both a regional and sectoral basis, with a focus on the needs of priority and growth areas such as the STEM sectors. The portal also has up-to-date information on the full range of routes and pathways that can be taken into those careers, including options for work-based learning. The site also has a job search function to find local vacancies.

Online portals: Example from Denmark

In Denmark, students can use an online tool, [Uddannelseszoom](#) (education zoom), to make informed decisions about the course they choose to study at the tertiary education level. Using this tool, students can compare up to three different courses at any one time from institutions across Denmark. *Uddannelseszoom* links labour market outcomes to specific qualifications, allowing students to more actively consider career prospects when choosing where and what to study. The information provided to students includes unemployment levels, average pay, whether the qualification equipped previous graduates with the right skills for their career, and how they got their first job after leaving education. The information is based on SAA tools to monitor graduate outcomes. The Ministry of Education and Research oversees the project, and the tool is continuously updated as new statistics become available. The Ministry of Higher Education and Science launched a media campaign just ahead of the deadline for higher education applications. It sought to encourage students to take labour market outcomes from *Uddannelseszoom* into consideration when making their choices.

Source: SDS (2020^[33]), "My World of Work" (Article), www.myworldofwork.co.uk/; OECD (2017^[31]), *In-Depth Analysis of the Labour Market Relevance and Outcomes of Higher Education Systems: Analytical Framework and Country Practices Report*, www.oecd.org/education/skills-beyond-school/LMRO%20Report.pdf; Danish Ministry of Education and Research (2020^[34]), "Uddannelseszoom" (Article), www.ug.dk/vaerktoej/uddannelseszoom/.

Recommendations for improving the dissemination of career guidance information

- 1.2. Introduce a consolidated portal to provide all users of career guidance with access to information on labour market and skills needs, as well as study/work opportunities.**
In the short term, DfE should take the lead in creating a single careers portal that contains information on study opportunities and labour market demand for related occupations/skills at

the regional level. The nirect portal would be well-placed to host this information. This could be achieved by combining information from the Skills Barometer with the range of locally relevant information from Unistats and UCAS. The portal could also potentially contain information on local VET qualifications; university degrees; apprenticeship opportunities; job vacancies; and improved visualisation of the range of different career pathways. Finally, the portal could also be used to provide information on adult learning opportunities and benefits, which are discussed in further detail in Chapter 3.

- 1.3. Review the effectiveness of recently-introduced career guidance tools with a view to their further improvement.** DfE's Careers Service should undertake a review of the new Kudos and MyFuture tools to assess their effectiveness in meeting their clients' requirements. Any such review would need to be both qualitative and quantitative, and take into account the interactivity of the tools, the usefulness of the information provided and the format of the provision.
- 1.4. Consider launching a publicity campaign targeted at students and their families that reinforces the importance of using labour market information.** Once the consolidated careers portal has been established, DfE could also consider undertaking a publicity campaign that advertises the importance of engaging with labour market information when making educational/training choices, throughout one's life course. The campaign could advertise the newly introduced careers portal through a variety of channels (e.g. social and traditional media).

Including employers in the provision of career guidance

Effective career guidance includes extensive engagement from people in work (employers, employees, trade unions, professional bodies). Exposure to the world of work enriches career guidance, by presenting young people with authentic insights into jobs, and offering them a real-world bridge to decisions about education and training (Musset and Kureková, 2018_[18]). Many young people have internalised ideas of what they should choose as their education and employment pathways. These ideas are often formulated by the influences of their particular socio-economic status, gender and ethnicity, rather than by the realities of the labour market. Career guidance, and particularly effective role models from the world of work, can actively tackle erroneous assumptions about what are appropriate choices for girls and boys, and young people from different socio-economic backgrounds. If young people can discover what a certain profession is really about, or discover the different ways in which one can work in a particular field, then they might find it easier to imagine themselves in that role and thereby break otherwise reinforcing stereotypes (Musset and Kureková, 2018_[18]).

To ensure that the foundational skills acquired through the education and training system correspond to labour market needs, it is critical to develop strong links between the worlds of both education and work. Career guidance and employer partnership activities should, therefore, play a major role in encouraging a collaborative understanding of the world of work from the earliest years, backed by visits to workplaces, internships, workplace experiences and careers fairs (OECD, 2010_[35]). Research suggests that young people particularly value information on jobs and careers if it is obtained in a real workplace and through contacts with working people (OECD, 2010_[35]).

Across OECD countries, fewer students participate in career guidance activities in which employers are engaged. Results from the Programme for International Student Assessment (PISA) 2012 survey show that only 27% of students reported that they had participated in an internship programme, and about 37% had shadowed a worker. More commonly, students engaged in career guidance activities that did not engage employers; as many as 60% of students had filled in a questionnaire, and 70% searched the Internet for information (Musset and Kureková, 2018_[18]).

The above results indicate that there may be barriers deterring employers and education/training providers from mutual co-operation. Such barriers could include: employers not having sufficient motivation to engage in the provision of career guidance, as the benefit to them is not always clear; legal constraints to

greater involvement of employers in education; reluctance by teachers/lecturers to accept people into their classrooms; and lack of resources to cover the costs linked to reaching out to people in work (Musset and Kureková, 2018^[18]). Some forms of employer-led career guidance activities, however, may be easier to bring about. For example, in-workplace activities (job shadowing, internships, workplace visits) are regarded as being more demanding, compared to school-based activities such as employee participation in enterprise competitions and careers fairs. Providing employer talks in schools is considered to be the least resource-heavy activity for employers (CIPD, 2014^[36]).

There are examples of effective connections between schools and the world of work (see Box 2.5). While the examples focus mainly on the schools sector, the principles of these programmes could be adapted for FE and HE providers. There are also organisations in Northern Ireland, such as School Employer Connections (School Employer Connections, 2020^[37]), who establish connections between schools and employers, in order to encourage employers to assist in preparing students for the world of work. Within this context of experiential learning, the delivery of entrepreneurship education can be particularly effective in developing the softer workplace skills that are in demand (see Chapter 4 for further discussion). However, Northern Ireland could benefit from a more coherent and consistent approach to linking education and training with the world of work, including the establishment of common outcomes. In developing a set of common practitioner and organisational quality standards for career guidance, Northern Ireland should also include specific outcomes and activities on employer engagement, appropriate to the respective cohort. Activities should include minimum specifications for meaningful work experiences for young people in school, as well as within FE and HE. In order to reduce local skills imbalances, work experience and employer engagement should encourage the exploration of career pathways within growth sectors and sectors with local skills shortages. The provision and prioritisation of employer engagement activities should pay due attention to, and address, the barriers that employers may face in engagement with career guidance, as well as the preferred format for young people/students. The Career Advisory Forum consists of representatives from business, education and other key stakeholders to advise the government on career guidance, bringing education closer to labour market needs, and supporting local stakeholder involvement of service users, education providers and business. This forum should play a key role in developing these specifications.

In developing a new careers portal (as suggested earlier), specific information should be included on the portal for work experience and employer engagement opportunities. Such opportunities could include employers who are prepared to offer work experience/internships for students across all educational levels and sectors; apprenticeship opportunities; employers and individuals who are available to schools and education/training providers for employer talks and careers fairs; and informal mentorship programmes. This should be a significant expansion of the current Connect to Success NI provision on nidirect, which is under-utilised.

Box 2.5. Relevant international examples: Employer engagement in careers advice

Inspiring the Future: An example from the UK

[Inspiring the Future](#) is a website where schools, colleges and volunteers from the world of work can connect. Based on the concept of online matchmaking, it deploys software to provide secure and cost-free interactions between schools and the world of work. Volunteers from various professions pledge one hour a year to volunteer in a state school or college near where they live or work, to talk to young people about their job and career route. In addition, volunteers can select a number of areas of expertise that might be of interest to students, such as how maths is used at work, financial literacy, languages, or engineering and technology. Teachers select and invite people who best meet the needs of their students from a range of sectors and professions. A parallel campaign has been launched: The Inspiring Women campaign links working women and girls at schools, with the aim of exposing young women to the variety of roles that women have to broaden their horizons and inform their ambitions.

Route to VET: An example from Denmark

The [Route to VET](#) campaign was initiated and led by the Danish Vocational and Technical School Students Union, whereby Danish vocational education and training students act as role models and visit secondary schools in order to promote VET. During these school visits, the VET role models present their own experiences on why they chose VET, their specific training and their future opportunities, both within the labour market as well as for further study. The campaign reflects a partnership arrangement between VET schools, employers and secondary schools to increase first-hand exchanges between younger students and older peers to provide personal insights into VET pathways.

Source: Education and Employers (2020^[38]), “Inspiring the Future” (Article), www.inspiringthefuture.org/; EEO (2020^[39]), “Route to VET” (Article), <http://eeo.dk/vejentil/om-kampagnen/>.

Recommendations for including employers in the provision of career guidance

- 1.5. **Ensure that common quality standards for the provision of career guidance include specific employer engagement measures.** In developing a set of common practitioner and organisational quality standards for career guidance, Northern Ireland should include specific outcomes and activities on employer engagement, appropriate to the respective cohort. Activities should include minimum specifications for meaningful work experiences for young people in school, as well as within FE and HE. In order to reduce local skills imbalances, work experience and employer engagement should encourage the exploration of career pathways within growth sectors, and sectors with local skills shortages. The Career Advisory Forum should play a key role in this.
- 1.6. **Include opportunities for employer engagement on a new careers portal.** In developing a new careers portal (Recommendation 1.2), specific information should be included on the portal for work experience and employer engagement opportunities. Such opportunities could include employers who are prepared to offer work experience/internships for students across all educational levels and sectors; apprenticeship opportunities; employers and individuals who are available to schools and education/training providers for employer talks and careers fairs; and informal mentorship programmes.

Opportunity 2: Strengthening the responsiveness and flexibility of the tertiary education and vocational education and training systems

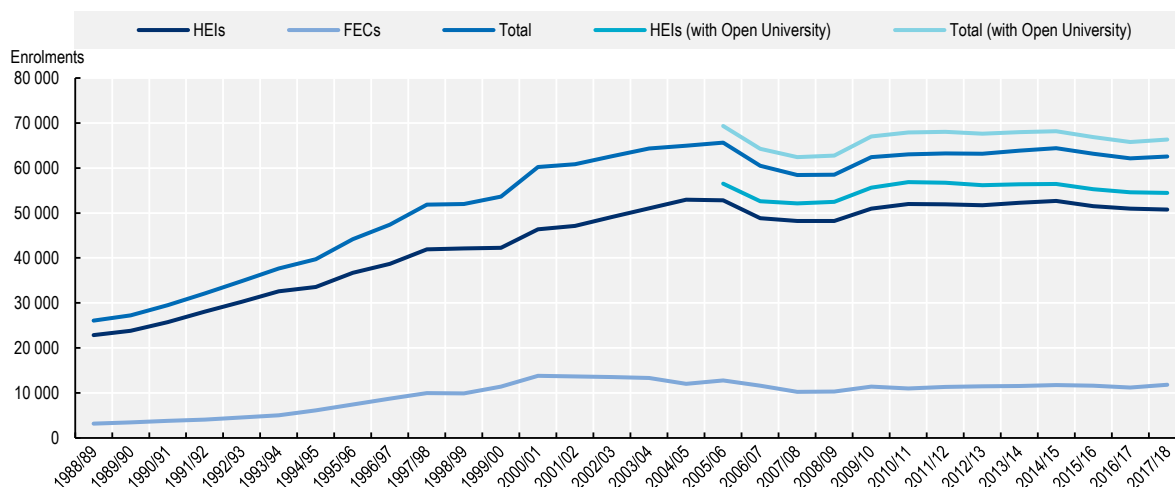
While education and training provision should be about more than simply preparing individuals for labour market participation, this should nonetheless remain a key objective. An education and training system that is responsive to labour market needs provides adequate incentives to institutions to offer courses in high demand and to potential students to take those courses. It also allows students to develop a set of skills that are aligned with both short- and long-term labour market needs (OECD, 2015^[40]).

While informed student choice can indirectly exert pressure on educational institutions to improve the quality of programmes (OECD, 2004^[16]; OECD, 2012^[41]), it is insufficient to ensure a responsive education system. Education institutions must ensure provision aligns with labour market needs, both in terms of the spread of study places across faculties, and the technical and soft skills delivered by programme curricula. When an education system is responsive to future labour market needs, graduates are more resilient to future changes in the dynamic patterns of job creation from emerging megatrends.

Improving the alignment between education provision and labour market demand

Past decades have seen gradual increases in higher education enrolments (NQF Level 4+) in both HEIs and FECs (see Figure 2.3). However, recent years have witnessed a reduction in full-time undergraduate (NQF Level 6) enrolments, largely due to reductions in funding for that cohort. In contrast, following the recent introduction of postgraduate loans, there was a 19.1% increase in full-time first-year postgraduate (NQF Level 7) enrolments between 2016/17 and 2017/18, with a 43.7% increase in enrolments in higher degree (taught) enrolments.

Figure 2.3. Higher education enrolments in HEIs and FECs in Northern Ireland (UK), 1988-2017



Note: Data including Open University enrolments available from 2005/06 onwards.

Source: DfE (2019^[42]), *Enrolments on Higher Education courses at Higher Education Institutions and Further Education Colleges*, <https://www.economy-ni.gov.uk/publications/enrolments-higher-education-courses-ni-higher-education-institutions-and-ni-further-education>.

StatLink  <https://doi.org/10.1787/888934127510>

As a result of the increase in higher education enrolments, at NQF Level 6+, the overall effective net higher-level skills under-supply is marginal (approximately 200 graduates per annum) (UUEPC, 2019^[8]). For higher education in Northern Ireland, the main challenge linked to skills imbalances relates to field-of-study mismatches. As described in the performance section, despite recent improvements, Northern Ireland's tertiary education system is not producing sufficient graduates in STEM subjects, particularly Engineering and Technology; Mathematical and Computer Science; and Physical Environmental Sciences.

Northern Ireland does have shortages at the level of professional and technical qualifications, largely driven by a lack of supply at this level. In 2017/18, 34 300 individuals qualified from funded, regulated courses at FE colleges, the majority from relatively low-level courses (62% of 2017/18 FE qualifiers were in a course equal to NQF Level 2 or below). Over the coming decade, it is forecast that approximately 8 000 qualifiers per annum will gain a qualification below Level 2 at FE colleges; 9 000 per annum will qualify from a NQF Level 3 course; and 3 000 per annum will achieve a qualification at NQF Level 4 or above (UUEPC, 2019^[8]). At the mid-skill level, the Skills Barometer indicates that there will be more significant labour market supply gaps at NQF Level 3 (approximately 2 000 per annum) and Levels 4-5 (approximately 1 500 per annum), across a range of subjects (UUEPC, 2019^[8]).

The above imbalances can in part be attributed to a relative lack of effective responsiveness from the education and training sectors to meet the requirements of the labour market in terms of the number of study places in specific fields of study. The Skills Barometer suggests that the education system

facilitates enrolments in fields of study that have less economic relevance while continuing to under-supply provision in subject areas for which there is greater labour market demand. This is particularly the case for provision at NQF Level 4 and above.

Northern Ireland should introduce policies to ensure better alignment of provision. Across OECD countries, such policies usually take the form of regulation (setting conditions for the accreditation of programmes or requiring institutions to collect and publish information) or funding arrangements (making funding conditional on performance metrics – see Box 2.6) (OECD, 2017^[31]). Governments also limit the number of students in specific study programmes with low labour market demand; in Denmark, caps were introduced on the number of students in HE study programmes where graduates have experienced higher unemployment rates (OECD, 2017^[43]). Northern Ireland does not have a strong tradition of regulating its education institutions, particularly HEIs, and has tended to restrict its use of student caps to the institutional level. Therefore, the use of funding arrangements could be the most appropriate solution to ensuring that HEIs facilitate growth in subject areas for which there is more demand (e.g. STEM) and that FECs facilitate overall growth in programmes at NQF Levels 3, 4 and 5, responding to projected shortages.

Currently, in tertiary education (NQF Level 6+), Northern Ireland's three universities and two university colleges are publicly funded, and they retain full autonomy. DfE provides teaching grants (approximately GBP 141 million in 2019/20) through a funding formula. However, it also applies a maximum student number (MaSN) – an annual cost control mechanism that specifies the overall number of full-time undergraduate students. A similar maximum student number is specified each year by DE for the number of undergraduate teacher training places at the two university colleges, although the budget for this provision lies with DfE (approximately GBP 1 million per annum). In addition, the Department of Health (DoH) is responsible for applying student number limits for study places on Medicine, Dentistry, and Nursing courses at the universities; DoH provides the relevant funding for this provision to DfE who distributes this on their behalf (approximately GBP 2.5 million in 2019/20). The DAERA does not set a higher education MaSN for the CAFRE. Students also contribute to their higher education through annual tuition fees which are paid directly to the HEIs. Universities and university colleges are responsible for developing their own curricula. They are also responsible for allocating study places across their various faculties within the overall annual limit.

The six FECs in Northern Ireland provide learning in Essential Skills training, further education/secondary VET, and vocational higher education. In 2017/18, 20.3% of FEC provision was Essential Skills training (ISCED level 1), with further education (ISCED levels 2-4) making up 70.5% of provision, and 9.2% being vocational higher education (ISCED level 5+) (DfE, 2019^[44]), through a mix of both part-time and full-time provision. DfE's resource budget for this provision in 2019/20 was approximately GBP 169 million.

Northern Ireland could create better alignment between provision and labour market demand by making the provision of teaching grants conditional on certain performance metrics. For Northern Ireland's HEIs, a proportion of the grant allocated by DfE should be made contingent on employment outcomes from the HE graduate tracking survey. While the number of graduates from CAFRE is considerably smaller than from the wider HE and FE sectors, DAERA may also wish to consider introducing a similar mechanism for its HE graduates; this will be of particular importance in meeting labour market demand within the agri-food sector.

Insofar as HE graduates are concerned, the main employability performance metric is the Higher Education Statistics Agency (HESA) Graduate Outcomes survey, which is currently in development. Employment in and of itself should not be regarded as a satisfactory outcome; instead, effective employment should be measured using a range of composite employment metrics, potentially including salary levels, student satisfaction surveys, and standard occupational classification (SOC). This latter measure would also contribute to the Programme for Government Outcome 6 ("We have more people working in better jobs"),

which has as an indicator, “the proportion of local graduates from local institutions in professional or management occupations or in further study six months after graduation”. The specifics of how graduate employment outcomes could be compositely measured would be too detailed for inclusion within this report; Northern Ireland may, however, wish to consider a follow-up report with the OECD on a future funding model.

In the long term, Northern Ireland may wish to consider introducing a similar funding contingency for FE graduates based on employment outcomes, as well as aligning its HE and FE graduate tracking exercises, in order to provide a more consistent approach to measuring employment outcomes. However, in the short term, it is considered more valuable to undertake some remedial intervention on the FE graduate tracking survey – the FE College Leavers Report. The response rate to this survey is currently under 20%; it would therefore be inappropriate to use its results to track FE graduate progress into occupational sub-categories. As a first step, therefore, there would be greater value in reviewing the FE College Leavers Report to address the low response rate; this should include a review of its aims and methodologies, as well as consideration of increased marketing of the survey, making its completion “contractual” for students, examining how the survey is undertaken and how its results are analysed.

Box 2.6. Relevant international examples: Increasing alignment between education provision and labour market demand

Higher education funding models: Examples from Poland and the Slovak Republic

Poland has recently introduced reforms to funding and quality assurance systems in professional HEIs to improve incentives for monitoring graduate employability. Before the reforms in the funding formula, professional HEIs received core funding based on student enrolment and staff costs (80%), scientific activity (10%) and internationalisation (10%). Under the new regime, professional HEIs will continue to receive the majority of their core funding on the basis of student enrolment and staff costs (90%), with the remainder received on the basis of the employment rate of their graduates (5%) and external income generated (5%).

The Slovak Republic has introduced changes to its HE funding formula to better reflect labour market demand. From the 2016/17 academic year, certain HE subjects with low labour market demand have received 10% less funding per student, while other subjects with high labour market demand have received 10% more funding per student.

Source: OECD (2019^[45]), *OECD Skills Strategy Poland: Assessment and Recommendations*, <https://doi.org/10.1787/b377fbcc-en>; OECD (2020^[46]), *OECD Skills Strategy Slovak Republic: Assessment and Recommendations*, <https://doi.org/10.1787/bb688e68-en>.

Recommendation for improving the alignment between education provision and labour market demand

- 1.7. Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes.** For HEIs, a proportion of the grant allocated by DfE should be made contingent on employment outcomes from the HE graduate tracking survey. While less impactful, DAERA may also wish to consider implementing a similar funding mechanism for HE graduates from CAFRE. Employment in and of itself should not be regarded as a satisfactory outcome; instead, effective employment should be measured through a range of composite metrics, including salary levels, student satisfaction surveys, and SOC of graduate employment. In the longer term, Northern Ireland may wish to consider introducing a similar funding mechanism for FE graduates, as well as aligning the HE and FE graduate surveys. However, in the short term, there should be a review of the FE College Leavers Report to increase its response rate. This review would also allow for consideration of how to define “economically relevant” within the broad and heterogeneous FE provision.

Facilitating improved interaction between education/training providers and employers

Education and training programmes should aim to provide the skills for jobs or careers, whether those skills are specific to a particular sector or transferable across the labour market. These skills benefit employers directly. Therefore, if skills provision is to be effective, it needs to be based on a systematic assessment of employers' needs, both for current and future labour markets.

There are numerous skills employer engagement forums and bodies in Northern Ireland. Employer representative bodies include the Northern Ireland Chamber of Commerce, the Confederation of British Industry (CBI), and the Federation of Small Businesses (FSB). Matrix is the Northern Ireland Science Industry Panel; a business-led expert panel that advises government, industry and academics on the commercial exploitation of research and development (R&D) and science and technology. Sector Skills Councils (SSCs) have also provided a platform for employers to articulate their skills training needs; however, recent changes to the SSC funding structure has resulted in only a few remaining. Through the Careers Advisory Forum (CAF), the government develops strategic and local partnerships to better understand the employability skills, qualifications and attributes needed by employers, with an emphasis on facilitating better links between schools, colleges, local businesses and local councils. In total, there are upwards of 160 employer engagement programmes operating at both regional and local council levels (OECD, 2019^[47]). Queen's University and Ulster University also have dedicated employer engagement units, as do the FECs for business development support.

Economy 2030 highlights the role of the Apprenticeships/Youth Training Strategic Advisory Forum (SAF) and Sectoral Partnerships in bringing employers, FE colleges, the universities and other key stakeholders together to ensure provision meets the needs of employers and the wider economy (DfE, 2017^[9]). Sectoral Partnerships are led by employers who are knowledgeable about the skills needs of their particular sector; there are 6 sectors currently included in these partnerships, with plans to develop a further 11 partnerships by 2021.

Despite this breadth of engagement, there are indications that the interaction between employers and education and training providers could be further improved. For instance, surveys of Northern Ireland's employers consistently report a lack of soft skills (flexibility, communication, punctuality, teamwork and leadership skills) as a barrier to employing young people, as well as a need for education and training systems to adapt curricula to rapidly changing labour markets (CBI, 2018^[48]) (UK Government, 2017^[7]). This point was reinforced by employer participants during the OECD Skills Strategy project, despite their also highlighting specific examples of effective practice.

Effective engagement is a two-way process; education and training providers cannot adequately respond to employers' needs if those needs are not well articulated. For that to happen, employers need to engage with providers; yet smaller employers, in particular, expect only to be beneficiaries, but not influencers (OECD, 2019^[47]). For Northern Ireland, the lack of effective engagement between employers and education/training providers can largely be attributed to the preponderance of small and medium-sized enterprises (SMEs) and micro businesses, who often have limited time to participate in the above forums.

SMEs and micro-businesses face specific barriers to engaging with training opportunities. In many cases, they lack a human resources function that can undertake strategic human resources planning and engage in the administrative requirements of an apprenticeship programme, for example, or facilitate other work-based learning. This is a critical point. Integrating necessary employability skills into curricula is a challenge for education and training providers. However, people undertaking education/training must have an opportunity to develop employability skills through some form of work experience. A recent survey of UK HE graduate employers revealed that two-fifths would be unlikely to recruit a graduate with no previous work experience, regardless of their academic achievements or the university they had attended (High Fliers, 2020^[49]).

In vocational education especially, work-based learning provides on-the-job experiences, making it easier to acquire both hard skills using modern equipment and soft skills by working with people (OECD, 2010^[35]). Employer willingness to offer workplace training signals that an educational programme has labour market value. In Northern Ireland, the majority of employers who do not currently offer apprenticeships (58%) refrain from doing so for structural reasons. In comparison, others (15%) do not engage due to the size of their business (UK Department for Education, 2017^[50]).

Other OECD countries can offer interesting examples of employer engagement for Northern Ireland to consider (see Box 2.7). Norway, for example, uses a cluster approach to managing apprenticeship contracts with the government, using group training organisations to act as intermediary bodies. This shifts legal obligations and administrative burdens to these group organisations, who use economies of scale to offer a full suite of training services and support to SMEs. It also allows for flexible apprenticeship frameworks, whereby individual apprentices can work across firms within a sector or region, gaining several different workplace experiences. It can also increase incentives for employers to participate in training, as they do not have to employ the apprentice permanently.

Northern Ireland should make further efforts to build clustered networks/coalitions of employers within local areas or council regions, or based on sector demand (see Chapter 5 for further discussion of this point). Collaboration among employers is key to developing a common understanding of shared skills challenges while providing clearer directions to the government on how policies and programmes should deliver better results. Sectoral approaches to employer engagement foster co-operation between training providers and employers, while ensuring that occupational and qualification standards align with industry need. Northern Ireland may wish to re-visit and update the previous *Success through Skills* employer engagement plan.

Northern Ireland should examine its suite of skills training programmes for SMEs, especially apprenticeships, with the goal of providing customised support to these firms, which are often the hardest to reach. This could include the use of group training organisations, as in Norway, to provide centralised support to regional/sectoral clusters of employers in high-priority areas.

Box 2.7. Relevant national and international examples: Facilitating improved interaction between education/training providers and employers

Example from Northern Ireland

FECs are playing an increasingly important role in working with employers to develop programmes locally. One local employer interface initiative is the GET Engineering Cluster – an FEC/industry partnership that includes 76 local and international companies and South West College. The cluster meets monthly and has directly influenced the development of a suite of GOLD Level 3 and Higher Level Apprenticeships, along with an annual GET Engineering careers fair. This partnership has led to a system where the curriculum, provision and services provided by a regional FEC are aligned with the demands of the manufacturing sector.

Examples from Norway and Australia

In Norway, social partners participate as external members in the governing boards of domestic tertiary education institutions. The Universities and University Colleges Act stipulates that 4 out of 11 seats on each tertiary education governance board must be taken up by an external member (including industry representatives). In this way, social partners with close links to the labour market can contribute to decision-making processes related to the institution's strategy for education, research or other engagement activities.

In Australia, industry reference committees (IRCs) provide advice to the Australian Industry Skills Committee to guide the development and review of training packages in vocational education. IRCs are volunteer bodies made up of industry experts from business, employers, trade associations, unions and training providers. With the support of sectoral skills organisations, IRCs gather intelligence about their industry sectors, which is used to inform the advice they provide, and to make sure that the national training system provides the qualifications, knowledge and skillsets that industry needs.

Source: OECD (2019^[47]), *Engaging Employers and Developing Skills at the Local Level in Northern Ireland, United Kingdom*, <https://dx.doi.org/10.1787/9789264311626-en>; OECD (2018^[51]), *Higher Education in Norway*, <https://dx.doi.org/10.1787/9789264301757-en>; OECD (2018^[52]), *Getting Skills Right: Australia*, <https://dx.doi.org/10.1787/9789264303539-en>.

Recommendation for facilitating improved interaction between education/training providers and employers

- 1.8. Strengthen local networks among employers through a sectoral approach and by enhancing engagement of SMEs and hard-to-reach employers.** Northern Ireland should make further efforts to build clustered networks/coalitions of employers within local areas or council regions, or based on sectoral demand. Northern Ireland may wish to re-visit and update the previous *Success through Skills* employer engagement plan. SMEs and micro-businesses face specific barriers to engaging with training opportunities. Northern Ireland should, therefore, examine its suite of skills training programmes for SMEs, especially apprenticeships, with the goal of providing customised support to these firms, which are often the hardest to reach. Recommendation 4.15 in Chapter 5 provides greater detail on the potential make-up and structure of such a network.

Opportunity 3: Reducing economic inactivity to minimise skills shortages

In addition to the preceding Opportunities, skills shortages can also be reduced by encouraging individuals who are currently out of the labour market to participate in it, or by preventing their exit in the first place. Since the 2008 financial crisis, most policy discussion in OECD countries regarding the labour market has centred on how to reduce high levels of unemployment. In the wake of COVID-19, the focus of discussions will likely return to that issue, given the inevitable increase in the unemployment rate. However, across many OECD countries, a major policy issue is how to activate the large numbers of individuals who were outside of the labour market even before the COVID-19 pandemic – people who are neither working nor seeking employment and who, as a result, have become “economically inactive” (see Box 2.8) (Ludwinek, 2017^[53]).

High levels of economic inactivity can result in significant societal costs. For individuals, long-term dislocation from the labour market can be damaging for physical and mental health, and lead to feelings of social exclusion and isolation (OECD, 2010^[54]). Working-age adults who are economically inactive are also more likely to be impoverished and are concentrated at the lower end of household income distribution (UUEPC, 2016^[55]). Welfare spending, such as incapacity and disability benefits, consequently form a relatively large fiscal outflow for governments.

In contrast, higher employment levels reduce poverty risks, decrease public spending on benefits and promote individual well-being. Re-engaging economically inactive individuals would also bring wider benefits to the labour market. As discussed in Chapter 1 and earlier in this chapter, population ageing across OECD countries will see a proportional decrease in the working age population and an increase in the number of adults aged 65+, likely leading to a fall in labour supply. Facilitating the activation of skills of working-age adults who are economically inactive will, therefore, be an essential, long-term contribution to filling the drop in labour supply and ensuring sufficient tax revenues to support an older population (OECD, 2010^[54]).

Box 2.8. Definition of the “economically inactive”

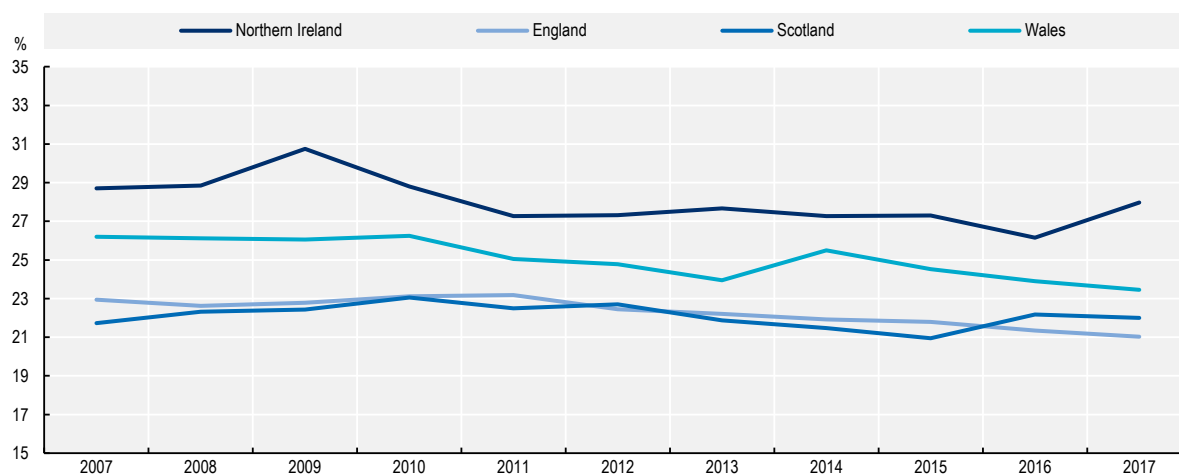
A person is economically inactive if he or she is not in the labour force, meaning not working or not available/looking for a job during the reference period. Measuring inactivity, in combination with traditional labour market indicators such as employment and unemployment rates, can help to assess labour market inclusiveness in a more comprehensive way. The inactivity rate is the proportion of inactive persons in the total population of the same age group. This indicator is the opposite of the labour market participation rate, which is the share of a population in an age group that is in the labour force. Within labour force surveys, the economically inactive are generally classified into the following categories: 1) **students**; 2) **retirees**; 3) people who **take care of relatives**; 4) people who have **health issues or disabilities**; 5) people who believe **there are no jobs available**; and 6) people who are not looking for a job for **other reasons**.

Note: Being retired refers to people who have decided to retire regardless of their age; it does not automatically include people who are above the retirement age. For example, older workers (i.e. people aged 55 and above) who are not in the labour force for health reasons would not fall into this category.

Source: ILO (2016^[56]), *Key Indicators of the Labour Market*, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_498929.pdf.

Despite its comparatively low rate of unemployment (see the Performance section), Northern Ireland continues to have a persistently higher rate of economic inactivity (see Figure 2.4) as well as an overall higher rate of people with no qualifications (15.8% in 2016) than other regions in the UK (IPPR, 2018^[57]). The issue of low/no qualifications is especially stark among the economically inactive in Northern Ireland; over half (54%) of working age inactive people failed to achieve five General Certificate of Secondary Education (GCSE) grades A-C (NQF Level 2), compared with 24% of people who are in employment. In contrast, people with higher qualifications (NQF Level 6+) comprise a much lower proportion of the inactive (8%) (JUEPC, 2016^[55]).

Figure 2.4. Economic inactivity rate in UK regions, 2007-17



Source: ONS (2019^[58]), UK Labour Force Survey, www.ons.gov.uk/releases/uklabourmarketstatisticsjune2019.

StatLink  <https://doi.org/10.1787/888934127529>

In 2018, there were 318 000 economically inactive people of working age in Northern Ireland, accounting for over one-quarter of the working age population (27.2%), while the economic inactivity rate for the UK as a whole was 21.7%. Students and retirees account for 38.8% of all economically inactive people. Excluding these cohorts brings down the number of economically inactive people to 195 000 in 2018 (NISRA, 2019^[59]). Working-age economic inactivity in Northern Ireland has consistently ranked the highest

across all UK regions over the past 20 years (UUEPC, 2016^[55]), suggesting that measures to facilitate the (re)integration of the economically inactive into the labour market require further consideration. At the time of writing, it is unclear the extent to which COVID-19 will have an impact on Northern Ireland's economic inactivity rate; however, given Northern Ireland's comparatively high rate of inactivity, this remains a longer-term issue that will still need to be addressed.

It is worth noting that, according to the most recent Labour Force Survey data, 53 000 of Northern Ireland's economically inactive have stated that they want to work (NISRA, 2020^[60]). Northern Ireland has in place a number of programme and policy interventions designed to contribute to the (re)activation of those who are inactive in the labour market (see Table 2.2).

Table 2.2. Unemployment and pre-employment schemes in Northern Ireland

| Programme name | Responsible department | Programme eligibility | Description |
|-------------------------------|----------------------------|---|---|
| Bridge to Employment | Department for the Economy | Over 18 and unemployed (or working under 16 hours a week) Companies operating in Northern Ireland | This pre-employment training programme targets the unemployed, in particular long-term unemployed people, to provide them with the skills necessary to compete for new employment opportunities. The programme is geared towards specific job vacancies, and the training aims to equip participants with the skills to meet the job. After training, participants have an interview with the company. No qualifications are required for participants and they keep their benefits while on training. No financial commitment is required of companies either. |
| Assured Skills | Department for the Economy | New inward investors, or existing employers considering expansion, and who are Invest NI clients. Individuals who are unemployed, under-employed or looking for a career change. | Assured Skills aims to encourage companies to invest in Northern Ireland by meeting their skills needs. The programme takes the form of an eight-week pre-employment training programme, tailor-made to meet a company's specific skills needs. The only requirement of the company is to help design the course, take the learners for a placement, and give them an interview at the end of the process. The programme helps individuals gain new skills required to work in the desired sector. |
| Steps 2 Success | Department for Communities | Unemployed. Have to be receiving a work-related benefit. Entry may be obligatory (or face benefit sanctions). | This employment programme helps individuals prepare for, find and keep a job through a personalised service. Participants have a dedicated advisor who helps them map out job aims and agree on the next steps to take to get into employment. |
| The Work Experience Programme | Department for Communities | Unemployed and have not reached the eligibility point for mandatory entry to the Steps 2 Success programme. | This voluntary scheme offers job seekers the chance to obtain meaningful work experience of between two and eight weeks. Participants maintain their benefits throughout the programme. |
| Training for Success | Department for the Economy | Young people aged 16-17, with extended age eligibility for young people with a disability up to age 22, and up to age 24 for those from an in-care background. | The programme guarantees training up to 104 weeks (156 weeks for those with a disability) to help young people gain the recognised skills and qualifications to progress in their chosen career. |

Sources: Department for the Economy (2020^[61]), "Employment and skills programmes and Careers Service" (Article), <https://www.economy-ni.gov.uk/articles/dfe-programmes>; nidirect (2020^[62]), "Steps 2 Success" (Article), <https://www.nidirect.gov.uk/articles/steps-2-success>; nidirect (2020^[63]), "Work experience programme" (Article), <https://www.nidirect.gov.uk/articles/work-experience-programme>.

This opportunity will consider the key inactive cohorts in Northern Ireland, as well as possible preventative measures, including the role of employers.

Assessing current measures to engage the economically inactive

The persistently high levels of economic inactivity point to the ineffectiveness of past policies to bring the relevant cohorts closer to the labour market. The importance of this point has already been recognised in Northern Ireland, as the draft Programme for Government and *Economy 2030* both include specific objectives to reduce working-age economic inactivity (excluding students) (DfE, 2017^[9]; NI Executive, 2016^[64]).

The wide heterogeneity among the inactive population suggests that they face very different barriers to labour market re-integration; however, it should also be recognised that not all forms of inactivity are negative. The main sub-groups of the economically inactive are: students; those staying at home with caring responsibilities; early retirees; and adults with a disability or long-term illness (Ludwinek, Dubois and Anderson, 2017^[65]). Students are expected to return to the labour market, and are investing in their human capital; such inactivity is a positive development for the economy. Similarly, retiring early is not necessarily problematic. Individuals may have had successful careers, saved prudently, and can afford to leave work early. Inactivity among retirees only becomes an issue when adults have lost their jobs and cannot find alternative work, being forced to retire with insufficient financial means (UUEPC, 2016^[55]).

As such, recognising and understanding the barriers for the key “problematic” cohorts is critical for policy makers when designing labour market integration policies and/or initiatives. It is important to first understand whom these people are, their personal circumstances, their reasons for being inactive, if they want to work, and the barriers preventing them from gaining employment.

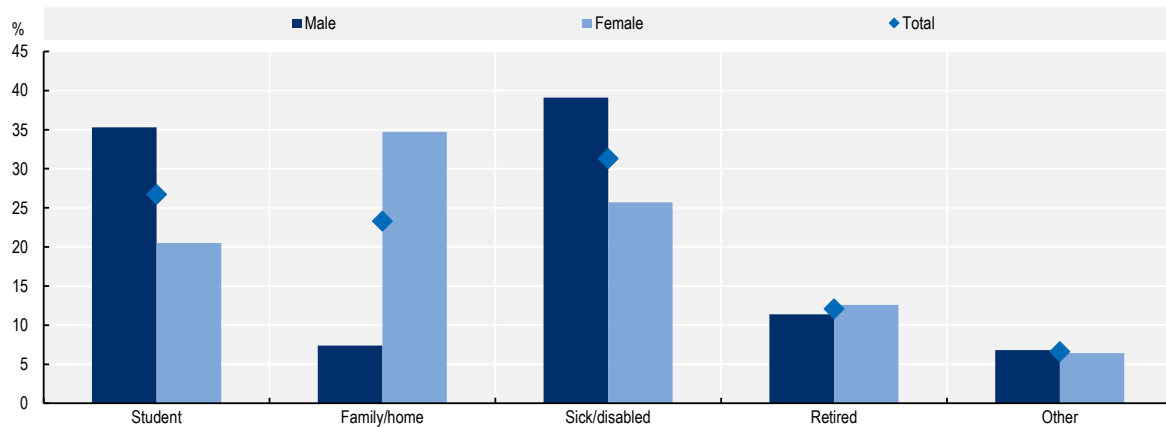
Evidence from national and international surveys suggests that considerable numbers of inactive people are interested in working (Ludwinek, Dubois and Anderson, 2017^[65]). The proportions of inactive people wanting to work differ according to questions asked, the category of respondents and their country of residence. Furthermore, a subset of people who state they are unwilling to work has been shown to be disposed to work under more advantageous conditions. These may be financial inducements for work or skills training, but also work adjustments or broader institutional frameworks and attitudes. This situation is not unique to Northern Ireland; despite barriers to (re)entering the labour market, four out of five of all inactive groups across the EU indicate a desire to work at least part-time, and over half would like to work for over 32 hours a week (Ludwinek, Dubois and Anderson, 2017^[65]).

Despite the heterogeneous nature of inactive cohorts, certain trends are apparent. For instance, low skill levels increase the likelihood of becoming, and remaining, economically inactive. In contrast, proximity to cities decreases the probability of remaining economically inactive (Barr, Magrini and Meghnagi, 2019^[66]). Northern Ireland also has consistently witnessed a higher number of economically inactive women than men, with approximately three-fifths of those inactive identifying as women. Those aged 50-64 made up the largest proportion of those inactive, while the 25-34 age range had the smallest proportion (NISRA, 2019^[59]).

There are a variety of reasons why adults are economically inactive. In addition to the previously mentioned overall high incidence of low qualifications, the proportion of the working age population who are inactive due to looking after family/home, due to study and due to retirement are higher in Northern Ireland than in the UK as a whole. In Northern Ireland, there are clear indications that men predominate the sick/disabled cohort, while women predominate those with family/home responsibilities (see Figure 2.5).

There are two key economically inactive cohorts in Northern Ireland that could benefit from greater support to enter into work. First, Northern Ireland has a large share of the economically inactive in long-term sickness or are disabled. While being sick or disabled were the most common reasons for economic inactivity in both the UK and Northern Ireland in 2018, it was cited as the main reason for inactivity at 6 percentage points higher in Northern Ireland (31.3%) than in the UK as a whole (25.4%), and this has historically been the most persistent reason given for not working or not looking for work. The long-term sick and disabled, among whom the key target group is people with work-limiting health conditions or disabilities, should be able to work with the right level of support and reasonable accommodations from an employer. Second, Northern Ireland should target those with family commitments, among whom the key groups are lone parents and carers who are currently in receipt of out-of-work benefits and would be better off in work but are unable to make the transition due to a lack of appropriate support and/or opportunities.

Figure 2.5. Reasons for economic inactivity in Northern Ireland (UK) by gender, 2018



Source: NISRA (2019^[59]), Economic Inactivity in Northern Ireland, <https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/Economic%20inactivity%20in%20Northern%20Ireland.pdf>.

StatLink  <https://doi.org/10.1787/888934127548>

Northern Ireland has a decades-long history of seeking to tackle economic inactivity. However, the lack of significant progress in addressing the above suggests the need for a more strategic, evidence-based and targeted approach. Northern Ireland has yet to develop a specific strategy in this regard, however. In 2015, the former Departments for Employment and Learning (DEL) and Enterprise, Trade and Investment (DETI) developed *Enabling Success* (DEL; DETI, 2015^[67]) – a strategy to reduce economic inactivity. However, funding to implement the strategy was never agreed by the Northern Ireland Executive, and it was therefore put into abeyance. DfC is, however, in the process of designing *Employability NI* – a new inclusive labour market partnership framework, which has reducing economic inactivity as one of its key policy drivers. This, therefore, provides Northern Ireland with an opportunity to give greater focus to reducing economic inactivity more strategically.

In order to inform the development of *Employability NI*, DfC commissioned research to assess the effectiveness of its previous disability employment support (IES, 2019^[68]). The research points to some areas for improvement, with concerns being raised around how support is currently aligned and co-ordinated. These concerns point to the need to establish a more accurate baseline position of provision, which could be undertaken via a mapping exercise of current support for the economically inactive. While the Intercultural Education Service's recommendation was focussed on disability employment support, an effective mapping exercise would need to take a comprehensive, multi-partner approach, to include all support designed to encourage the different economically inactive cohorts into work or raise their skills levels. The results of the mapping exercise would then need to be translated into specific programme/support provision, which is directly aligned to Northern Ireland's identified skills imbalances; i.e. it addresses both field-of-study mismatches as well as the specific softer employability skills required by employers. This implies the need for an exercise to gain a deeper understanding of the particular motivations of the two key economically inactive cohorts in Northern Ireland to ensure subsequent programmes are more effectively aligned with their needs. Any new measures would need to apply a differentiated approach, with specific types of support targeted at different groups of the economically inactive (see Box 2.9 for examples).

Box 2.9. Relevant international examples: Engaging the economically inactive

A multi-partner example from Australia: Regional Employment Trials Program

An example of a holistic approach is a multi-stakeholder-driven initiative called the Regional Employment Trials Program in Australia. The trial takes into account regional variations to help ensure that local economic opportunities are better promoted to Australians looking for work and employment services providers. In trial regions, employment facilitators work with regional development committees to enable local stakeholders to address employment issues. Regional development committees play a key role in the identification, assessment and promotion of projects to ensure they align with local needs. Stakeholders include local governments, employers, training organisations, not-for-profits, employment services providers and other community organisations able to provide employment and training-related opportunities and assistance to unemployed and economically inactive people. The trial delivers stronger connections between regional stakeholders, including employment services providers; tailored employment initiatives that meet local needs; improved awareness of local labour markets; and the potential for improved regional employment outcomes.

Support for people with a disability/caring responsibilities: Examples from Denmark, the Netherlands and the Czech Republic

The Flex-job disability scheme in Denmark requires a fundamental conceptual shift in disability assessment. Disability assessment is now focused on what a person can do, rather than their loss of capacity; specifically, it relates to the extent to which a person can carry out a subsidised job (flex-job). A disability benefit is only granted where capacity is assessed to be permanently reduced to the extent that a flex-job cannot be performed, and participation in rehabilitation would not help restore this capacity. In determining capacity, a comprehensive individual resource profile is put together that includes measures of health, social and labour market proximity criteria.

Another example comes from the Netherlands, in Amsterdam, where the municipality introduced “perspective jobs” (*perspectiefbanen*), the aim of which was to help 115 long-term inactive people find employment. To minimise the risk of competition, the scheme targeted jobs where labour market shortages were expected – mainly in construction, technical jobs and information and communication technology (ICT). Employers receive a EUR 8 500 subsidy per year for every person employed under this scheme for a maximum of two years, and a one-off EUR 3 000 bonus if the temporary job is turned into a contract of at least six months.

In the Czech Republic, “children’s groups” (a form of childcare) were introduced to enhance the work-life balance of women, and help them re-enter the labour market following maternity leave. These groups have been designed for pre-school children from the age of one. They can be established by employers, churches, local administration bodies, non-governmental organisations (NGOs), universities and other relevant organisations, and are financed by the providers. The costs are partly tax-deductible.

Source: Australian Government (2020^[69]), “Regional Employment Trials Program” (Article), www.employment.gov.au/regional-employment-trials-program; OECD (2009^[70]), “Sickness, Disability and Work: Keeping on Track in the Economic Downturn” (Report), <https://www.oecd.org/employment/emp/42699911.pdf>.

Recommendations for assessing current measures to engage the economically inactive

- 1.9. **Undertake a mapping exercise of current service provision for the economically inactive, to improve efficiency and effectiveness, and align interventions with skills needs.** The mapping exercise should identify potential gaps in provision, duplication and over-provision of services or initiatives, as well as quantify current levels of spending. The exercise should include all disability support programmes operated by DfC, as well as all skills programmes and support

in place by DfE and DoH, and all separate support programmes run by local councils, or the voluntary and community sector. The outcomes of the exercise should then inform the new range of programme support offered under *Employability NI*, which should itself be tailored to be directly aligned to Northern Ireland's identified skills imbalances, both mismatches and shortages. This would ultimately lead to: a reduction in duplication; greater alignment between skills interventions and employability support; the sharing of best practice; and a clearer articulation of entry points to available support.

- 1.10. Undertake a targeted engagement exercise to better understand the barriers facing the economically inactive, with a view to better directing support and developing skills in line with the identified need.** International research points to the need for a context-specific understanding of policies to address economic inactivity. If Northern Ireland is to develop effective support interventions for the economically inactive, then this implies a need to better understand their specific needs and barriers. DfC should, therefore, take the lead in undertaking a rigorous engagement exercise with the two key economically inactive cohorts (those who are sick/disabled, and those who have family/home responsibilities), to gain insights into the specific barriers they face. Subsequent person-focused programmes and support should then be developed, aligned to the specific identified skills needs of the individual, and be directly aligned to Northern Ireland's specific skills imbalances.

Involving employers in reducing economic inactivity

Activating the skills of the above two main inactive cohorts will require a multi-agency approach. However, providing incentives for individuals to return to work will be ineffective if employers either do not require the specific skills of those workers or they lack incentive themselves to hire from economically inactive cohorts. Research suggests that employers in Northern Ireland are insufficiently incentivised to hire workers from the main inactive cohorts (UUEPC, 2016^[55]). Employers must, therefore, be key actors in the development of remedies to this policy challenge.

It is, therefore, encouraging that, in developing *Employability NI*, DfC has committed to improving the engagement of Northern Ireland employers with employability and skills support provision. As part of this service, DfC has stated that it will: challenge employers on their recruitment practices, including encouraging greater flexibility in employment terms and conditions; build employers' awareness and uptake of available support provision; and deliver tailored packages of support to meet their recruitment needs. This latter point implies the need for a more accurate understanding of employer requirements from any such provision, to better ascertain the level/type of skills required; current barriers to recruiting workers with caring responsibilities, or long-term illness or disability; and the level/type of support required to assist with this transition to work. Such an exercise should take into account the size, sector and region of the employers to allow for more targeted remedial intervention, focussing on employers operating within sectors with the highest levels of skills shortages.

As things stand, there is no evidence that Northern Ireland employers are incentivised to participate in tackling economic inactivity; a point confirmed by OECD Skills Strategy participants. For many employers, recruiting a disabled or previously long-term sick worker can represent a risk, as does recruiting someone who has been removed from the labour market for a significant period due to family/caring responsibilities (OECD, 2010^[54]). Across OECD countries, there is a variety of examples of employer-targeted tools to encourage the recruitment of people from different economically inactive cohorts. These range from temporary social security reductions/exemptions (Belgium); compensation for employing older workers with a high risk of illness (the Netherlands); allowances for hiring people with a disability (Slovenia); and wage subsidies for hiring long-term unemployed or people with a disability (Australia) (OECD, 2010^[54]).

On the other hand, successful employer-targeted interventions have been identified that provide incentives/requirements to create work environments that support, rather than compromise, the physical

and mental health of workers. Such support provides training and work-based adjustments to prevent health conditions from deteriorating, thereby ensuring that workers remain connected to the labour market (OECD, 2009^[70]).

In addition, measures that facilitate the return of sick employees could act as preventative contributions to a reduction in economic inactivity. Across OECD countries, data indicates a strong statistical correlation between employee sickness absence levels and subsequent disability benefit inflow rates (OECD, 2009^[70]). Analysis of Northern Ireland's Labour Force Survey data for inflows into "long-term sickness/disability" indicates that approximately one in five of these people were previously "temporarily sick or injured". Of those Northern Ireland workers who were temporarily sick or injured, less than 40% had returned to employment within a year. The majority remained classified as either long-term sick/disabled or temporarily sick/injured (NISRA, 2018^[71]). This comparatively low return rate to the labour market implies a need for employers to assume greater responsibility for facilitating the return to work for sick employees, preventing their longer-term transition into inactivity.

Alongside any curative, interventionist approaches to tackling economic inactivity, particularly in relation to the long-term sick/disabled, Northern Ireland should also consider a preventative, safe and healthy workplace approach (see Box 2.10 for examples). While the ultimate goal is for all Northern Ireland employers to have in place healthy workplaces, initial, targeted pilots could focus on employers within those sectors where there are the highest levels of skills shortages.

Box 2.10. Relevant international examples: Involving employers in reducing economic inactivity

Long-term sickness prevention: The Netherland's Gatekeeper Law

At the beginning of the 1980s, the Netherlands had some of the highest sickness and disability rates in the world, leading to an evolving programme of legislative reform. Laws were introduced that sought to increase employer and employee involvement in reducing sickness absence in order to prevent longer-term illness from leading to economic inactivity. Consequently, greater responsibility for managing sickness absence was transferred from the state onto the employer. The employer is required to pay sick pay for the first two years of illness, during which time both the employer and the absentee worker must do all they reasonably can to improve the individual's chances of returning to work. The employer must implement plans for rehabilitation and make workplace accommodations. If the employer has no suitable work for sick employees, s/he must help them find work with another employer. If the employer has failed to do his/her best to reintegrate an employee, s/he will be required to pay that employee's salary for up to a further year. Evaluation studies have shown the law to be successful, with a decline in long-term sickness and decreased inflows into disability benefits.

Long-term sickness prevention: An example from Finland

To prevent sickness absenteeism, work injuries and other health problems at work, Finland has placed considerably greater emphasis on employers' legal obligations to purchase private or community-run preventive Occupational Health Services and create healthy working environments. These services help ensure regular monitoring in workplaces, action programmes assessing and minimising workplace risks, early detection of reduced work capacity, and other strategies to prevent inflows into disability. Public subsidies are available to support employers.

Source: OECD (2007^[72]), "Sickness and Disability Schemes in the Netherlands" (Country Memo as a Background Paper for the OECD Disability Review), <https://www.oecd.org/social/soc/41429917.pdf>; OECD (2009^[70]), "Sickness, Disability and Work: Keeping on Track in the Economic Downturn" (Report), <https://www.oecd.org/employment/emp/42699911.pdf>.

Recommendations for involving employers in reducing economic inactivity

- 1.11. Undertake a formal employer engagement exercise to identify current barriers to recruiting specific economically inactive cohorts.** The exercise should seek to gain a more accurate understanding of employer requirements from any provision under *Employability NI*. It should identify (according to employer size, sector and geographical region) what additional support, advice, or finance would be required to increase the recruitment of people with caring responsibilities and/or long-term sickness or disability. The outcomes of the exercise should then inform any new range of employer-targeted support and incentives under *Employability NI*, which could be provided to employers on a cluster basis. Employer support/incentives should be directly in line with those sectors with the highest levels of identified skills shortages and prioritised accordingly.
- 1.12. Encourage healthier workplaces in order to prevent inflows into disability benefits, particularly in sectors where there are skills shortages.** In tandem with any remedial interventions, Northern Ireland should also introduce measures to encourage employers to develop healthier workplaces. Measures could include legislative/regulatory requirements for employers to better manage sickness absence in order to support and encourage sick workers back to the workplace. Alternatively, they could include support and guidance on both putting in place preventative measures to avoid or minimise staff sickness, as well as implement effective sickness absence management processes. Any pilot initiatives in this regard should focus on those sectors where there are identified skills shortages.

Opportunity 4: Improving labour mobility to meet skills demand

As noted in Chapter 1, it is anticipated that Northern Ireland will be impacted by a decline in the working age population during the coming decades (NISRA, 2019^[5]), as will be the case across many EU member states (Eurostat, 2019^[73]). This phenomenon will likely generate a decline in labour supply and economic growth unless countries are able to mobilise under-used labour resources (see Opportunity 3 of this chapter), as well as promote faster technological progress and productivity growth (as discussed in Chapter 4). At the time of writing, it is unclear what impact COVID-19 will have on labour supply in Northern Ireland. However, it is anticipated that in the short term, the rate of unemployment will increase, in turn generating increased levels of labour supply. Nevertheless, in developing a resilient, multi-year skills strategy, there is a requirement to ensure sufficient adaptability in a country's skills structure to allow for appropriate responsiveness when the labour market returns to a tightening position.

Beyond employment and education policy responses to this phenomenon, migrant labour policy can also contribute to the resolution of skills imbalances, by regulating the entry of people and their skills into a country. Labour and skills shortages depend significantly on the changing nature of the demand for particular skills and the extent to which existing sources of supply can meet this demand. While migration can make an important contribution to labour force growth, its role in compensating for the effects of population ageing will depend on the extent to which a country can successfully align migrants' skills with local labour needs. Consequently, selecting and attracting migrant workers with the required skills to reduce identified shortages has emerged as a key policy objective for many countries, in combination with maximising the skills use of immigrants who are already in a host country. To achieve this, however, implies an improved adaptation of labour migration management systems in order to more effectively meet employers' needs (OECD; European Union, 2014^[74]).

Overall responsibility for immigration policy is not devolved within the UK and remains the sole preserve of the UK Home Office. Northern Ireland is therefore limited in its ability to set its own policies to attract workers from abroad in line with local skills needs, as responsibility for work and study visas, and the conditions attached to those visas, remain reserved with the UK Government. However,

the Northern Ireland Assembly does have responsibility for legislating on areas that will be impacted by UK immigration policy, such as employment rights, education and skills. It would be in Northern Ireland's interest to ensure greater alignment between skills policies for which it has devolved responsibility, and how those policies will be impacted by UK-level immigration policy.

As things stand, workers from outside of the European Economic Area (EEA) who want to enter the UK for work are subject to a points-based system consisting of five tiers (see Table 2.3). Among non-EEA workers, Tier 2 workers represent the largest category of inflows for work in the UK (Migration Observatory, 2019^[75]). Tier 2 immigration allows employers to bring skilled workers with a job offer into the UK from outside of the EEA, provided they meet minimum income thresholds. The minimum skill level of migrants admitted through Tier 2 has been progressively tightened over the years, and now requires a higher education graduate degree (NQF Level 6) (OECD, 2017^[76]).

Table 2.3. UK points-based system for non-EEA migrants

| Tier | Defined immigrant cohort by tier |
|------|--|
| 1 | Investors, entrepreneurs, graduate entrepreneurs and exceptionally talented migrants |
| 2 | Skilled workers with a job offer in the UK |
| 3 | Low-skilled workers needed to fill certain temporary labour shortages |
| 4 | Students |
| 5 | Youth mobility and temporary workers |

Note: Tier 3 has never been opened by the UK Government due to the strong supply of workers from the EEA within this category. Tier 5 permits workers for a limited period of time to satisfy primarily non-economic objectives.

Source: UK Government (2020^[77]), "Work in the UK" (Article), <https://www.gov.uk/browse/visas-immigration/work-visas>.

The two main visas issued under Tier 2 of the UK system are the General Visa and the Intra-Company Transfer Visa. The Tier 2 General Visa is intended for workers who have a skilled job offer, while the Intra-Company Transfer Visa is for employees of a multinational company who are being transferred to that company's UK branch. Tier 2 vacancies must be advertised for 28 days to UK workers before they can be offered to a Tier 2 worker, unless the job is an Intra-Company Transfer, or is on the Tier 2 Shortage Occupations List (SOL). As things stand, there is a SOL for the UK, and a separate regional SOL for Scotland. Northern Ireland does not yet have its own regional SOL; however, one has been agreed in principle, albeit with no variation from the UK SOL in terms of the specified occupations.

The evidence indicates that, in line with the rest of the UK, the levels of inward migration have been decreasing in recent years. In the 12 months ending mid-2017, 22 100 people came to Northern Ireland to live (7.3% less than in the year ending mid-2016). More than half of the people concerned (11 300; 51.2%) were from outside the UK, while the remainder (10 800; 48.8%) were from the rest of the UK. The number of people who came to Northern Ireland to live from outside the UK during this period (mid-2016 and mid-2017) fell by 13% (1 700). In the same period, the number of people arriving to live in Northern Ireland from the rest of the UK decreased by less than 50 people (0.4%) (NISRA, 2018^[78]).

In terms of the skills profile of migrant workers to Northern Ireland in recent years, between 2004 and 2018 there was an increase of 22 000 (to 32 000 in 2018) non-UK-born people aged 16-64 living and working in Northern Ireland in higher-skilled jobs. During the same period, there was an increase of 29 000 (to 36 000 in 2018) non-UK-born people aged 16-64 living in Northern Ireland and working in lower-skilled jobs (NISRA, 2018^[79]). In Northern Ireland, non-EU workers are more likely to work in high-skilled jobs than EU workers. This is due in part to EU free movement allowing its citizens to work in any occupation, while non-EU citizens must qualify for work visas that often have specific skill requirements attached to them (Migration Observatory, 2018^[79]). Over the past decade, the majority of people who have moved to Northern Ireland for work have been from EU countries. However, the EU share has dropped since the 2016 referendum on the UK's exit from the EU (Migration Observatory, 2019^[75]). This points to

the current UK immigration system, in tandem with the free movement of EU workers, providing Northern Ireland employers with access to a broad range of skilled migrant labour.

Of the international inward migration to Northern Ireland, the data indicates that the tendency is for a higher proportion of this to be EU migration, with a more limited proportion coming from outside the European Union/European Economic Area. In 2018, 65% of migrant workers in Northern Ireland were from EU member states, whereas for the UK as a whole, this figure was 40% (NISRA, 2018^[71]). What this points to is the potential, following the UK's exit from the EU, for any restrictions on inward EU migration within a future UK immigration system to disproportionately impact Northern Ireland in comparison to other regions of the UK. This is reinforced by the fact that only 1.4% of all migrants who have come to the UK settled in Northern Ireland, compared to 36.8% who settled in London, for example. Northern Ireland, therefore, ranks lowest of the UK regions as a destination for migrants (Migration Observatory, 2019^[80]). What this suggests is that any further restrictions on EU labour inflows to the UK, combined with Northern Ireland's dependence on this source of labour until now, will likely result in further labour shortages which will then need to be addressed.

Ensuring that Northern Ireland's specific regional skills needs can be met through migrant labour

For the past number of decades, the free movement of people within the EU, coupled with the fact that migration policy remains a reserved matter within the UK, has meant that Northern Ireland has been constrained in its ability to adopt a region-specific, strategic approach to migration. Nonetheless, the above evidence indicates that Northern Ireland's skills profile has benefited significantly from the various skills levels of inward migrant labour.

There is momentum for Northern Ireland to increase its efforts to benefit from migration in the context of current and future skills shortages. There was an unambiguous view expressed by participants in the OECD Skills Strategy project that the return of the Northern Ireland Assembly presented a clear opportunity for migration-related skills issues to be considered more strategically. In addition, depending on the UK's future immigration policy, there is potential for Northern Ireland to be negatively affected more than any other UK region. If Northern Ireland is to achieve its economic ambitions of becoming a globally competitive, advanced small economy (DfE, 2017^[9]), then recognition of the impact of region-specific migrant skills should form a key part of this.

In 2018, the UK Home Office published a White Paper which set out its proposals in respect of a skills-based immigration system (UK Government, 2018^[81]). As part of this process, the UK Government committed to engaging with the UK Devolved Administrations to understand their particular circumstances, as well as ensure that UK employers have sufficient flexibility in terms of access to labour supply. To this end, DfE and the wider Northern Ireland Civil Service (NICS), in the absence of a local Assembly, provided the UK Government with evidence across a range of migration-related issues, including: the applicability of migrant salary thresholds for Northern Ireland; the importance of access to skills to achieve Northern Ireland's economic ambitions; the need for an effectively navigated migration system; the importance of Northern Ireland's land border with the Republic of Ireland; and the social impact of immigration (DfE, 2019^[82]). To inform its White Paper, the UK Government also commissioned the Migration Advisory Committee (MAC) to produce a number of reports regarding: the appropriate level and design of salary thresholds for migrant workers; the possible role of a points-based system; the composition of the SOL; and the economic and social impact of international students in the UK. Again in the absence of a Northern Ireland Assembly, the NICS provided inputs to each of these commissions to reflect the particular circumstances of Northern Ireland (NI Executive Office, 2019^[83]) (NI Executive Office, 2019^[84]) (DfE, 2018^[85]).

The recent UK Government announcement on its plans for a new points-based immigration system (UK Government, 2020^[86]) states its intention to end free movement and introduce a points-based system to

attract high-skilled workers. This includes a salary threshold of GBP 25 600 for high-skilled workers, and confirmation that there will not be an entry route for lower-skilled workers. In light of the lower salary levels in Northern Ireland compared to the rest of the UK (NI Executive Office, 2019^[83]), and its position as the UK region with the greatest difficulty attracting migrant workers, there is potential for Northern Ireland to be impacted more significantly than other UK regions in its future as a result of changes in UK migration policy; a point that reinforces the suggestion of the need for an approach to migration which takes into account regional needs.

In the absence of an agreed Executive-level approach to migration and how that can help reduce skills imbalances, it is recommended that the remit of the current cross-departmental group for immigration is broadened, to also examine labour mobility and develop a more strategic, regional approach to migration (see the example in Box 2.11). Considerations emerging from that approach should inform the Northern Ireland Executive's thinking on how it could best influence UK immigration policy, to better accommodate Northern Ireland's regional needs.

There are a number of key considerations that should be factored into such a strategic approach. These should include: the enhanced use of skills assessment and anticipation tools, especially the regional-level Skills Barometer to identify local council-level skills needs; the interdependencies between a regional migration approach and the Northern Ireland Industrial and Skills strategies; the unique position of Northern Ireland within the UK of having a land border with the EU, and the potential impact of this on the region's competitiveness and ability to attract and retain skills talent; consideration of the development of a Northern Ireland SOL; consideration of how wage differentials between Northern Ireland and other UK regions are taken into account within those elements of UK immigration policy that are linked to income thresholds; consideration of new business models to attract skilled workers who can be sourced globally via technology solutions for virtual work; consideration of how post-study visas for international students could be maximised in order to encourage the retention of talent; and consideration of how to maximise the skills of migrants who are already living in Northern Ireland. While some of this work has already been undertaken by the NICS, this was largely done in the absence of a functioning Northern Ireland Executive. An agreed Executive-level approach has greater potential to influence UK immigration policy.

Within such a regional migration approach, there are a number of specific initiatives that Northern Ireland should undertake independently (and are examined in due course). Other matters, however, will require consideration by the Northern Ireland Executive on how it can best influence any future UK migration policy, to take account of Northern Ireland's regional needs.

Box 2.11. Relevant international example: Regional inward migration strategy

Example from the Copenhagen Region

The Copenhagen Region, formally called Greater Copenhagen (or Øresund Region), is a metropolitan area comprising 79 municipalities of eastern Denmark and southern Sweden. The region aims to keep Greater Copenhagen competitive, attractive for the settlement of international investors and businesses and at the forefront of the Scandinavian scene as the largest regional recruitment base of talent. In 2014, Copenhagen launched the Ambitious Talent Strategy for the Copenhagen Region 2014-17. The strategy, involving the participation of 12 group members (including mayors, representatives of universities and businesses), is part of the Copenhagen Talent Bridge project, which aims to contribute to higher regional growth by attracting and retaining young international talent. It is built upon ten initiatives including: support for regional SMEs to connect with international talent; targeted services to attract back international talent who previously lived in the region but had left; and a number of services to make the region more attractive to high-skilled migrants.

Source: Cavallini, S. et al. (2018^[87]), *Addressing Brain Drain: The Local and Regional Dimension*, <https://cor.europa.eu/en/engage/studies/Documents/addressing-brain-drain/addressing-brain-drain.pdf>.

Recommendation for ensuring that Northern Ireland’s specific regional skills needs can be met through migrant labour

- 1.13. Better meet Northern Ireland’s skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility.** The low levels of inward migration to Northern Ireland in comparison to other parts of the UK suggest that migration may not have been considered sufficiently strategically to address regional skills needs. In order to ensure Northern Ireland can have continued access to mid and higher-level skills, there is a need to develop a more strategic, regional approach to migration. There are a number of key considerations that should be factored into such a strategic approach, as mentioned above. Those considerations should inform the Northern Ireland Executive’s thinking on how it could best seek to influence UK immigration policy, to better accommodate Northern Ireland’s regional needs.

Improving the appeal of Northern Ireland to targeted migrants

Improving the responsiveness of the education system (see Opportunity 2) and activating the economically inactive (see Opportunity 3) may be longer term interventions to reduce skills shortages. However, attracting skilled workers from abroad (both foreign and returning Northern Ireland workers) can respond to more immediate labour market demands.

As demonstrated, Northern Ireland has experienced a historical decline in the inflow of workers from abroad. Furthermore, a recent analysis of the 2011 Census (DfE, 2018^[88]) indicates that the foreign population in Northern Ireland (when people from the rest of the UK are excluded) represents only 6.5% of the total Northern Ireland population. This compares with an average of 9.1% across all OECD countries. This indicates both an opportunity and a need for Northern Ireland to increase its efforts in attracting and retaining workers from abroad, in line with the identified need for a higher-skilled workforce. There was general recognition among individuals consulted during the OECD Skills Strategy project of the need for improved inward labour mobility. Among certain employers, there were significant levels of concern of how to reduce skills imbalances in the short term, if access to previously available migrant labour is severely curtailed due to the UK’s exit from the EU.

There have been a few previous efforts in Northern Ireland to encourage either the return of highly skilled Northern Ireland emigrants or to seek to attract skilled workers from elsewhere. In 2007, the former DEL initiated the C’Mon Over campaign, which targeted highly skilled people working or studying outside Northern Ireland to fill skills shortages in the region. However, the campaign was short-lived; it was suspended in 2010 due to the recession and was never revived. No assessment was undertaken to gauge its effectiveness.

The successful attraction of high-quality workers to a country, both foreign and returning natives, is more often than not influenced by an effective combination of “pecuniary” and “non-pecuniary” drivers (Tuccio, 2019^[89]). Pecuniary drivers include employment and career progression opportunities along with tax incentives and the overall cost of living. Non-pecuniary drivers include the relative quality of life, the environment for raising a family and the inclusivity/welcoming nature of the host nation (Tuccio, 2019^[89]). In recognition of this latter point, France has been developing indicators that measure the accessibility of key public services (health, education), leisure opportunities (sports, tourism, culture) and commercial services (food and other retail stores) (OECD, 2016^[90]). Replicating this could help Northern Ireland policy makers assess progress against making local areas more attractive to migrant workers.

For foreign workers, the inclusivity of a destination country can be one of the more decisive factors in choosing to move there (Tuccio, 2019^[89]). While the perceived inclusivity of a country can depend on prevailing cultural attitudes, it can also be positively influenced by migration policies such as the speed of

hiring procedures, the worker's right to be accompanied by family members and the rapid acquisition of permanent residence (OECD, 2019^[2]). As part of a regional approach to migration, the migration strategy group should consider whether to introduce targeted pecuniary measures, as well as the marketing of non-pecuniary incentives, to encourage high-skilled workers in specific areas of labour market demand. Pecuniary measures could include one-off payments (e.g. in the Slovak Republic), whereby university-educated experts who have been working abroad for more than ten years receive a lump sum upon being hired for a vacancy within a public institution. Alternatively, they could include a reduced tax rate on labour income for a fixed period of residency (e.g. in Denmark). Many such pecuniary measures are currently outside the authority of Northern Ireland, and the international evidence on their effectiveness is limited. Nevertheless, they could form part of political-level discussions between Northern Ireland and the UK Government, on how any such local measures might be accommodated within a future UK migration policy.

One aspect of any future regional approach to migration should be a greater focus on increasing the profile of non-pecuniary incentives for migrants, and the development of indicators to measure Northern Ireland's performance in these areas. The migration strategy group should also consider offering a full range of integration services, including better-facilitated recognition of qualifications (e.g. in Austria), migrant counselling services (e.g. in Germany), civic integration (e.g. in Belgium) and subsidised vocation-specific language training (e.g. in Portugal). The migration strategy group will need to ensure that local councils are involved in this process, and afforded sufficient capacity to deliver strong integration strategies at the local level (see Chapter 5 for further discussion on such structures).

Barriers to migrant labour mobility may also include a lack of information on employment opportunities, language needs, housing and transportation costs (IPPR, 2018^[57]). Countries can, therefore, provide a range of local services to facilitate the integration of foreign workers and their families. Dedicated information sources can be valuable tools in removing barriers to migration, by providing information on skills needs and job opportunities, online language training (especially to meet vocation-specific language needs), as well as by highlighting non-pecuniary drivers that would make a country an attractive place to work and live (OECD, 2019^[2]). Northern Ireland, however, does not offer a comprehensive information source that provides such practical information for foreign workers, unlike other countries such as Estonia, Lithuania or Sweden (see Box 2.12). The nirect portal does include a dedicated page for migrant workers; however, this focusses mainly on employment rights with some additional information on qualification recognition, which falls short of the best practice evidenced in other countries. The Invest NI website does provide some good customer-facing information on the non-pecuniary benefits of moving to Northern Ireland. However, given the focus of Invest NI's work, this information does not target the individual skilled worker abroad and exists in isolation from other migrant-focussed information.

As part of the development of a regional approach to migration, the migration strategy group should, therefore, introduce an improved outward-facing online source that comprises information on job vacancies; regulated occupations; and recognition of foreign qualifications, for example, as well as the non-pecuniary benefits of living in Northern Ireland. The migration strategy group will need to consider whether to expand the current nirect portal information and then merge it with existing Invest NI information. The development of the information source will also need to be accompanied by an international marketing campaign that targets countries with higher incidences of skilled workers who could potentially fill skills shortages and directs them to the relevant information.

Box 2.12. Relevant international examples: Improving the appeal of countries targeted to migrants

Improving the appeal of a country to attract migrant workers Information portals: Examples from Sweden, Estonia and Lithuania

In Sweden, an [online portal](#) provides up-to-date information for foreign workers regarding skills needs and job offers according to region; online language training; regulated occupations; and recognition of foreign qualifications, as well as offering online applications for work permits. All of this information is available in a variety of languages.

Estonia has developed an [official portal](#) with the main purpose of attracting foreign workers to the country. Similar to Sweden's portal, it provides information on specific job offers as well as on visas; housing; healthcare; taxes; and other topics of interest to foreigners who are considering moving to Estonia.

Lithuania has developed the [Work in Lithuania](#) portal, which seeks to encourage professionals living abroad to build their careers in Lithuania. The website, which is available in English, provides information on job offers; success stories of people who have already moved there; and information about living in Lithuania.

Services in support of migrant worker integration: Examples from Portugal and Germany

In Portugal, vocation-specific language courses are part of the Portuguese for All training scheme, which is available at no cost to migrants. Vocation-specific language courses are available for retail, hospitality, beauty care, civil construction and civil engineering. Vocation-specific language courses are also part of the Intervention Programme for Unemployed Immigrant Workers.

In Germany (Frankfurt), an outreach programme that targets women with higher qualifications (Start, Change, Get Ahead) assigns highly skilled migrant women a personal mentor. For one year, the mentor shares knowledge, experience and networks with the migrant. In concert with mentoring, the programme provides professional counselling, upskilling, intercultural training and skills recognition support. Within one year, approximately half of the participants managed to obtain a job aligned with their qualifications.

Source: Swedish Institute (2020^[91]), "Working in Sweden" (Article), <https://sweden.se/collection/working-in-sweden/>; Enterprise Estonia (2020^[92]), "Work in Estonia" (Article), <https://www.workinestonia.com/>; Invest Lithuania (2020^[93]), "Work in Lithuania" (Article), <https://workinlithuania.lt/homepage/>; OECD (2019^[2]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/9789264313835-en>.

Recommendations for improving the appeal of Northern Ireland to targeted migrants

- 1.14. Increase the attractiveness of Northern Ireland for high-skilled migrants, through a mix of pecuniary and non-pecuniary measures within a regional approach to migration.** As part of the development of a regional approach to migration, the migration strategy group (mentioned in Recommendation 1.13) should consider whether to introduce targeted pecuniary measures, as well as the marketing of non-pecuniary incentives, to encourage high-skilled workers in specific areas of labour market demand. Such incentives should include information on local skills needs and job opportunities, as well as online language training and the wider benefits of living and working in Northern Ireland. In marketing non-pecuniary measures, Northern Ireland should also develop indicators to measure its performance in these areas. The migration strategy group should also consider offering a full range of integration services, ensuring that local councils are involved in this process, and afforded sufficient capacity to deliver strong integration strategies at the local level.

- 1.15. Develop a comprehensive online information source for migrant workers, to advertise employment opportunities in Northern Ireland, and encourage and support the relocation process.** As part of the development of a regional approach to migration, the migration strategy group should introduce an improved outward-facing information source that comprises information on job vacancies; regulated occupations; and recognition of foreign qualifications, for example, as well as the non-pecuniary benefits of living in Northern Ireland. The development of the information source will also need to be accompanied by an international marketing campaign.

Attracting recent graduates and skilled emigrants back to Northern Ireland

In recent years, emigration and “brain drain”, especially at the higher skills level, have begun to disproportionately affect Northern Ireland compared with most other UK regions. When examining the impact of demographic change and mobility on skills imbalances, it is worth noting these comparatively large percentages of Northern Ireland domiciles who leave the country for their studies and/or professional careers.

A large share of Northern Ireland domiciles undertakes full-time tertiary education at a university elsewhere in the UK, rather than in Northern Ireland. In 2016/17, 63 070 individuals from Northern Ireland were enrolled in UK HEIs, and only 73% of those were studying in Northern Ireland, which is a low rate of local study when compared to the other UK countries. Only Wales (United Kingdom) (69%) ranks lower than Northern Ireland in this respect (HESA, 2018^[94]). This outward mobility of Northern Ireland higher education students can largely be explained by the larger numbers of HEIs in Scotland and England (United Kingdom), compared to Northern Ireland and Wales, but there are also a variety of social and cultural reasons (McQuaid and Hollywood, 2008^[95]). This phenomenon has been reinforced in recent years by the marketisation of higher education in England and the removal of student number caps there, resulting in greater availability of study places (UCAS, 2019^[96]). Of the 27% of HE students who leave Northern Ireland to study elsewhere in the UK, most go to English HEIs (19%), with 7% studying in Scotland and 1% studying in Wales. There are some Northern Ireland council area variations in HE leavers, with students from North Down and Ards being the most likely to leave, and those from Mid-Ulster being least likely (HESA, 2018^[94]). It should be noted that these data do not include students who leave to study outside the UK, including the Republic of Ireland.

Many graduates find employment outside Northern Ireland. In 2015/16, there were 9 575 Northern Ireland domicile graduates (“HE leavers”) who entered the UK labour market. While 68% of this group studied in Northern Ireland and entered the Northern Ireland labour market, 4% of them studied there but entered the Great Britain labour market; 12% studied in Great Britain, and returned to Northern Ireland for work; and 16% studied in Great Britain and stayed there for work. Moreover, of the Northern Ireland domicile graduates who left to study elsewhere in the UK, only 41% returned to Northern Ireland for work (HESA, 2017^[97]). This would be less of a concern for Northern Ireland if this shortfall were offset by HE leavers from other regions of the UK or elsewhere entering the Northern Ireland labour market. However, the data suggest that there are comparatively few graduates from elsewhere in the UK who choose to work in Northern Ireland, regardless of whether they studied in Northern Ireland or not (HESA, 2017^[97]). Neither is the shortfall being addressed by international (EU and non-EU) students staying in Northern Ireland after their studies at Northern Ireland HEIs. Of the EU students at Northern Ireland HEIs, 84% come from the Republic of Ireland, the majority of whom return there. The remaining 395 EU students at Northern Ireland HEIs make up less than 1% of HE students there (HESA, 2018^[94]).

International migration can have a positive impact, especially for higher-skilled and educated workers, through a better allocation of talent. As such, Northern Ireland’s export of HE students should not be considered a negative point in and of itself. However, the drain on a country’s human capital represents a significant problem if the origin country is unable to attract (back) the talent from abroad required by its own labour market. This is becoming the case for Northern Ireland. If left unaddressed, the gross

shortage of highly educated people will have an impact on Northern Ireland's future ability to meet higher-level skills demand. Encouraging the return from abroad of recent graduates, as well as those who have already been in the labour market for a number of years, could have an impact on closing skills shortages.

As previously discussed, migrants and returning workers are attracted by a combination of pecuniary and non-pecuniary factors. There is little available evidence on the specific motivations that inspire Northern Ireland domiciles to return home. However, international evidence points to returning migrants typically attributing greater importance to non-pecuniary factors (Barcevičius et al., 2012^[98]), with many returning to their home countries more for private and social motives than for purely economic reasons. Countries can engage in a targeted fashion with expatriate communities and individuals, to reinforce ties with the home country and provide practical information and support for their relocation. Such diaspora engagement activities can encourage networking and knowledge exchange between expatriate communities and people in the home country, which are important for increasing access to capital and more innovative technologies and work practices (Dickerson and Ozden, 2018^[99]).

Given the feedback from OECD Skills Strategy participants and international evidence, financial incentives alone are unlikely to provide a short-term solution to attracting Northern Ireland workers back from abroad. However, there are indications that Northern Ireland could do more to attract these workers back. For instance, Northern Ireland does not have a single body responsible for overseeing engagement with its diaspora, and neither has it developed a comprehensive diaspora engagement policy. The Northern Ireland Government should identify or introduce a body to assume responsibility for a new diaspora engagement programme (Invest NI would appear to be already well placed to assume this function). The body should be in charge of all activities related to diaspora engagement, from cultural engagement to the implementation of migration policy activities for skilled returners. It should co-operate closely with, and include representatives from, social partners such as cross-governmental partners, business associations and relevant NGOs, but ultimately report to the migration strategy group.

There are a number of examples of international best practice for seeking to reverse “brain drain” and diaspora engagement activities (see Box 2.13). These demonstrate the effectiveness of better profiling of emigrants, which allows for a more targeted suite of incentives to encourage their return. Such incentives include the provision of internships, pre-employment training and information to facilitate reintegration.

As part of a regional approach to migration, Northern Ireland should focus on the design of a comprehensive programme for social and cultural engagement activities with the Northern Ireland diaspora. Such a programme could encourage talent attraction, provided its objectives and allocation of responsibilities are clearly defined, and sufficient financial support provided. Key factors within such a programme should include: enhanced data collection regarding the composition and orientations of the Northern Ireland diaspora to better ascertain their key motivations and influencing factors for returning home; and a clear political commitment that returning workers are welcome through, for example, explicit support for a diaspora engagement programme.

The body responsible for the diaspora engagement programme should gather comprehensive data on Northern Ireland people who are currently studying or working abroad, both in terms of their skills profile as well as their motivating factors for returning (e.g. pecuniary vs. non-pecuniary drivers). Building on these data, the body should clearly specify the objectives of the engagement policy, which could include return migration for some groups (especially in line with targeted areas of skills need), as well as knowledge sharing and networking. Practical solutions could include Northern Ireland -based internships for university students who are enrolled abroad. There is also scope for opportunities under existing programmes to be marketed more widely to encourage Northern Ireland's graduates to return. The Assured Skills programme, for example, takes the form of an eight-to-ten-week pre-employment training programme, which is tailor-made to meet a foreign direct investment (FDI) company's specific skills needs.

In terms of communicating information to returning migrants, nidirect only has a single webpage providing minimal practical information on moving back to Northern Ireland. Northern Ireland should, therefore,

develop an enhanced information source for returning workers that provides information on job opportunities, pecuniary incentives and practical information for relocating. As part of the work of the migration strategy group, Northern Ireland should also merge this enhanced information source for returning domiciles with the recommended portal for attracting foreign talent (as is the case in Estonia). While nidirect could be an appropriate site for these portals, it would need some significant work in terms of its functionality and content.

Box 2.13. Relevant international examples: Attracting recent graduates and skilled emigrants back to countries of origin

Diaspora engagement activities: Examples from Lithuania

Lithuania was an early adopter of diaspora engagement strategies and has actively worked to promote return migration. The Global Lithuania diaspora programme, the website, I Choose Lithuania, and the NGO Global Lithuanian Leaders all work in tandem to engage with the diaspora. The Ministry of Foreign Affairs' Department of Lithuanians Living Abroad manages the Global Lithuania diaspora programme, which runs various programmes to encourage young people and professionals to return to Lithuania for work. Global Lithuanian Leaders brings together an extensive community of 1 700 Lithuanian professionals based in 49 countries to network and share their acquired knowledge and expertise with companies and individuals back in Lithuania. The website, I Choose Lithuania, provides information to returning diaspora members, as well as anyone else interested in living in Lithuania, to make their arrival and integration as easy as possible. Together, these initiatives ensure that Lithuanians abroad can easily connect and offer incentives to return.

Creating brain gain: An example from Italy

The Brain Back Umbria programme in Italy sought to reduce brain drain in the region, the main causes of which were the lack of career opportunities; transparency and confidence in the country; red tape; and lower salaries compared with the average salaries earned abroad. The regional agency developed a tailor-made qualitative and quantitative analysis of the region's citizens who had migrated due to the lack of job opportunities in the region. The analysis was carried out through social media and the Keep in Touch survey to Umbrian residents abroad. Through the survey, a typical profile of the migrants was outlined, identifying the majority as men, aged 30-35, with tertiary education, and highly skilled in marketing and communication. Based on this profile, a series of initiatives were implemented to encourage the return of potential entrepreneurs residing abroad, for the creation of innovative start-ups within the region. This was a low-cost endeavour that resulted in the creation of 16 start-ups and a better understanding of the region's emigration issues. The key step was mapping the problem in order to develop a strategy for addressing the phenomenon, tailored to the target audience.

Reversing brain drain: An example from the Slovak Republic

The Slovak Professionals Abroad Programme aims to encourage its natives to return home to the Slovak Republic. The programme provides internships and job opportunities for Slovak students who are currently studying in other countries. While on these internships, students are also able to participate in activities such as workshops, lectures and social events organised by the programme, to help them build networks and connections within the Slovak Republic. The programme also provides tailored support and job opportunities for Slovaks who have already have a few years' work experience abroad. Since 2012, the programme has worked with 114 companies in the Slovak Republic to provide placements for both internships and full-time jobs. Of the 165 students who have undertaken internships so far and finished their degree, 44% had returned to the Slovak Republic by July 2019.

Source: Government of Lithuania (2020_[100]), "I Choose Lithuania" (Article), www.renkuosilietuva.lt/en/; Government of Lithuania (2020_[101]), "Global Lithuanian Leaders" (Article), <http://lithuanianleaders.org/>; Cavallini, S. et al. (2018_[87]), *Addressing Brain Drain: The Local and Regional Dimension*, <https://cor.europa.eu/en/engage/studies/Documents/addressing-brain-drain/addressing-brain-drain.pdf>; LEAF (2020_[102]), "Slovak Professionals Abroad Programme" (Article), <https://spap.leaf.sk/>.

Recommendations for attracting recent graduates and skilled emigrants back to Northern Ireland

- 1.16. Develop a comprehensive programme for engagement with the diaspora that builds on data on the skills and motivations of Northern Ireland emigrants.** The Northern Ireland Government should identify or introduce a body to assume responsibility for a new diaspora engagement programme. The body should be in charge of all activities related to diaspora engagement, from cultural engagement to the implementation of migration policy activities for skilled returners. The body should gather comprehensive data on Northern Ireland people who are currently studying or working abroad, both in terms of their skills profile as well as their motivating factors for returning (e.g. pecuniary vs. non-pecuniary drivers). Building on these data, the body should clearly specify the objectives of the engagement policy, which could include return migration for some groups (especially in line with targeted areas of skills need), as well as knowledge sharing and networking.
- 1.17. Merge the recommended information source for returning Northern Ireland domiciles with that for attracting foreign talent.** As part of the work of the proposed migration strategy group (see Recommendation 1.13), Northern Ireland should merge the recommended information portal for attracting foreign talent (see Recommendation 1.15) with the enhanced information source for returners. This would help centralise and focus outward-facing information and reduce the number of fragmented information portals. While nidirect could be an appropriate site for this information, it would need some significant work in terms of its functionality and content.

Overview and discussion of recommendations

This chapter discussed how reducing skills imbalances could help Northern Ireland address shortages, surpluses and mismatches in order to improve the economic and social success of society, businesses and individuals. Reducing skills imbalances can result in increased economic growth through improved productivity and innovation, and by creating greater alignment between skills demand and supply. Public policy makers can work with education and training providers, employers, and individuals to help create the conditions, or provide direct support, for reducing skills imbalances. Four opportunities have been selected to support reductions in skills imbalances:

1. Improving individual career choice through the provision of enhanced career guidance.
2. Strengthening the responsiveness and flexibility of the tertiary education and VET systems.
3. Reducing economic inactivity to minimise skills shortages.
4. Improving labour mobility to meet skills demand.

The chapter presented 17 recommendations to help reduce skills imbalances (see Table 2.4). This selection is based on input from literature, desk research, discussions with the Northern Ireland Project Team, and broad engagement with a wide variety of stakeholders, including two workshops in Belfast, two meetings in Derry/Londonderry, a meeting in Dungannon and various related meetings and group discussions.

To reduce skills imbalances, Northern Ireland should provide enhanced, real-time information, coupled with concerted efforts to market that information to encourage engagement with it. This is especially the case regarding the provision of career information and guidance tools to better inform individual career choice (see Recommendations 1.2, 1.3 and 1.4). However, the same principles apply with regard to attracting migrant workers and encouraging the return of Northern Ireland domiciles (1.15 and 1.17), in order to meet skills demand through labour mobility.

Employers play an essential role in reducing skills imbalances. The OECD recommends more effective engagement with employers to encourage and advertise work-based learning opportunities (1.5 and 1.6),

as well as facilitating greater employer engagement in order to ensure that curricula reflect the skills needed in the labour market (1.8). The role of employers also features heavily in reducing economic inactivity, as Northern Ireland needs to understand their specific barriers to employing the economically inactive (1.11), as well as to encourage them to implement measures to create healthier workplaces, thereby contributing to a reduction in inflows to economic inactivity (1.12).

Finally, the OECD emphasises the need for greater strategic coherence in certain policy areas. This is especially the case for meeting Northern Ireland's skills needs through improved labour mobility (1.13) but equally applies to the provision of career guidance and education (1.1), as well as to ensuring that education and training providers respond more effectively to labour market demand (1.7). Moreover, approaches to reducing economic inactivity need to adopt a more strategic and targeted approach to interventions, which in turn requires a deeper understanding of the diverse needs of the target cohorts (1.9 and 1.10).

Based on discussions with the Northern Ireland Project Team, three recommendations have been selected that could be considered to have the highest priority based on potential impact, relevance in the current Northern Ireland context, as well as the overall support for implementation. To reduce skills imbalances, the OECD recommends that Northern Ireland:

- Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards (1.1).
- Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes (1.7).
- Better meet Northern Ireland's skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility (1.13).

Table 2.4. High-level overview of recommendations to reduce skills imbalances in Northern Ireland

| Policy directions | Recommendations | Responsible parties |
|--|---|---|
| Opportunity 1: Improving individual career choice through the provision of enhanced career guidance | | |
| Improving the quality and consistency of career guidance | 1.1. Complement recent strategic reforms to career guidance provision across all providers, by developing clear, common, transparent and accountable quality standards. | <ul style="list-style-type: none"> • DfE, DE, DAERA • Education/training providers • Client representatives |
| Improving the dissemination of career guidance information | 1.2. Introduce a consolidated portal to provide all users of career guidance with access to information on the labour market and skills needs, as well as study/work opportunities. | <ul style="list-style-type: none"> • DfE, DE, DAERA, DfC • Employer representatives • Career Advisory Forum |
| | 1.3. Review the effectiveness of recently introduced career guidance tools with a view to their further improvement. | <ul style="list-style-type: none"> • DfE's Careers Service |
| | 1.4. Consider launching a publicity campaign targeted at students and their families that reinforces the importance of using labour market information. | <ul style="list-style-type: none"> • DfE, DE, DAERA |
| Including employers in the provision of career guidance | 1.5. Ensure that common quality standards for the provision of career guidance include specific employer engagement measures. | <ul style="list-style-type: none"> • DfE, DE, DAERA • Education/training providers • Employer representatives • Career Advisory Forum |
| | 1.6. Include opportunities for employer engagement on a new careers portal. | <ul style="list-style-type: none"> • DfE, DE, DAERA • Employer representatives • Career Advisory Forum |

| Policy directions | Recommendations | Responsible parties |
|--|--|--|
| Opportunity 2: Strengthening the responsiveness and flexibility of the tertiary education and VET systems | | |
| Improving the alignment between education provision and labour market demand | 1.7. Introduce funding model reforms to ensure a proportion of grant funding is conditional on graduate employment outcomes. | <ul style="list-style-type: none"> • DfE |
| Facilitating improved interaction between education/training providers and employers | 1.8. Strengthen local networks among employers through a sectoral approach and by enhancing engagement of SMEs and hard-to-reach employers. | <ul style="list-style-type: none"> • DfE • Education/training providers • Local councils • Employer and sectoral representatives |
| Opportunity 3: Reducing economic inactivity to minimise skills shortages | | |
| Assessing current measures to engage the economically inactive | 1.9. Undertake a mapping exercise of current service provision for the economically inactive, to improve efficiency and effectiveness, and align interventions with skills needs. | <ul style="list-style-type: none"> • DfC, DfE, DoH • Local councils • Voluntary and community sector |
| | 1.10. Undertake a targeted engagement exercise, to better understand the barriers facing the economically inactive, with a view to better directing support and developing skills in line with the identified need. | <ul style="list-style-type: none"> • DfC |
| Involving employers in reducing economic inactivity | 1.11. Undertake a formal employer engagement exercise, to identify current barriers to recruiting specific economically inactive cohorts. | <ul style="list-style-type: none"> • DfC, DfE |
| | 1.12. Encourage healthier workplaces in order to prevent inflows into disability benefits, particularly in sectors where there are skills shortages. | <ul style="list-style-type: none"> • DfC, DfE |
| Opportunity 4: Improving labour mobility to meet skills demand | | |
| Ensuring that Northern Ireland's specific regional skills needs can be met through migrant labour | 1.13. Better meet Northern Ireland's skills needs through a more regional approach to attracting skilled migrants, including through broadening the remit of the current cross-departmental migration strategy group to examine labour mobility. | <ul style="list-style-type: none"> • NICS • Northern Ireland Executive • UK Government • Local councils |
| Improving the appeal of Northern Ireland to targeted migrants | 1.14. Increase the attraction of Northern Ireland for high-skilled migrants, through a mix of pecuniary and non-pecuniary measures within a regional approach to migration. | <ul style="list-style-type: none"> • NICS • Local councils |
| | 1.15. Develop a comprehensive information source for migrant workers, to advertise employment opportunities in Northern Ireland, and encourage and support the relocation process. | <ul style="list-style-type: none"> • NICS • Local councils • External migrant support stakeholders |
| Attracting recent graduates and skilled emigrants back to Northern Ireland | 1.16. Develop a comprehensive programme for engagement with the diaspora that builds on data on the skills and motivations of Northern Ireland emigrants. | <ul style="list-style-type: none"> • NICS • Invest NI |
| | 1.17. Merge the recommended information source for returning Northern Ireland domiciles with that for attracting foreign talent. | <ul style="list-style-type: none"> • NICS • Invest NI |

Note: DfE is the Department for the Economy; DE is the Department of Education; DAERA is the Department of Agriculture, Environment and Rural Affairs; DfC is the Department for Communities; DoH is the Department of Health; DfC is the Department for Communities; NICS is the Northern Ireland Civil Service; Invest NI is Invest Northern Ireland.

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3

Creating a culture of lifelong learning in Northern Ireland

Creating a culture of lifelong learning is crucial to ensure that individuals participate in learning after leaving compulsory education. Lifelong learning results in a wide range of benefits, including higher wages for individuals, higher productivity for firms and higher levels of social trust. This chapter explains the importance of creating a culture of lifelong learning in Northern Ireland (United Kingdom) and provides an overview of current practices and performance. It then explores three opportunities to create a culture of lifelong learning in Northern Ireland: starting the development of a culture of lifelong learning early in life; increasing adults' motivation to learn; and removing barriers for individuals and employers to adult learning opportunities.

The importance of creating a culture of lifelong learning

A culture of lifelong learning can be defined as the shared set of beliefs, values and attitudes, and resulting behaviours that are favourable towards learning across the life course (OECD, 2010^[1]). Creating a culture of lifelong learning is crucial to ensuring that individuals actively participate in adult learning after leaving the compulsory education system. In turn, participation in different forms of adult learning has positive impacts on individuals, firms and society.

For individuals, participation in formal adult education and training can lead to better employability prospects, higher wages and upward social and/or occupational mobility (Midtsundstad, 2019^[2]). For firms, training leads to higher productivity growth and is often a complement to innovation in the workplace (Acemoglu, 1998^[3]; Dearden, Reed and Van Reenen, 2006^[4]; Konings and Vanormelingen, 2015^[5]). Participation in adult learning can also generate strong social benefits; higher-skilled adults typically report better health, feel more included in political processes and trust others more than low-skilled adults. Adult learning opportunities can help individuals achieve these higher levels of skills (OECD, 2016^[6]).

The latest available evidence from the United Kingdom (UK) shows that obtaining a new qualification (e.g. a tertiary qualification or A levels) increases upward mobility for individuals (McMullin and Kilpi-Jakonen, 2014^[7]). With regard to training, the latest available evidence from the UK also suggests that increasing training time by 10% within firms leads to a 6% increase in productivity and a 3% increase in hourly wages (Dearden, Reed and Van Reenen, 2006^[4]).

In the case of Northern Ireland, creating a culture of lifelong learning is crucial in addressing three cross-cutting challenges. First, a strong culture of lifelong learning can help increase the levels of productivity of the workforce, which is significantly lower in comparison to other parts of the UK. Second, it can help support individuals and firms to respond to the challenges and opportunities arising from the UK's exit from the European Union (EU) and global megatrends. Third, although at the time of writing the full impact of the COVID-19 (coronavirus) pandemic remains unclear (see Chapter 1), some of the shorter term measures to create a culture of lifelong learning could contribute to economic recovery by making it easier for displaced workers to find new jobs through reskilling and upskilling opportunities.

The international evidence suggests that to foster a culture of lifelong learning in the long term, it is crucial that children and young people develop a positive attitude towards learning, along with strong cognitive and meta-cognitive skills (OECD, 2015^[8]; Tuckett and Field, 2016^[9]). This helps ensure that they have both the motivation and the foundational skills to participate effectively in adult learning later in life. In the short to medium term, initiatives to increase the motivation of adults can be combined with measures to remove financial and time-related barriers to access adult learning opportunities (European Commission, 2015^[10]; OECD, 2019^[11]).

Northern Ireland has already introduced strategies such as *Success through Skills*, *Preparing for Success*, *Access to Success*, and *Further Education Means Success* to make progress in many of these policy areas. Combined, they promote lifelong learning as an important part of the national skills landscape and propose initiatives to make education more flexible and accessible for adults (Department for Employment and Learning, 2011^[12]; Department for Employment and Learning, 2012^[13]; Department for Employment and Learning and Department of Education, 2016^[14]).

This chapter focuses on developing strong attitudes to learning and foundational skills in children and young people up to the age of 16, when they complete compulsory education, so as to foster a culture of lifelong learning in the long term. Upper-secondary and tertiary education are covered in Chapter 2 because, though relevant in the development of a strong culture of lifelong learning, they play a crucial role in reducing skills imbalances as well.

In terms of short- to medium-term policy interventions, this chapter does not discuss in detail targeted education and training policies to help inactive individuals re-join the labour force, such as young people

not in employment education and training (NEET) and the economically inactive. These targeted policy interventions are also covered in Chapter 2 because of their role in helping to address skills imbalances.

This chapter begins with an overview of current practices and performance indicators for creating a culture of lifelong learning in Northern Ireland. It then discusses three opportunities for creating a culture of lifelong learning.

Northern Ireland's practices and performance in creating a culture of lifelong learning

Current practices to create a culture of lifelong learning

For the purposes of this chapter, creating a strong culture of lifelong learning depends on current practices in compulsory education and access to formal, non-formal and informal learning opportunities in adulthood (see Box 3.1). Two departments play a crucial role in overseeing the initial education system and the adult learning system. The Department of Education (DE) is responsible for pre-school, primary and secondary education (Department of Education, n.d.^[15]). The Department for the Economy (DfE) is in charge of further education (FE), including initial and continuous vocational education and basic skills programmes for individuals, higher education (HE) and firm-level programmes for employers. Other departments and governmental agencies also play a role in the adult learning system, such as the Department of Agriculture, Environment and Rural Affairs (DAERA), which is responsible for education and skills policy linked to agriculture, environment and rural affairs (DAERA, 2019^[16]).

Box 3.1. Formal education, non-formal education and informal learning

Formal education is provided in schools, colleges, universities or other educational institutions, and leads to a certification that is recognised by the national educational classification.

Non-formal education is defined as any organised and sustained educational activities that do not correspond exactly to the above definition of formal education. This includes courses through distance education, on-the-job training, seminars, workshops or private lessons.

Informal learning relates to typically unstructured, often unintentional, learning activities that do not lead to certification. In the workplace, this is more or less an automatic by-product of the regular production process of a firm.

Source: OECD (2011^[17]), *PIAAC Conceptual Framework of the Background Questionnaire Main Survey*, [www.oecd.org/skills/piaac/PIAAC\(2011_11\)MS_BQ_ConceptualFramework_1%20Dec%202011.pdf](http://www.oecd.org/skills/piaac/PIAAC(2011_11)MS_BQ_ConceptualFramework_1%20Dec%202011.pdf).

Overview of the compulsory education system in Northern Ireland

In Northern Ireland, learning begins with pre-school education. Through the Pre-School Education Programme (PSEP), funded by the DE, publicly funded education for children aged three to four is available at primary schools, nurseries, playgroups and other public, voluntary and private settings (Eurydice, 2019^[18]). Primary schools are divided into Foundation Stage, Key Stage 1 and Key Stage 2 (ending at age 11). Primary schools are largely organised along denominational lines, but all must teach the statutory Northern Ireland Curriculum (Eurydice, 2019^[18]). General lower secondary education is taught from ages 11-16 and includes grammar schools, secondary schools and a small number of fee-paying independent schools. At this level, students must complete Key Stage 3 and Key Stage 4, with the latter leading to the General Certificate of Secondary Education (GCSE) qualification (Department of Education,

2019^[19]). The Northern Ireland Council for the Curriculum, Examinations and Assessment (CCEA) has responsibility for the curriculum in the compulsory education system.

Upon finishing compulsory education at age 16, learners have more choices in how to continue pursuing an education. The main academic route results in completing A levels, frequently leading to higher education courses (see Chapter 2). Students can also opt to undertake vocational pathways and apprenticeships through the ApprenticeshipsNI scheme.

Overview of the current arrangements for adult learning undertaken by individuals

In line with other OECD countries, adults in Northern Ireland can engage in formal and non-formal learning across all skill levels. They can pursue vocational, further and higher education at a variety of providers, including FE colleges and universities. Programmes to develop basic core skills are also available, and offerings are directed at adults through flexible study provisions.

FE colleges are the most popular institution for formal and informal learning opportunities with adult learners. Across all types of courses, 45 511 individuals aged 25+ were enrolled in FE colleges in 2017/18 (Department for the Economy, 2019^[20]). These colleges are the main providers of higher education at National Qualification Framework (NQF) Level 4 (including Higher National Certificates) and Level 5 (including Foundation Degrees). The provision is fairly flexible, with several courses being offered part-time and during the evenings. Apprenticeships are another important option for individuals pursuing continuous vocational education. The ApprenticeshipsNI scheme provides apprenticeships at Level 2 and Level 3 for adults. In recent years, the scheme has also been extended to offer a number of Higher Level Apprenticeships at Levels 4+.

Three universities operate in Northern Ireland: Queen's University Belfast, Ulster University and the Open University. Queen's University Belfast and Ulster University both offer many of their degrees on a part-time basis, helping students to continue working while studying (Ulster University, n.d.^[21]; Queen's University Belfast, n.d.^[22]). Ulster University also runs the Centre for Flexible Education, which aims to make personal and professional development courses more accessible to adult learners. The Open University operates throughout the UK, and its degrees aim to provide a high degree of flexibility for learners; all courses are taught via distance learning, allowing adults to fit learning in around existing schedules (The Open University, n.d.^[23]). Adult learners in Northern Ireland predominantly take higher education courses on a part-time basis, taking advantage of this flexibility: 10 705 adults aged 25 and above were studying part-time undergraduate courses in universities in 2017/18 compared to 4 105 in full-time courses.

The College of Agriculture, Food and Rural Enterprise (CAFRE) is responsible both for further education and higher education in subjects linked to DAERA's areas of competence. For instance, it is responsible for tertiary qualifications in subjects such as Agriculture, Food, Equine and Horticulture, but also offers a wide variety of vocational courses such as Level 3 in Horse Management and Level 3 in Land-Based Engineering (CAFRE, n.d.^[24]).

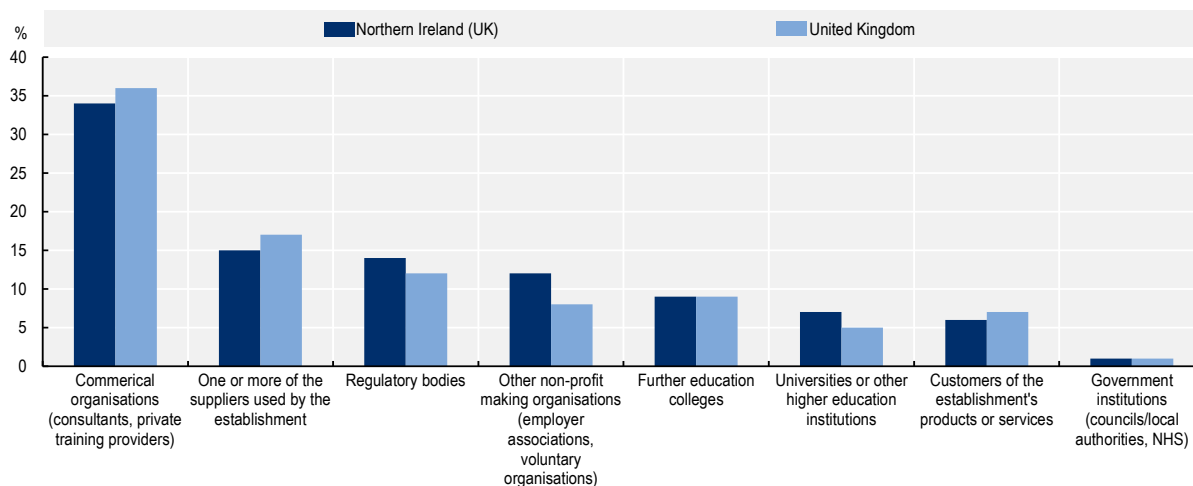
Adults can also participate in formal and non-formal education at lower skills levels. FE colleges and a variety of other organisations offer a range of academic, vocational and leisure courses at NQF Level 1, Level 2 (GCSE equivalent) and Level 3 (A level equivalent). For those lacking basic skills in maths, English and information and communication technology (ICT), the Essential Skills programme, run by the DfE, provides free courses to improve competencies in these core areas. The Essential Skills courses are open to individuals 16 and over and are delivered by FE colleges and voluntary and community training organisations (NI Business Info, n.d.^[25]).

Overview of the current arrangements for training offered by employers

In Northern Ireland, employers use a variety of external providers to organise both formal and non-formal training for employees. In line with the rest of the UK, commercial organisations such as private training

providers are the main avenue for such training opportunities (see Figure 3.1). As in other parts of the UK and most OECD countries, most training constitutes non-formal education. Only 32% of employers in Northern Ireland offer training that leads to a formal qualification (especially Level 3 and 4 qualifications), in line with the rest of the UK (UK Department for Education, 2017^[26]).

Figure 3.1. External training sources used by all establishments in Northern Ireland and the UK, 2016



Source: UK Department for Education (2017^[26]) *Employer Perspectives Survey 2016*, <https://www.gov.uk/government/publications/employer-perspectives-survey-2016>.

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Employers can access three programmes subsidised by DfE or Invest NI to upskill current employees, which combined, cost approximately GBP 8 million of public funding (see Opportunity 3 for a detailed description). Invest NI provides financial support through the Skills Growth Programme, whereas DfE runs Skills Focus and InnovateUS. A number of pre-employment programmes are also offered, but these are discussed within the context of reducing economic inactivity (see Chapter 2). Employers also receive incentives for apprentices and contribute to a UK-wide apprenticeship levy (see Opportunity 3).

Performance in creating a culture of lifelong learning

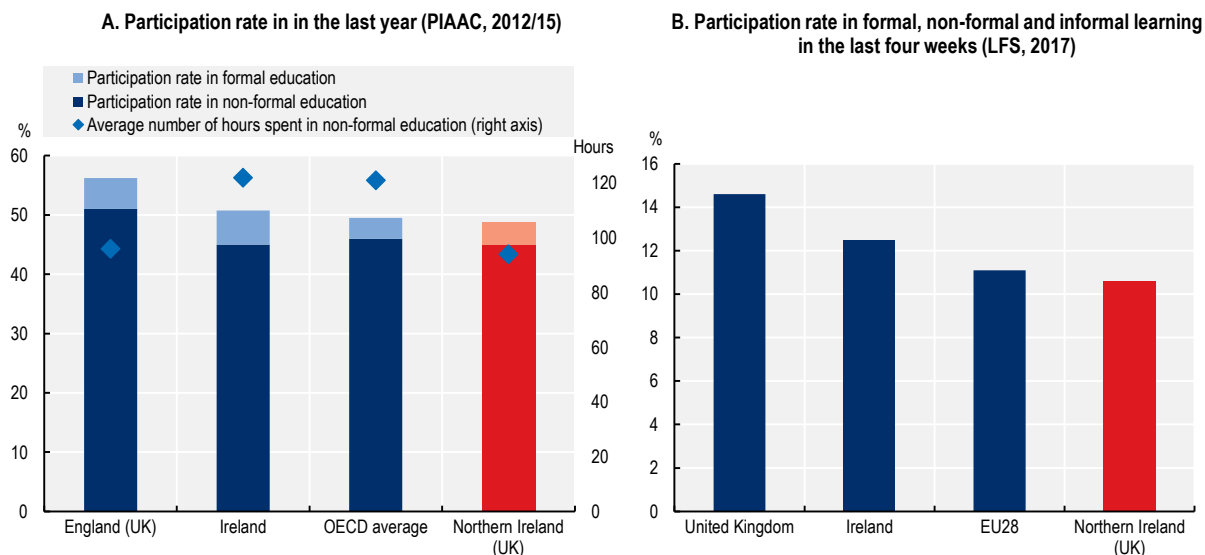
The existing evidence suggests that Northern Ireland does not have a strong culture of lifelong learning. According to the Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC), and Labour Force Survey (LFS) data, participation in adult learning by individuals is lower than neighbouring countries such as England (United Kingdom) and the Republic of Ireland, especially among lower-educated individuals. The Employer Skills Survey shows that businesses in Northern Ireland train their employees less intensively than businesses based in other parts of the UK, regardless of firm size. However, there is wide regional variation in Northern Ireland in terms of both the provision of training and the intensity of training.

Participation in adult learning by individuals

Participation in adult learning by individuals in Northern Ireland is lower than in other countries in the UK and the Republic of Ireland, according to both LFS and Survey of Adult Skills (PIAAC) data (see Figure 3.2). The data from the LFS show that approximately 10.9% of adults in Northern Ireland participated in education and training in the four weeks preceding the survey. This is lower than the EU

average (11.3%), the Republic of Ireland (12.6%) and the UK as a whole (14.8%) and is significantly lower than top-performing countries such as Switzerland (32.3%) and Sweden (34.3%). Increasing the participation rate in line with the UK average would mean that an extra 39 000 individuals would be able to participate in education and training on a monthly basis.

Figure 3.2. Participation rate in adult learning in Northern Ireland and other countries



Source: NISRA (2020^[27]), Labour Force Survey (database), <https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/labour-force-survey>; OECD (2019^[28]), Survey of Adults Skills (PIAAC) (2012, 2015, 2019) (database), www.oecd.org/skills/piaac/.

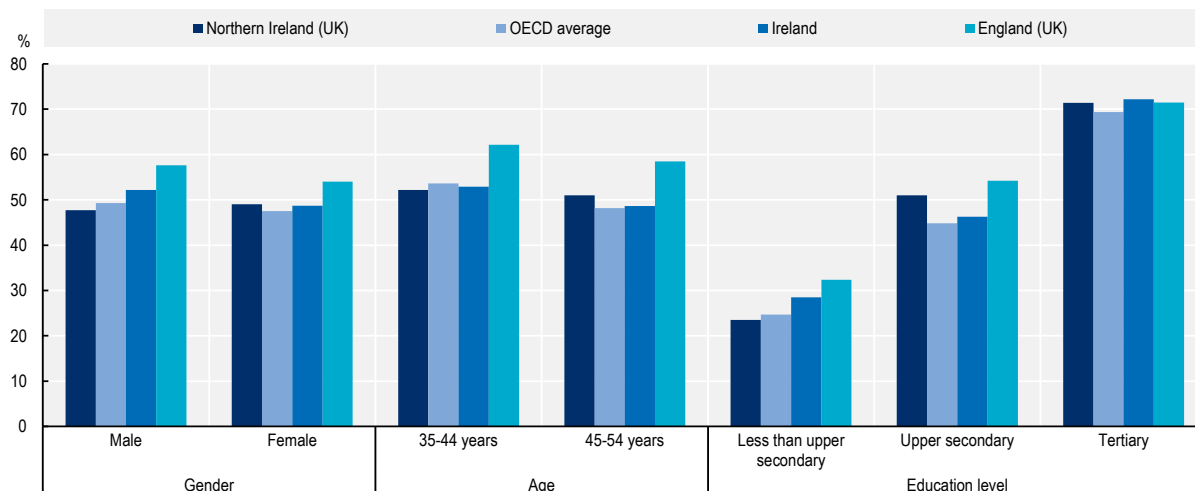
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Overall participation in formal and non-formal adult education in the past 12 months, using Survey of Adult Skills (PIAAC) data, is lower in Northern Ireland (48.8%) than the OECD average (49.5%), the Republic of Ireland (50.8%) and England (56.2%). Increasing the participation rate in line with England's average would mean that an extra 72 000 individuals would be able to participate in education and training on a yearly basis.

While the gap in participation with the Republic of Ireland and the OECD average is lower than the gap with England, the intensity of participation lags behind. Individuals in the Republic of Ireland (122 hours) and across the OECD (121 hours) spend approximately 30% more time in adult education than individuals in Northern Ireland (94 hours). Conversely, individuals in England spend a similar amount of time in adult education (96 hours).

The lower participation rates are largely among male and lower-educated individuals (see Figure 3.3). Unlike in England, the Republic of Ireland and OECD countries on average, men (47.7%) are less likely to participate in adult learning than women (49.1%). Individuals without an upper-secondary qualification (23.4%) in Northern Ireland have a substantially lower participation rate than comparable individuals in the Republic of Ireland (28.5%) and England (32.4%), and slightly lower than the OECD average (24.7%).

Figure 3.3. Participation in formal and non-formal education in Northern Ireland for specific cohorts, 2012/15



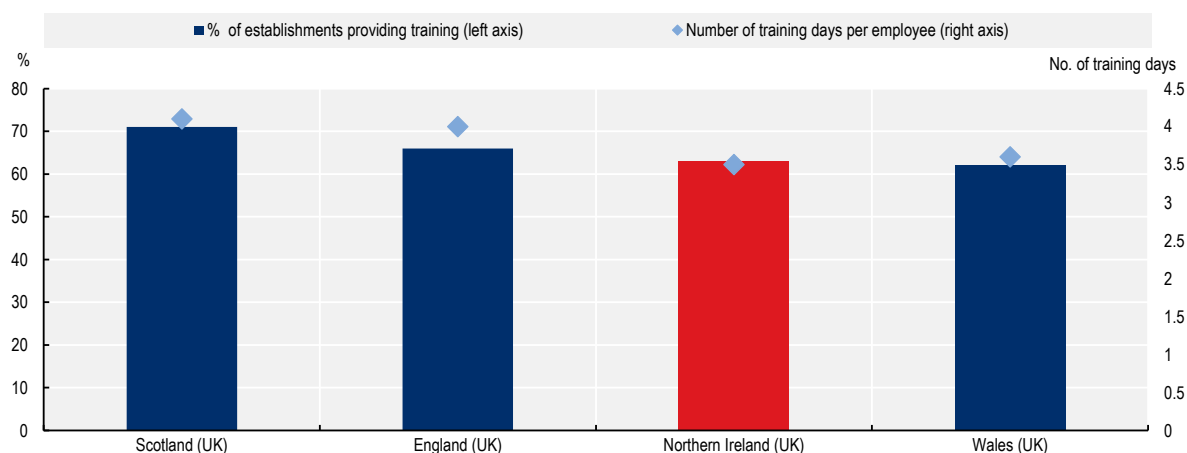
Note: Due to the low sample size, formal and non-formal education opportunities are considered jointly to compute a total participation rate.
 Source: OECD (2019^[28]), Survey of Adults Skills (PIAAC) (2012, 2015, 2019) (database), www.oecd.org/skills/piaac/.

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Participation in training by employers

As foreshadowed in the current practices section of this chapter, in Northern Ireland, as in other OECD countries, employers play an important role in fostering participation in adult learning through the provision of training opportunities. The Employer Skills Survey shows that organisations in Northern Ireland are on average less likely to provide training than organisations in England or Scotland (United Kingdom) (see Figure 3.4).

Figure 3.4. Training provision and intensity by employers in Northern Ireland and other UK countries, 2017



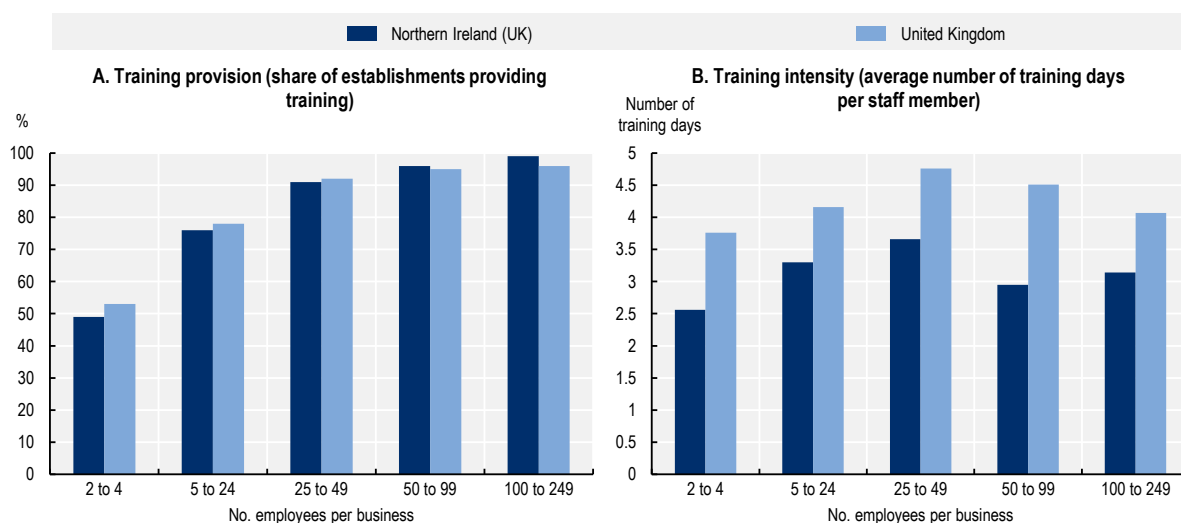
Source: UK Government (2017^[29]), UK Employer Skills Survey 2017, <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>.

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Approximately 63% of establishments (including government bodies, charities and profit-seeking firms) in Northern Ireland have provided training in the past 12 months, compared to 66% of establishments in England and 71% of establishments in Scotland. The establishments that do provide training, however, seem to do so less intensively. Organisations in Northern Ireland average 3.5 days of training per employee; a value similar to Wales (United Kingdom), but below England (4.0) and Scotland (4.1).

Training varies substantially depending on firm size. As discussed in Chapter 1, Northern Ireland has a relatively high share of small and medium-sized enterprises (SMEs). In principle, this could mean that the underperformance of Northern Ireland could be driven by its comparatively high share of SMEs. The higher incidence of SMEs does seem to explain differences in training provision to a large extent, but not in training intensity (see Figure 3.5).

Figure 3.5. Training provision and intensity in Northern Ireland and other UK countries, 2017



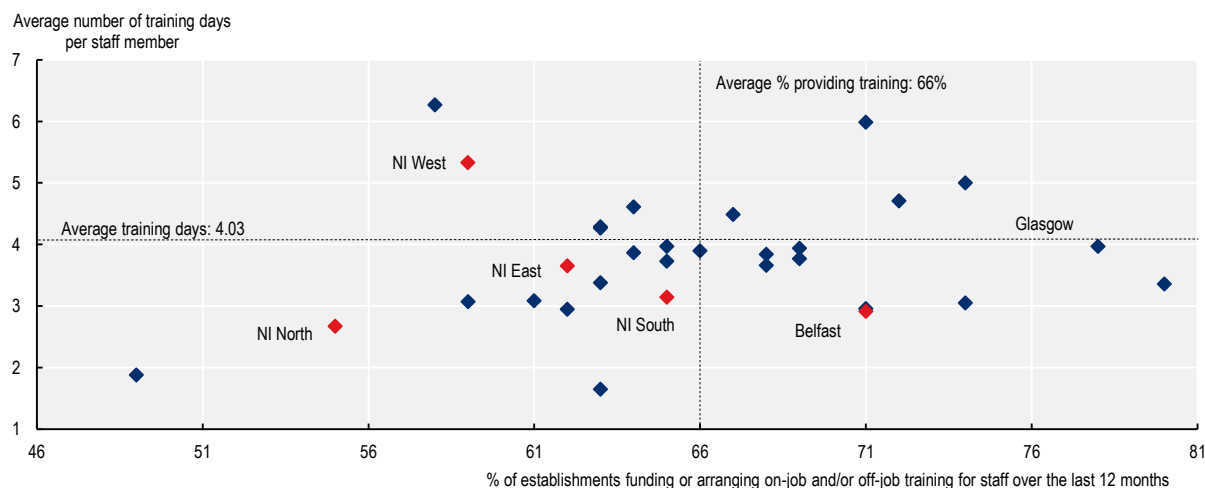
Note: Fewer than 30 Northern Irish businesses with 250+ employees responded to this question in the Employer Skills Survey, meaning data for the category 250+ is suppressed for Northern Ireland.

Source: UK Government (2017^[29]), *UK Employer Skills Survey 2017*, <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>.

StatLink  <https://doi.org/10.1787/888934127643>

The difference in training provision between Northern Ireland and the rest of the UK is larger for businesses with 2-4 employees (49% in Northern Ireland vs. 53% in the UK). The difference is smaller for businesses with 5-24 employees (76% vs. 78%) and 25-49 employees (91% vs. 92%). Businesses with 50-99 employees (96% vs. 95%) and 100-249 (99% vs. 96%) have slightly higher rates of training provision in Northern Ireland than in the rest of the UK. Conversely, training intensity is lower for businesses of all sizes. The largest difference, both in absolute and relative terms, is observed for businesses with 50-99 employees (3.0 days in Northern Ireland vs. 4.5 days in the UK).

However, there is also high variation in training provision and intensity across different regions in Northern Ireland (see Figure 3.6). Three regions in Northern Ireland (NI East, NI South and NI North) perform below the UK average, both for training provision (on the x-axis) and training intensity (on the y-axis). Belfast performs above the UK average in terms of training provision, but below the average in terms of training intensity. The reverse is true for the West region. These results suggest that a region-specific approach might be required to strengthen training among employers.

Figure 3.6. Training provision and intensity across UK regions, 2017

Note: Only regions in Northern Ireland and the region of Glasgow have been explicitly labelled. All other regions in England, Scotland and Wales are included in the chart with no labels.

Source: UK Government (2017^[29]), *UK Employer Skills Survey 2017*, <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>.

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Opportunities to create a culture of lifelong learning

This chapter describes three opportunities to create a culture of lifelong learning. The selection is based on input from literature, desk research, discussions with the Northern Ireland Project Team, workshops in Belfast, Derry/Londonderry and Dungannon, group discussions and a number of other meetings with stakeholders. The following opportunities are considered to be the most relevant for the specific context in Northern Ireland to create a culture of lifelong learning:

1. Starting the development of a culture of lifelong learning early in life.
2. Increasing adults' motivation to learn.
3. Removing barriers for individuals and employers to adult learning opportunities.

The first opportunity aims to foster a culture of lifelong learning in the long term. The remaining two opportunities focus on short- to medium-term policy interventions.

Opportunity 1: Starting the development of a culture of lifelong learning early in life

In the workshops and group discussions conducted during the project, stakeholders considered that developing a strong culture of lifelong learning in the longer term will depend on educational experiences and parental support early in life. International and UK evidence confirms that children who develop a positive attitude towards learning and strong cognitive and meta-cognitive skills in compulsory education will have greater motivation and foundations to participate effectively in adult learning later in life (OECD, 2015^[8]; Tuckett and Field, 2016^[9]).

As discussed in Chapter 1, Northern Ireland has been a strong performer in developing cognitive skills in compulsory education. Skills of youth in Northern Ireland have been increasing in recent decades and are now above the OECD average in reading, mathematics and science. According to the Programme for International Student Assessment (PISA), these skills are also being developed inclusively, and young people are improving their skill set, in line with the OECD average. However, building on the feedback received from stakeholders during the project, this opportunity presents two potential policy avenues that

Northern Ireland can pursue to further improve foundational skills and attitudes to learning early in life. First, it considers how Northern Ireland could improve the curriculum and examination methods in compulsory education. Second, it examines how Northern Ireland could further increase support for vulnerable families in areas of high deprivation.

Improving the curriculum and examination methods would help ensure that all learners develop the right skills and attitudes to learning in the context of megatrends. On the other hand, increasing support for vulnerable children and their families could help reduce the number of low-educated and low-skilled workers in the future who, as seen in the performance section above, are less likely to participate in adult learning.

Improving the curriculum and examination methods in compulsory education

Despite its relatively strong PISA performance, it is important for Northern Ireland to ensure that the compulsory education system continues to develop strong foundational skills and attitudes to learning in the context of megatrends. Evidence suggests that this will require updating the compulsory curriculum and teaching practices, as well as examination methods.

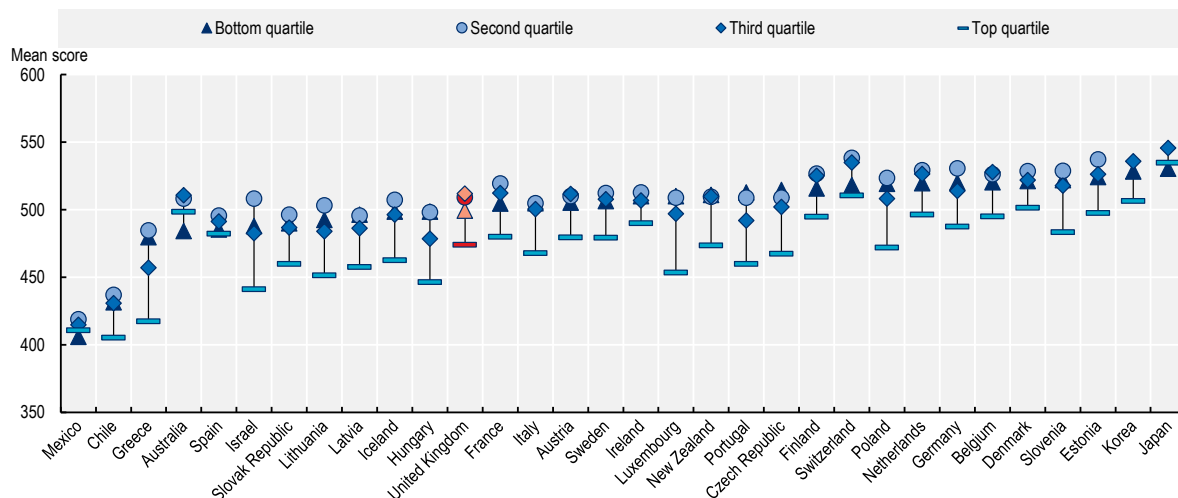
The ongoing OECD *Education 2030* project aims to identify what skills students should develop in order to succeed later in life in the context of megatrends, and how these can be delivered by the education system (OECD, 2019_[30]). The project highlights that the school curriculum will play a crucial role in enabling students to develop the right skills and attitudes to learning (OECD, 2019_[30]). In particular, the project stresses the importance of adopting a skills-based curriculum that puts a strong emphasis on digital and data literacy skills and social skills, on top of numeracy and literacy, interdisciplinary knowledge, and transformative competencies that can be used across a wide range of contexts and situations (OECD, 2019_[30]).

The compulsory curriculum in Northern Ireland shows some broad alignment with these key themes. An in-depth review of the compulsory education system conducted by the OECD found that the revised curriculum introduced in 2007 put a strong emphasis on using ICT, thinking skills and personal capabilities (Shewbridge et al., 2014_[31]). The review also found that the revised curriculum connected learning across different areas and placed a greater focus on skills and their application. The curriculum was not just good “on paper”, however. The OECD review team met with representatives of employers and the teaching profession and noted a high level of support (Shewbridge et al., 2014_[31]).

Consistent with this feedback, stakeholders in workshops and group discussions conducted during the current project expressed satisfaction with the curriculum. However, a number of stakeholders considered that the curriculum does not place sufficient importance on the development of digital and data literacy skills. In particular, according to some stakeholders, the curriculum lacks a clear specification of different levels of digital and data literacy skills that should be developed across the different Key Stages. Going forward, Northern Ireland could take inspiration from fellow OECD countries, such as Sweden and Australia, to develop, as suggested by stakeholders during the workshop, a “digital spine” that runs through the whole curriculum (see Box 3.2). However, an increased focus on the development of digital and data literacy skills will require widespread access and effective use of ICT tools in the classroom (OECD, 2019_[32]). According to previous OECD analysis, access to ICT tools in schools is relatively high in the UK (OECD, 2019_[32]). Northern Ireland performs in line with the rest of the UK. Since 2000, the Department of Education (DE) has invested over GBP 632 million in providing ICT infrastructure in schools, making Northern Ireland a strong performer in access to ICT in education (Department of Education, 2019_[33]). Yet, in line with other OECD countries, the UK has been less successful at using ICT effectively in the classroom (see Figure 3.7). Data from PISA 2015 show that when levels of ICT use at school are very high, student performance tends to be lower (see Figure 3.7).

Figure 3.7. Use of ICT technologies and skills outcomes in OECD countries, 2015

Students' mean scores in mathematics by quartile of the index of ICT use at school



Note: The figure displays students' mean scores in mathematics by quartile of the index of ICT use at school, but the results are similar for literacy and science. Insufficient sample size does not allow to disaggregate Northern Ireland from the rest of the UK. The index of ICT use at school measures how frequently students make a variety of digital device uses at school: playing simulations; posting one's work on the school website; practising and drilling (such as for mathematics); downloading, uploading or browsing material from the school's website or intranet; chatting on line at school; using email at school; doing homework on a school computer; using school computers for group work and communication with other students; browsing the Internet for schoolwork.

Source: OECD (2019_[32]), *OECD Skills Outlook 2019: Thriving in a Digital World*, <https://dx.doi.org/10.1787/df80bc12-en>.

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ICT use is defined through an index that measures how frequently students make a variety of digital device uses at school, for instance, downloading, uploading or browsing material from the school's website, doing homework on a school computer and using school computers for group work and communication with other students.

To some extent, these results depend on how digital and data literacy skills are embedded in the curriculum. Australia is an exception to the high-use and low-performance pattern, possibly because, in the Australian curriculum, ICT use and the development of ICT capabilities are embedded at all learning levels and in all curriculum areas, not only in the technology-specific ones (see Box 3.2). Yet, the effect of technology on student performance also depends on the use of suitable teacher practices and pedagogies (OECD, 2019_[32]). Technology has the most positive effects when used as an amplifier for teaching, enabling teachers and students to relate the knowledge and skills developed in traditional and non-traditional instruction (OECD, 2019_[32]). Pedagogies have a crucial role to play in making this possible (see Table 3.1); they should rely on technology as a tool for enhancing student motivation and learning, rather than treat technology use as an objective *per se* (OECD, 2019_[32]). Building on these insights, going forward, Northern Ireland should ensure that new and existing teachers have access to learning opportunities about pedagogies and teaching practices that enable them to make the best out of ICT tools. There are many examples of such pedagogical methods, including gamification, which integrates the pedagogical principles of play and games (including video games) in formal learning, or flipped classes, in which students are required to attain content, usually provided by ICT material, before the class (Peterson et al., 2018_[34]; OECD, 2019_[32]).

Table 3.1. The role of pedagogies in shaping the use of new technologies in the classroom

| Technology type | What pedagogies can do |
|--|---|
| General ICT | <ul style="list-style-type: none"> • Use ICT as a complement to teaching practices • Enhance motivation “through” and not “to” technology • Promote digital literacy and ensure students have prior competencies to use digital tools • Encourage active learning and collaboration |
| Multimedia materials | <ul style="list-style-type: none"> • Use sound instructional designs • Encourage multimedia authoring as a tool for thinking skills, communication and self-expression • Accompany students scaffolding the use of materials • Ensure content can be understood and learners can stay focused |
| Multi-tasking and interactive environments | <ul style="list-style-type: none"> • Enhance awareness of multi-tasking and its consequences • Design and implement environments based on sound pedagogical approaches • Promote the use of knowledge frameworks to help students connect new information with prior knowledge |
| Gaming | <ul style="list-style-type: none"> • Ensure the integration of video games into the instructional context • Ensure exploration and manipulation of realistic scenarios • Ensure students focus on the learning elements of games • Provide feedback to students and align games to their learning capacity |
| Collaborative and Web 2.0 environments | <ul style="list-style-type: none"> • Ensure Web 2.0 principles are followed (e.g. student-generated content, interaction and collaboration) • Avoid transmission of content by the teacher/relegation of students to passive roles • Enhance students’ capacities to self-regulate and remain focused • Put forward new ways of collaboration and learning based on Web 2.0 tools, extending learning outside the classroom |

Note: Precise definition of the technologies are available at (OECD, 2019_[32]).

Source: OECD (2019_[32]), *OECD Skills Outlook 2019: Thriving in a Digital World*, <https://dx.doi.org/10.1787/df80bc12-en>.

As well as modernising the curriculum and teaching practices, Northern Ireland could consider revising the examination criteria for GCSEs. As part of its in-depth review of the compulsory education system in Northern Ireland, the OECD review team expressed concerns about the alignment between GCSEs and the skills-based curriculum (Shewbridge et al., 2014_[31]). According to the OECD review team, pupil learning outcomes and objectives during Key Stage 4 seemed to be strongly focussed on preparing the students for good results in the GCSEs. Teaching would be governed by what would be required to pass the GCSE examinations and could potentially narrow or even undermine the strong skills-focus of the curriculum (Shewbridge et al., 2014_[31]). These findings are aligned with the feedback from several stakeholders consulted during the project, who suggested that compulsory education is too frequently focused on preparing students to pass exams, rather than providing them with the skills to succeed later in life. Going forward, Northern Ireland could consider changing the examination criteria for GCSEs, to put a stronger emphasis on a range of diverse assessments, rather than a single summative assessment. Northern Ireland could potentially learn from the experiences of several OECD countries, such as Canada, to make further progress in this respect (see Box 3.2).

Box 3.2. Relevant international examples: Improving the curriculum and examination methods in compulsory education

Introducing a digital spine in the curriculum: examples from Sweden and Australia

According to the 2019 Digital Economy and Society Index (DESI), an index that tracks the evolution of EU member states in digital competitiveness, **Sweden** is one of the highest performing EU countries in areas related to digital skills, coming second in the EU for its human capital dimension. In part, this is because of the prominence Sweden places on including digital skills in school curricula. In 2017, Sweden outlined a new national digitisation strategy with a specific strategy for teaching digital skills in the compulsory education system, called the national digitisation strategy for the school system. This strategy was centred around three focus areas: digital competence for everyone in the school system, equal access and use, and research and follow-up on the possibilities of digitalisation within schools. To implement this vision the project #skolDigiplan brought together Swedish Municipalities and the County Councils (SKL), the National Agency for Education, and stakeholders from within the school system and

the business community to formulate a national action plan. Published in March 2019, the plan outlined 18 initiatives and activities to improve the teaching of digital skills in schools. The timeframe envisages that all these initiatives will be in place by 2022 with current implementation ongoing.

At the school level, an example of a framework for digital competence is the one put forward in **Australia** by the Australian Curriculum, Assessment and Reporting Authority (ACARA). For ACARA, ICT capability development is organised around several dimensions: managing and operating ICT (e.g. managing data, selecting and using software), communicating with ICT, creating with ICT (e.g. using ICT to generate ideas or manage digital solutions for issues arising in learning activities), investigating with ICT (e.g. finding and analysing information, verifying sources and reliability of digital data), and applying social and ethical protocols and practices when using ICT (e.g. recognising intellectual property, applying personal security protocols). Students' proficiency is assessed in all these dimensions and across all school years, since the development of ICT capability is considered as a learning continuum. At the same time, ICT capability supports student learning in all subjects covered by the curriculum, for instance by using digital tools to create artworks and looking for and critically analysing online information about historical events.

Revising examination criteria: report cards in Ontario, Canada

Ontario's schools issue a progress report card and final report card for each student each year. The contents of the report card templates vary for Grades 1 to 6, Grades 7 to 8, and Grades 9 to 12, and for public and Catholic schools, but all of them report on: Students' learning skills and work habits (i.e. responsibility, organisation, independent work, collaboration, initiative and self-regulation) and students' achievement against provincial curriculum expectations for each subject or course. Guidelines outline the policies and practices district school boards, schools and teachers are required to follow in these areas and provide guidance to support completion of the report cards. Report cards provide space for teachers to comment on what students have learned, their strengths, and their next steps for improvement in relation to their learning skills and work habits and their achievement of provincial curriculum expectations for each subject or course. At all grade levels, in either progress or final report cards, students are required to complete the statements: "My best work is" and "My goal for improvement is". Parents are prompted to indicate whether they would like to be contacted by the teacher(s) to discuss the report card results.

Sources: Kitchen et al (2019^[35]) *OECD Reviews of Evaluation and Assessment in Education: Student Assessment in Turkey*, <https://dx.doi.org/10.1787/5edc0abe-en>; European Commission (2019^[36]), *The Digital Economy and Society Index (DESI)*, <https://ec.europa.eu/digital-single-market/en/desi>; Swedish Government (2019^[37]), *National action plan for digitization of the school system*, <https://webbutik.skr.se/sv/artiklar/nationell-handlingsplan-for-digitalisering-av-skolasendet.html>; Swedish Government (2017^[38]), *National digitization strategy for the school system*, <https://www.regeringen.se/4a9d9a/contentassets/00b3d9118b0144f6bb95302f3e08d11c/nationell-digitaliseringsstrategi-for-skolasendet.pdf>; OECD (2019^[32]), *OECD Skills Outlook 2019: Thriving in a Digital World*, <https://dx.doi.org/10.1787/df80bc12-en>.

Recommendations for improving the curriculum and examination methods in compulsory education

- 2.1. **Revise the compulsory curriculum in the light of megatrends to focus on the development of digital and data literacy skills.** The CCEA should introduce a digital spine throughout the curriculum that specifies digital and data literacy competencies that need to be developed at different Key Stages. As in Australia, the range of skills could be organised across several dimensions, such as managing and operating ICT and creating with ICT, and ICT capability should support student learning in all subjects covered by the curriculum. The revised curriculum should be based on extensive consultations with stakeholders, such as educational institutions and employers.

- 2.2. Expand professional development opportunities in technology-friendly pedagogies for new and existing teachers to improve the use of ICT tools in the classroom.** DE should expand professional development opportunities in technology-friendly pedagogies that are compatible with better ICT use in the classroom, such as gamification or flipped classes, both for trainee and existing teachers. For trainee teachers, DE should encourage university colleges and higher education institutions (HEIs) delivering the postgraduate certificate in education (PGCE) qualifications to include technology-friendly pedagogies in their provision. For existing teachers, DE should directly implement continuous development opportunities on technology-friendly pedagogies. For existing teachers, DE could consider offering short-term modular courses through a blended delivery model that includes an online component (see Opportunity 3).
- 2.3. Consider revising the examination criteria for GCSEs, by placing a stronger emphasis on a range of diverse assessments, rather than a single summative assessment.** The CCEA should consider introducing a range of diverse assessments to replace or integrate GCSE examination. As in Ontario, Canada, the system could be based on report cards aligned with the revised curriculum, that report on students' learning skills and work habits, students' achievements, their strengths, and their next steps for improvement in relation to their learning skills and work habits.

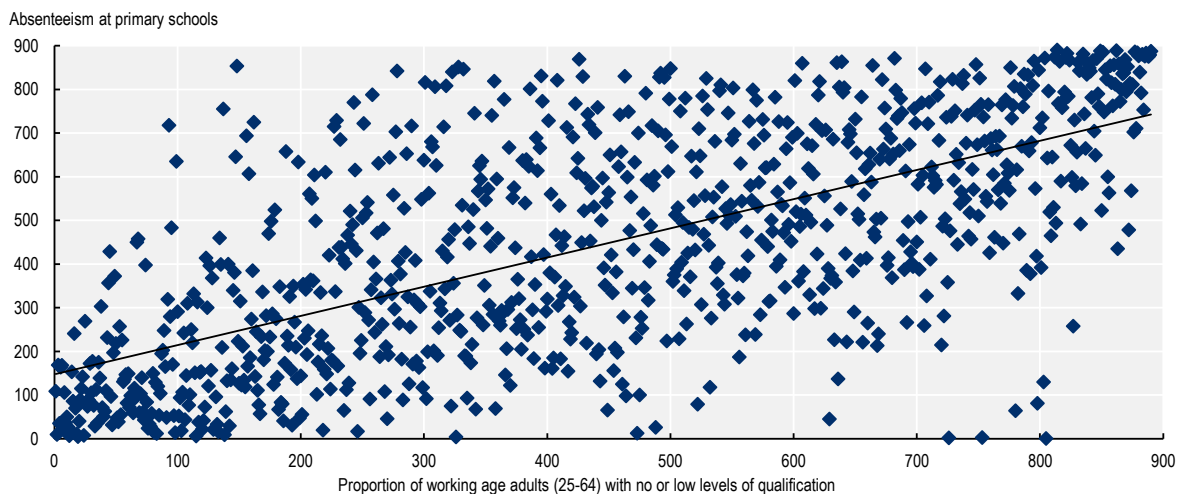
Strengthening support for vulnerable children and their families

Stakeholders in group discussions reported that several areas of high deprivation show self-reinforcing patterns of low skill outcomes and low aspirations for parents and their children. This is supported by evidence on deprivation gathered by the Northern Ireland Statistics and Research Agency (NISRA). Children coming from families with low levels of education are themselves less likely to achieve high levels of success at school. There is a positive correlation between the proportion of working age adults with no or low levels of qualification and absenteeism in primary schools (see Figure 3.8). In communities with fewer highly educated adults, children are less likely to attend school on a regular basis.

To help break this cycle, international evidence suggests that it is important to provide support to these vulnerable pupils and their parents at different stages of the education journey. In early years, disadvantaged children benefit strongly from attending high-quality early childhood education. During the first years of life, children require high-quality care, attention and stimulation. Poor learning environments at this stage can have a negative effect on the development of cognitive skills and attitudes that are important for success during adulthood (Berlinski, Galiani and Gertler, 2009^[39]; Chetty et al., 2011^[40]). Children from disadvantaged socio-economic backgrounds are less likely to have the opportunity to develop such faculties in their home environments. This means that disadvantaged children receive the greatest benefit from attending high-quality early childhood education (Currie, 2001^[41]; OECD, 2018^[42]). Later in their education journey, disadvantaged children and families should receive targeted support and guidance. Early warning systems (EWS) can play an important role in helping teachers and other pedagogical and expert staff interpret and act upon various distress factors exhibited by pupils that may result in negative outcomes, such as being absent from school or leaving school early (European Commission; ICF GHK, 2013^[43]). Building on the results of EWS, countries can also develop targeted policy interventions. For example, in France, the Programme for Educational Success (Programme de réussite éducative) provides tailored support, with the agreement of parents, to students aged 2-16 in urban areas.

Figure 3.8. Self-reinforcing cycles of low skills outcomes among adults and low outcomes among students in primary schools, 2017

Correlation between absenteeism at primary schools and the proportion of working age adults with no or low levels of qualification across communities in Northern Ireland (UK)



Note: The two axes show the rankings of all wards in Northern Ireland. Wards are ranked between 1 and 890, with 1 representing both the greatest level of absenteeism and the greatest proportion of adults with no or low levels of qualification.

Source: NISRA (2017^[44]), NIMDM 2017 - SOA level Results, <https://www.nisra.gov.uk/publications/nimdm17-soa-level-results>.

StatLink  <https://doi.org/10.1787/888934127700>

In many ways, Northern Ireland is already a strong performer in supporting vulnerable students and their families. Northern Ireland already runs a range of programmes that aim to strengthen access to early childhood education for disadvantaged children. The Sure Start Programme aims to prepare 2-3 year-old children in the most deprived areas for pre-school, by providing a comprehensive range of services including home visiting, healthcare advice, and play, learning and childcare experiences (RSM McClure Watters (Consulting), 2015^[45]; nidirect, n.d.^[46]). As anticipated in the performance section of this chapter, the Pre-School Education Programme aims to provide one year of funded pre-school education for every child whose parents want it (Education Authority, 2019^[47]). Where providers are over-subscribed, priority must be given to children from socially disadvantaged circumstances (Department of Education, 2018^[48]). As vulnerable students progress in their education journey, they are supported by the Extended Schools Programme (ESP), which provides financing for services before, during, and after the normal school day to help raise their standards of achievement through activities such as breakfast and homework clubs, after-school activities and support for learning (nidirect, n.d.^[49]).

These programmes have generally had a positive impact on the children and families involved. Feedback from parents in focus groups across Sure Start projects indicated very high levels of satisfaction, with parents believing that the programme had significantly helped their children (RSM McClure Watters (Consulting), 2015^[45]). Site visits from the Education and Training Inspectorate corroborate the positive feedback from parents, finding evidence that participation in Sure Start results in actual improvements in children's speech, language and communication skills (Education and Training Inspectorate, 2018^[50]). Similarly, evidence from annual reports of the ESP indicated that 91% of schools and participating clusters believe there is either "strong" or "some" evidence that extended schools are fostering health and well-being, and 90% considered that the programme has had a "significant" impact within the schools (Education Authority, 2019^[51]).

Nonetheless, there are still ways to improve the effectiveness of these initiatives. The Sure Start programme is currently available in the 20% most deprived wards, based on the multiple deprivation measure constructed by NISRA (RSM McClure Watters (Consulting), 2015^[45]). Wards are quite large catchment areas, with an average population of 4 000 people (NISRA, 2019^[52]). If disadvantaged families live outside of one of the highly deprived wards, they are not generally entitled to receive Sure Start support. Going forward, Northern Ireland should consider improving the targeting of the programme, by organising support around Super Output Areas, which are more granular and have an average population of 2 100.

The ESP could benefit from a more systematic use of EWS to measure and monitor social disadvantage. The entitlement to free school meals (FSM) at school, which are granted to children from lower-income families, and/or designation as an area of social deprivation, represent the eligibility criteria for the allocation of ESP funding (Education and Training Inspectorate, 2019^[53]). In a recent evaluation, schools reported that complexity in the nature of vulnerable pupils is increasing: evidence indicates that the FSM entitlement and social deprivation criteria, while reflecting a level of need in the most disadvantaged communities, are not exclusive indicators of need (Education and Training Inspectorate, 2019^[53]). To improve the measurement and monitoring of social disadvantage, Northern Ireland could improve data sharing across the school system. The in-depth review conducted by the OECD highlighted that there is limited information sharing between primary schools and post-primary schools (Shewbridge et al., 2014^[31]). Going forward, Northern Ireland could consider developing a centralised longitudinal database for the school system, as in Estonia (see Box 3.3). The database could then be used to develop a standardised system for identifying levels of disadvantage and monitoring the effectiveness of policy interventions, as in the Delivering Equality of Opportunity in Schools (DEIS) programme in the Republic of Ireland (see Box 3.3).

Box 3.3. Relevant international examples: Strengthening support for vulnerable families

Strengthening support to vulnerable families: Estonia's Education Information System (EHIS)

The Estonian Education Information System (EHIS) is a database that collates all information related to education in Estonia. EHIS draws on data directly inputted from around 2 000 educational institutions and is connected to over 20 other state-run information systems, such as the population register and tax register. It is a personal-identity-based database, allowing the tracking of individual students over time, with data relating to early childhood education, general education, vocational education, higher education, hobby education, state examinations and adult education. This information is used by schools, the public, research institutions, services, government bodies and policy makers for a wide variety of purposes.

In the case of supporting vulnerable families, EHIS facilitates evidence-based policy making and enables easier monitoring of social disadvantage. For example, the Social Insurance Board uses EHIS data to identify and process the disabled parent's allowance, family benefits and partial cancellation of study loans. Students from disadvantaged backgrounds can also directly apply for a higher education needs-based study allowance through EHIS's public-facing portal. Thanks to the collation of information on EHIS, students are not required to submit any supporting documentation, with data about family and income being available automatically. This enables decisions to be made immediately – simplifying and speeding up the process for individuals in need of extra financial support.

Strengthening support to vulnerable families: The DEIS programme in the Republic of Ireland

In 2005, the Republic of Ireland introduced the Delivering Equality of Opportunity in Schools (DEIS) initiative, which has become its main policy instrument for tackling educational disadvantage. DEIS integrated and streamlined existing programmes for schools and schools clusters in disadvantaged communities under the School Support Programme (SSP). DEIS developed a standardised system for identifying levels of disadvantage in schools to ensure support would be targeted towards those communities most in need. Based on these standardised indicators, the programme implements maximum class sizes, provides additional support for libraries and librarians and puts in place a range of measures to target underperformance in literacy and numeracy. DEIS is monitored and evaluated by the independent government-funded Educational Research Centre (ERC), which enables the impact of DEIS on students, families, schools, and communities at primary and post-primary levels to be assessed. Specifically, the ERC has measured achievement and retention in DEIS schools since 2005 and compares the data to non-DEIS schools. Their most recent report in 2018 focused on post-primary schools, finding that there was a significant positive trend in the achievement of pupils in DEIS schools overall, in English and mathematics, and that the extent of student improvement over this period was greater in DEIS schools than non-DEIS schools.

Source: E-Estonia (n.d.^[54]), "Estonian education information system", <https://e-estonia.com/solutions/education/estonian-education-information-system/>; EESTI (2019^[55]), "Data from the Estonian Education Information System", https://www.eesti.ee/eng/services/citizen/haridus_ja_teadus/isikukaart_eeesti_ee_portaali; OECD (2020^[56]), *Strengthening the Governance of Skills Systems: Lessons from Six OECD Countries*, <https://doi.org/10.1787/3a4bb6ea-en>; Department of Education and Science (2005^[57]), DEIS (Delivering Equality of Opportunity in Schools): *An Action Plan for Educational Inclusion*, https://www.education.ie/en/Publications/Policy-Reports/deis_action_plan_on_educational_inclusion.pdf; Weir, S. and L. Kavanagh (2018^[58]), *The Evaluation of DEIS at Post-primary Level: Closing the Achievement and Attainment Gaps*, <http://www.erc.ie/wp-content/uploads/2019/01/Weir-Kavanagh-2018-DEIS-post-primary.pdf>.

Recommendations for strengthening support for vulnerable children and their families

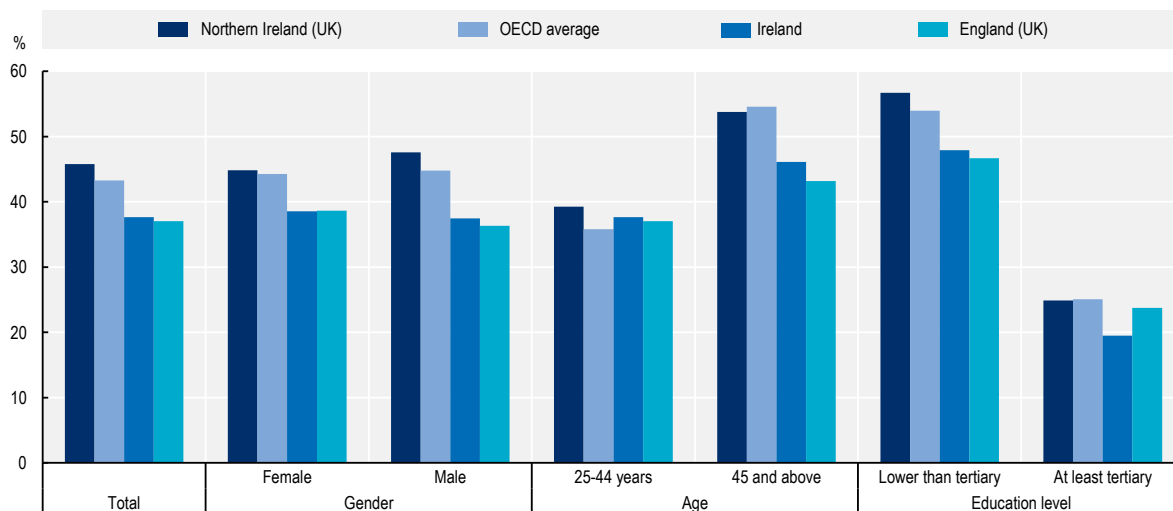
- 2.4. Improve the targeting of early childhood support programmes for vulnerable families.** DE should work with NISRA to organise support offered within the Sure Start programme on the basis of super output areas as opposed to wards. NISRA should be responsible for supplying the data, whereas DE should be in charge of using them to re-organise the structure of the programme.
- 2.5. Strengthen information sharing across the school system to improve the measurement of social disadvantage and monitoring of related policy interventions.** DE should centralise information from different schools in a longitudinal dataset (e.g. as the EHIS does in Estonia). By relying on this longitudinal dataset, it could develop a standardised system for identifying levels of disadvantage and monitoring the effectiveness of policy interventions, as in the DEIS programme in the Republic of Ireland. Going forward, the dataset should become interoperable with the Longitudinal Education Outcomes (LEO) database, which will link data from GCSEs, FE and HE institutions, in order to build a comprehensive picture of the impact that socio-economic background and early-years education have on labour market outcomes.

Opportunity 2: Increasing adults' motivation to learn

Motivation is considered key for successful adult education engagement (Carr and Claxton, 2002^[59]), and is an even more significant factor than socio-economic background (White, 2012^[60]). Yet, existing evidence suggests that individuals in Northern Ireland are not strongly motivated to engage in adult learning, especially if they are older or have lower levels of education (see Figure 3.9). Approximately 46% of adults in Northern Ireland did not want to, nor did they, participate in adult learning, compared to 37% in England,

36% in the Republic of Ireland and 43% across OECD countries on average. The lower willingness to participate in adult learning extends to all demographic groups, but is particularly high among older individuals and individuals without a tertiary qualification (see Figure 3.9). Approximately 57% of adults without a tertiary qualification in Northern Ireland did not want to, nor did they, participate in adult learning, compared to 46% in England, 48% in the Republic of Ireland and 54% across OECD countries on average.

Figure 3.9. Individuals who either did not want to, or did not, participate in adult learning across different demographic groups, 2012/15



Note: Due to sample size limitations, it is not possible to provide more granular breakdowns than those shown in the figure.

Source: OECD (2019^[28]), Survey of Adults Skills (PIAAC) (2012, 2015, 2019) (database), www.oecd.org/skills/piaac/.

StatLink  <https://doi.org/10.1787/888934127719>

Investment in the early years will only help increase motivation to engage in adult learning in the longer term. Stakeholders in workshops and group discussions during the project felt that Northern Ireland should increase motivation to participate in adult learning in the short term by developing a shared vision. On the back of this shared vision, information on adult learning opportunities and benefits should be disseminated to individuals and through a variety of channels such as online portals, campaigns and career guidance. The development of the vision could also contribute to the economic recovery from the COVID-19 pandemic, by improving engagement in adult learning among displaced workers who may need to reskill and upskill.

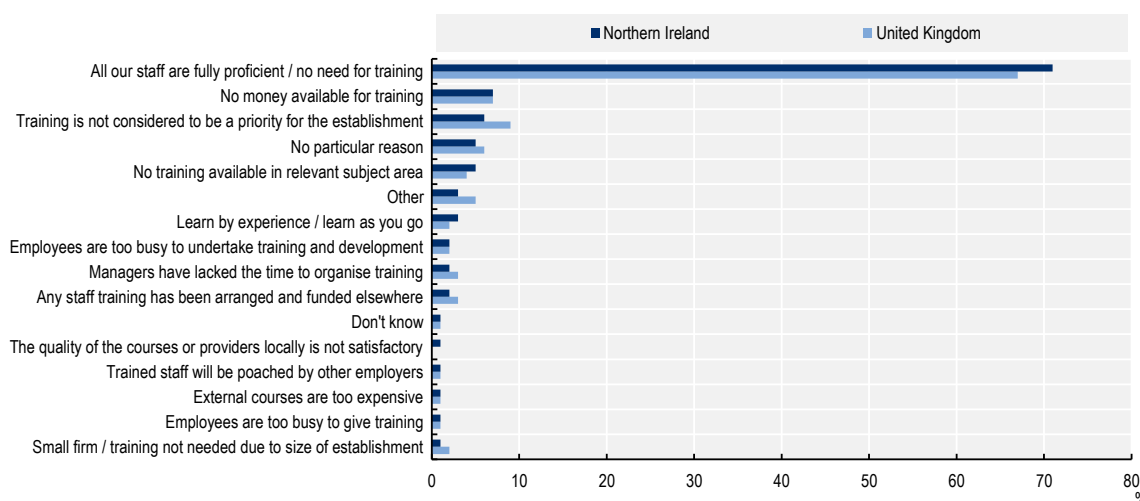
The insights are consistent with international best practice. An in-depth analysis of adult learning policies by the European Commission has identified disseminating information through online portals, awareness-raising initiatives (e.g. campaigns, events and taster sessions) and effective guidance systems as effective policy levers for raising participation in adult learning among individuals (European Commission, 2015^[10]). However, to increase motivation and participation rates among workers with lower levels of education, who frequently have low levels of basic skills, the vision should implement a targeted approach, which heavily involves employers and the local community (Windisch, 2015^[61]).

In light of these considerations, this opportunity will first provide recommendations on how to develop and implement a holistic vision of adult learning. Then it will suggest a targeted approach for low-skilled learners that could be implemented as a part of this holistic vision. Introducing a user-friendly online portal on adult learning opportunities and benefits will help implement the adult learning vision by enabling learners and career advisors to have better access to information. Recommendations to make progress on this front are provided in Chapter 2.

As outlined in the performance section of this chapter, employers also play an important role in fostering participation in adult learning through the provision of training opportunities. As such, their role must be acknowledged in the adult learning vision. In principle, it may also be important for Northern Ireland to implement awareness-raising initiatives to further expand the number of businesses providing training.

However, the available evidence shows that increasing training propensity among businesses depends more on raising awareness about efficient workplace practices (see Chapter 4) than on raising awareness about the benefits of training (see Figure 3.10). The Employer Skills Survey asks businesses that do not offer training to their workforce to provide reasons for this choice. More than 66% of businesses who do not currently train their staff reported that their staff were fully proficient, whereas only 6% of businesses reported that they do not consider training a priority (see Figure 3.10). Businesses may think that employees are fully proficient because they are not aware of better workplace practices. This is addressed by the recommendations in Chapter 4.

Figure 3.10. Reasons for not providing training, as stated by businesses in Northern Ireland and the UK, 2017



Source: UK Department for Education (2017^[62]), *UK Employer Skills Survey 2017*, <https://www.gov.uk/government/collections/uk-employer-skills-survey-2017>.

StatLink  <https://doi.org/10.1787/888934127738>

Developing and promoting a holistic vision of adult learning

Recent strategies in Northern Ireland have identified adult learning as an important area of focus. However, to date, Northern Ireland has not managed to articulate a holistic vision for adult learning.

The 2011 overarching skills strategy, *Success through Skills*, identified adult learning as a key priority. Subsequent implementation strategies have proposed numerous initiatives for adults in specific areas. For example, as part of wider strategies on higher education, *Graduating to Success* and *Access to Success* stress the need to upskill the existing workforce through the more flexible provision of higher education, and explore the possibility of developing non-traditional routes into higher education to help more adults access higher education (Department for Employment and Learning, 2012^[13]; Department for Employment and Learning, 2015^[63]). *Preparing for Success* outlines measures to improve the careers service for adults, suggesting that increasing e-delivery of career guidance is important for reaching more adults, with proposed webchat systems and apps (Department for Employment and Learning and Department of Education, 2016^[14]).

These strategies were generally well articulated and well structured. The strongest adult learning visions across OECD countries revolve around three core features: quantitative targets with clear deadlines, dedicated funding set aside, and monitoring procedures to measure how effectively the strategy is being implemented (OECD, 2019^[64]). The *Success* strategies generally adhere to these three core features. *Success through Skills*, for example, has four key strategic goals that involve specific targets and deadlines: increasing the proportion of those people in employment with a certain base skill level (2, 3 or 4-8) (Department for Employment and Learning, 2011^[12]).

However, as confirmed by several stakeholders during the project, even when combining these strategies, it is not possible to build a holistic vision of adult learning, comprising a clear definition, clear articulation of its benefits and a comprehensive list of targets and success factors for different cohorts of learners. Yet, according to stakeholders, building such a vision would be an essential component of a “sales and marketing piece” to promote a culture of lifelong learning in Northern Ireland.

Going forward, Northern Ireland could develop a stand-alone strategy for adult learning, such as found in several OECD countries, (e.g. Australia, Norway, Scotland [UK] and Sweden (Education Scotland, 2014^[65]; OECD, 2019^[64]). When these strategies incorporate quantitative targets with clear deadlines, dedicated funding and monitoring procedures, the result is a vision that stakeholders can unite behind, providing policy coherence and impetus for raising participation in adult learning (OECD, 2019^[64]). This would be consistent with other skills-related areas within Northern Ireland such as careers guidance provision, economic inactivity, apprenticeships and policies for NEETs, which have had dedicated implementation *Success* strategies.

On the back of the strategy, as suggested by stakeholders, Northern Ireland could develop a series of co-ordinated initiatives to help meet its targets, including marketing campaigns and career guidance. The basic infrastructure to facilitate these awareness-raising initiatives is already in place, both for marketing initiatives and career guidance.

In Northern Ireland, promotion of adult learning opportunities is mainly undertaken by education institutions directly. DfE is only responsible for specific programmes (such as Essential Skills) and apprenticeships. Promotion by FE colleges is particularly important, as outlined in the description of current practices, they account for the largest proportion of adult learners. As part of the project, the OECD team conducted a survey to better understand what kind of awareness-raising initiatives are conducted by FE colleges and CAFRE, given that this information was not available in the public domain.

All institutions that responded to the survey confirmed they conducted awareness-raising initiatives on adult learning opportunities. These mainly take the form of advertising efforts on radio, print, online and outdoor channels (e.g. open-day events on campus and fairs). These initiatives are generally part of a coherent and well-designed marketing strategy, which is aligned with departmental strategies and objectives.

These awareness-raising initiatives do not operate in isolation. FE colleges co-ordinate on their campaigns through a marketing managers group that meets regularly. The group has recently launched the “Let’s do business campaign” to encourage businesses to work with FE colleges, and has provided support for the ApprenticeshipsNI national communication campaign. These co-ordination efforts have recently been expanded. In December 2019, the FE colleges submitted a joint communications strategy and action plan for the 2019/20-2021/22 period. The document is successful in setting out a co-ordinated approach to marketing and promotion on the back of the *Further Education Means Success* strategy.

DfE’s Careers Service provides an impartial, all-age career information, advice and guidance service throughout Northern Ireland (nidirect, 2020^[66]). Evidence gathered throughout the project suggests that the Careers Service has sufficient capacity to deliver against demand and that the quality of service is generally high. There remain some areas for improvement, particularly concerning how career guidance

information is disseminated, and to how the outcomes of the service are measured, which are addressed in Chapter 2.

Going forward, exploiting this existing infrastructure, the FE colleges and DfE should launch a series of co-ordinated awareness-raising initiatives to help deliver against the objectives of the strategy. Stakeholders in workshops and focus groups pointed out that Northern Ireland could offer taster sessions, on top of the more standard open days and publicity campaigns. The awareness-raising initiatives could make use of diagnostic tools to help assess skills levels of learners (see Box 3.4) and could build upon existing and ongoing behavioural research to better understand their needs and motivations (see Box 3.4). For instance, according to stakeholders consulted during the project, DAERA has commissioned research to help identify appropriate nudges to encourage upskilling within the agriculture sector, which could help inform engagement strategies in other contexts as well.

To help deliver these co-ordinated awareness-raising initiatives, it will also be important to improve upon the current nirect portal to disseminate information on adult learning opportunities and benefits to all learners (see Chapter 2).

Box 3.4. Relevant international examples: Developing and implementing a holistic vision of adult learning

Developing a holistic vision of adult learning: An example from Scotland

Scotland has taken important steps towards developing a holistic vision for adult learning. The Adult Learning in Scotland Statement of Ambition from 2014 offers a clear definition of adult learning, an identification of the benefits of adult learning for individuals and society, ambitions for future adult learning opportunities and success factors to improve the provision of adult learning. Annexes in the statement clarify how its ambitions overlap with other government strategies and initiatives.

Overseeing these developments is the Adult Learning Strategic Forum Scotland (ALSFS), which provides advice to the Scottish Government on matters of direction, performance and planning for adult learning. Under the purview of ALSFS is the Adult Learning Strategy Working Group dedicated to designing the updated strategy. This group consists of members from relevant stakeholder bodies, including Education Scotland, the University of Glasgow, the Workers Educational Association and the Scottish Prison Service. Consultation is key for the group's efforts. In addition to sector stakeholder events, an adult learning survey was run to provide a snapshot picture of adult learning in Scotland. The information collected from these exercises is then used to inform the development of the strategy going forwards.

Profiling tools for awareness-raising strategies: Examples from the UK

Across OECD countries, policy makers and career advisors make use of a variety of profiling tools to better tailor awareness-raising initiatives, such as behavioural tools to better understand their motivations and diagnostic tools to evaluate their skill levels. An example of behavioural tools is the attitudinal typology developed by the Department for Education in England (Kantar Public and Learning and Work Institute, 2018^[67]). The typology divides adult learners into six categories based on their purpose for learning: Lifelong learners, defiant learners, outcome-focused learners, tentative learners, exhausted learners and stuck-in-status-quo learners (Kantar Public and Learning and Work Institute, 2018^[67]). Of these learners, lifelong, defiant and outcome-focused adults are motivated to learn and more likely to overcome barriers to training. Tentative, exhausted and stuck-in-status-quo learners are less likely to engage with opportunities open to them and require targeted support. Each type of learner approaches their cost-benefit analysis to learning differently, and policy makers need to be aware of this to ensure effective policy design.

Profiling tools can also help career guidance counsellors in various institutions to understand the skills levels of prospective learners. For instance, National Numeracy, an independent charity in the UK, provides accessible and scalable numeracy assessment tools to identify and address poor numeracy. Its focus is not only on skills but also on attitude and confidence. The tools help individual adults identify their confidence levels in numeracy and engage them in activities that aim to enhance their numeracy skills.

Source: Education Scotland (2019^[66]), “Adult Learning Strategic Forum Scotland (ALSFS) Update”, <https://blogs.glowscotland.org.uk/glowblogs/eslb/2019/06/10/adult-learning-strategic-forum-scotland-alsfs-update/>; Education Scotland (2014^[65]), “Adult Learning in Scotland: Statement of Ambition”, <https://education.gov.scot/Documents/adult-learning-statement.pdf>; Kantar Public and Learning and Work Institute (2018^[67]), “Decisions of Adult Learners”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742108/DfE_Decisions_of_adult_learners.pdf.

Recommendations for developing and promoting a holistic vision of adult learning

- 2.6. Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners.** The Northern Ireland Executive should publish a strategy setting out a clear definition of adult learning, a clear articulation of its benefits and a comprehensive list of targets and success factors (e.g. access to career guidance) across different cohorts of learners (e.g. low-skilled and higher-skilled) and local areas. To support the recovery from the COVID-19 pandemic, the strategy could include specific cohorts of workers who have been displaced in the pandemic (e.g. low-skilled workers in the hospitality sector). The strategy should build upon extensive consultation with stakeholders (e.g. as in Scotland), such as educational institutions, and should distinguish between job-related training and other forms of provision. In line with previous strategies in Northern Ireland, the stand-alone strategy should revolve around three core features: quantitative targets with clear deadlines for different cohorts; dedicated funding set aside; and monitoring procedures to measure how effectively the strategy is being implemented. Northern Ireland could rely on the microdata from the Labour Force Survey to monitor participation in adult learning by individuals, and on the microdata from the Employer Skills Survey to monitor training propensity and intensity among employers. The quantitative targets should be informed by results from skills assessment and anticipation (SAA) tools (see Chapter 5) to ensure that they are consistent with labour market demand. The strategy should be aligned with DfE’s Industrial and Skills Strategies and DAERA’s Knowledge Framework, as well as other policy documents, to maximise the scope for policy co-ordination and coherence.
- 2.7. Implement co-ordinated awareness-raising initiatives to help deliver the objectives of the strategy, which rely on behavioural and diagnostic profiling tools.** DfE (including DfE’s Careers Service), FE colleges and other training providers should deliver a series of co-ordinated awareness-raising initiatives at the national and local level to deliver the objectives of the strategy for the different cohorts of learners, excluding those engaging in job-related training. The awareness-raising initiatives should link prospective learners directly with potential learning opportunities or with career guidance advisors. The awareness-raising initiatives could include a mix of publicity campaigns, taster sessions and open days for different profiles of learners. DfE and the FE colleges could rely on behavioural profiling tools to design the initiatives. DfE’s Careers Service could rely on behavioural profiling tools to design the awareness-raising strategies and on diagnostic tools to help assess learners’ needs. DAERA and CAFRE could adopt a similar approach for their areas of competence and should co-ordinate their initiatives with DfE and FE colleges.

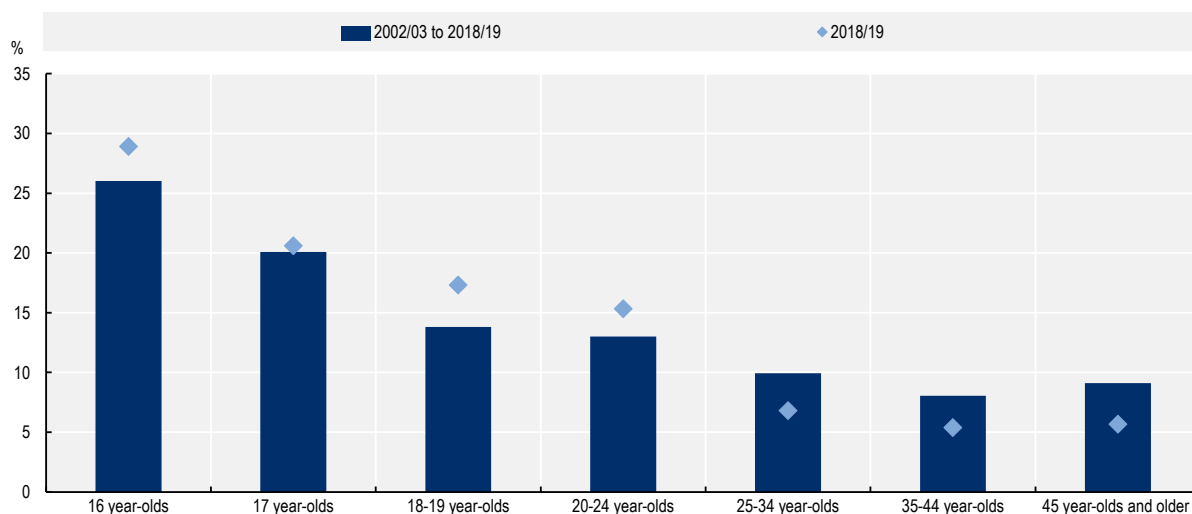
Implementing a targeted approach to increase engagement of low-skilled learners

To increase motivation and the engagement of low-skilled individuals, it is crucial to provide adult learning opportunities in the workplace or the community, and involve social partners and employers in awareness-raising strategies (Windisch, 2015^[61]).

Low-skilled learners have often had poor experiences of school, so they can find the idea of returning to classroom-based learning daunting (Windisch, 2015^[61]). Undertaking adult learning opportunities in the workplace or the community can help overcome this negative predisposition because it allows the use of contextualised learning approaches. These create connections between the learning content and the learners' context, be this the family (e.g. parenting, health), the community (e.g. financial management) or the work context (Windisch, 2015^[61]). Even when this flexibility in provision exists, it is not guaranteed that low-skilled workers will engage in learning, because they may lack awareness of their deficiencies, and even if they are aware, they might be embarrassed to admit them and to take action (Windisch, 2015^[61]). This means that it is important to proactively reach out, through employers themselves and social partners in the local community who have direct contact with them (Windisch, 2015^[61]). In the current circumstances, this targeted approach, combining contextualised learning and proactive engagement could be particularly relevant to encourage low-skilled workers who lost their jobs during the COVID-19 pandemic to reskill and upskill.

Like many OECD countries, Northern Ireland has so far struggled both in providing adult learning courses in the workplace or the community, and involving social partners and employers in awareness-raising strategies. One of the key programmes to deliver basic skills training is Essential Skills. The majority of Essential Skills enrolments to date have been delivered to learners younger than 25 (see Figure 3.11). Moreover, a large share of the Essential Skills provision is still classroom-based. According to data from DfE, in 2018/19, only 37% of enrolments for individuals older than 20 were outside the FE colleges, in the workplace or in community training organisations.

Figure 3.11. Essential Skills enrolments in Northern Ireland (UK), by age



Source: Department for the Economy (2019^[69]), *Essential Skills Enrolments in Northern Ireland*, <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Essential-Skills-Enrolments-and-Outcomes-Northern-Ireland-2002-03-to-2018-19.pdf>.

StatLink  <https://doi.org/10.1787/888934127757>

Adult learners can also strengthen their basic skills and develop some technical skills through level 2-3 apprenticeships. Yet, in 2017/18, only 674 out of 5 646 apprentices were aged 25+. (Department for the Economy, 2019^[70]; Department for the Economy, 2019^[71]). Some 15 subjects at levels 2 and 3 are open to adults, compared to around 150 subjects at levels 2 and 3 for younger learners (nidirect, n.d.^[72]; nidirect, n.d.^[73]).

The low rates of employer engagement in adult apprenticeships and Essential Skills might depend on low awareness about current programmes. According to the Employer Perspectives Survey, only 47% of employers were aware of the existence of the Essential Skills programme to develop basic skills in the workplace (UK Department for Education, 2017^[26]). Similarly, while 77% of employers in Northern Ireland are aware of apprenticeships, only 25% were aware of the existence of apprenticeships for individuals older than 25 (UK Department for Education, 2017^[26]).

Social partner engagement has also been limited to date. As discussed above, FE colleges play a key role in implementing awareness-raising initiatives for most of FE provision. According to the survey of FE colleges conducted as a part of this project, only a minority of institutions have actively engaged with social partners in reaching out to low-skilled workers. For instance, the South Eastern Regional College has engaged with individuals with low or no skills via groups who already have a trust relationship with them, such as Housing Associations, Sure Start (see Opportunity 1) and resident groups. However, these examples cannot be generalised to all FE colleges.

Consistent with international evidence, several stakeholders in workshops and focus groups emphasised the importance of involving employers and the local community in the delivery and promotion of adult learning opportunities and benefits. Some stakeholders suggested that expanding adult learning provision in the community could help increase take-up of basic skills courses. On the awareness-raising front, some stakeholders suggested having “local champions” and “ambassadors” among employers (in particular, among managers) and social partners who could help spread the adult learning message, and “role models” among learners who could provide testimonials about their learning experience.

Building on these insights, going forward, DfE and FE colleges should develop co-ordinated local-level plans to increase the provision of adult learning opportunities for low-skilled adults in the workplace and the community. On the back of these plans, they should develop awareness-raising initiatives to reach out to low-skilled adult learners. To help implement and deliver the local level plans, Northern Ireland could take inspiration from Finland’s Noste programme, the Republic of Ireland’s Explore programme and Hamburg’s Family Literacy Project (see Box 3.5).

These local-level initiatives could be combined with a national awareness-raising campaign to further strengthen the message. Some stakeholders, for instance, mentioned that it might be valuable to organise an adult learning week with substantial media coverage, something that was discontinued a number of years ago. To help implement some of these suggestions, Northern Ireland could take inspiration from several campaigns across OECD countries (see Box 3.5).

Box 3.5. Relevant international examples: Implementing a targeted approach for low-skilled learners

Targeting low-skilled adults through the workplace: Examples from Finland and the Republic of Ireland

Running from 2003 to 2009, Finland’s Noste (“Lifting Up”) programme was an extensive programme, providing funding for basic education, vocational qualifications, ICT training (“computer driving licences”) and unfinished compulsory-level education for disadvantaged adults without, or with outdated, qualifications. The programme targeted individuals in employment, rather than the unemployed, and focused on three specific groups, including employees of SMEs, immigrants and

older adults. In exchange for funding, education providers were required to work with employees and employers to develop workplace-specific implementation approaches. A high level of customer orientation was ensured through targeted outreach activities, including company visits and face-to-face discussions, needs analysis and counselling. Implementation was based on tripartite co-ordination, close co-operation with local and regional institutions, local trade unions and education providers. By 2009, a total of 25 700 adults, representing approximately 7.3% of the target group, had taken part (it did not, however, meet its participation targets of at least 10%). Noste was successful in increasing the participation among low-skilled employees, raising the national qualification levels and the number of qualifications, and has provided a range of employability-related benefits.

The Explore programme in the Republic of Ireland provides a specific example of a workplace-based initiative that focuses on digital skills. The programme targets low-skilled workers aged 35 and over in manufacturing employment with low levels of engagement in lifelong learning. The programme is the result of a collaboration between education and training boards, regional skills fora and the Department of Education and Skills. The training is aimed at developing digital skills and consequently building confidence and improving personal well-being. Individual plans are drawn up for all participants who receive four days of training both on and off site over four weeks. The programme was piloted in 2018 and proved successful, being expanded into 2019 and 2020 across all regional areas.

Increasing flexibility for low-skilled adults through the community: An example from Germany

The Family Literacy Project by the United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute of Education and the State Institute for Teacher Training and School Development (Landesamt für Lehrerbildung und Schulentwicklung) in Hamburg, Germany, has offered intergenerational family literacy programmes for children and parents from deprived social and migrant backgrounds that promote linkages between the kindergarten or school and home-based learning since 2004. In 2010, the project was awarded the UNESCO King Sejong Literacy Prize thanks to its particularly positive results: The project has improved adult participants' communication skills, self-esteem and integration into German society. As a result of the project, many schools in Hamburg have established family literacy rooms where parents can meet. Parental involvement in their children's education has strengthened family relationships and improved the children's literacy skills. Since many kindergarten and school teachers had no experience in teaching learners from different cultural backgrounds, the programme has helped enhance their intercultural teaching skills. Between 2004 and 2011, the programme benefited about 1 000 parents and 1 000 children annually.

National awareness-raising initiatives: Examples from the UK and Slovenia

In the UK, the Get On campaign and use of the "Gremlin" brand raised awareness of the issues surrounding adult literacy, language and numeracy skills. There was a national recognition rate of 93% among its target audience, with over 370 000 people contacting the national helpline following the campaign. Follow-up research indicates that 26% of people who called the helpline took up learning opportunities as a result. The campaign aimed not only to raise awareness but also to reduce the stigma attached to the need to improve English and maths skills and to motivate adults to take action to improve their skills (although there are different views on this). The success of the campaign could be seen not only through public reaction but also in terms of the collaboration and co-ordination across different stakeholders working together as part of Skills for Life.

Since 1996, the Lifelong Learning Week in Slovenia has helped develop a culture of lifelong learning in the country. It promotes learning opportunities in and among various programmes and providers, guidance services, and social and cultural events at the national and local levels. The week commences with a grand opening and the Slovenian Institute for Adult Education's (ACS) annual adult learning awards. It involves an adult learning conference, learning parades in selected towns and a range of other events. The slogan of the campaign is "Slovenia, learning society". The campaign seeks to build positive attitudes towards learning and education, and awareness of adult learning's importance and pervasiveness.

Source: Department of Education and Skills (2016^[74]), "EXPLORE Programme", <https://www.regionalskills.ie/explore/>; Windisch, H. (2015^[61]), "Adults with low literacy and numeracy skills: A literature review on policy intervention", <https://dx.doi.org/10.1787/5jrxnjdd3r5k-en>; OECD (2018^[75]), *Skills Strategy Implementation Guidance for Slovenia: Improving the Governance of Adult Learning*, <https://dx.doi.org/10.1787/9789264308459-en>.

Recommendations for implementing a targeted approach to increase engagement of low-skilled learners

- 2.8. Strengthen the provision of adult learning to low-skilled learners in the workplace and the community by developing tailored local-level plans.** DfE and FE colleges should partner with local councils, regional skills hubs (see Chapter 5) and local training funds (see the recommendations in Opportunity 3) to further expand the provision of adult learning to low-skilled learners in the workplace and the community, as in Finland's Noste programme. The options to expand the provision include engaging with employers to increase the offer of apprenticeships, delivering Essential Skills directly in the workplace or in community training centres, and potentially family literacy programmes, as in Hamburg. In the case of apprenticeships and workplace provision, DfE and FE colleges should actively engage with employers to expand the number of apprenticeship frameworks and the number of apprenticeship opportunities. In the case of community-based provision and family literacy programmes, FE colleges should engage with community training centres and local councils to organise the provision.
- 2.9. Introduce local awareness-raising initiatives involving further education colleges, DfE's Careers Service, local councils, employers and social partners.** DfE, FE colleges and DfE's Careers Service should partner with local councils, regional skills hubs (see Chapter 5), social partners and employers to develop tailored awareness-raising initiatives for low-skilled workers at the local level. The awareness-raising initiatives could include a combination of advertising efforts, events (e.g. open days or drop-in sessions at the employer site supported by the management), taster sessions and testimonials from past learners. Local councils, regional skills hubs, social partners (e.g. Housing Associations, Sure Start and resident groups) and employers (especially larger employers) should host and support these awareness-raising initiatives. However, the responsibility for preparing and delivering the sessions should sit with DfE, DfE's Careers Service and the FE colleges. The local awareness initiatives could be accompanied by a national awareness-raising campaign, such as a TV campaign or an adult learning week.

Opportunity 3: Removing barriers for individuals and employers to adult learning opportunities

Even when individuals and employers are motivated to participate in adult learning, they frequently still face barriers that prevent them from transitioning from an interest to active participation (OECD, 2017^[76]). Minimising these barriers is crucial to developing a strong culture of lifelong learning. For adults, the key barriers are generally related to cost and time. Adult learning opportunities are often too expensive or difficult to combine with family and work responsibilities. For employers, the main barriers in the provision

of training generally relate to cost, the fear of poaching, lack of time and lack of an adequate supply (International Labour Organisation, 2017^[77]).

As signalled by stakeholders in Northern Ireland and confirmed by international evidence, financial incentives play a crucial role in reducing barriers both for individuals and employers (OECD, 2017^[76]). A variety of schemes can be used to finance adult learning opportunities, such as subsidies, loans and tax incentives (see Table 3.2). Financial incentives can also help address non-financial barriers. For instance, childcare vouchers can help individuals free up time from family responsibilities, and training leave schemes allow employees to more easily take time off work (OECD, 2017^[76]).

An important trade-off in the design of financial incentives is between simplicity and better targeting (OECD, 2017^[76]). Simpler incentive schemes can increase take-up but can result in larger deadweight loss, meaning that individuals or employers who would have participated in learning or provided training anyway receive the funding. More sophisticated targeting can help reduce deadweight loss, but at the expense of lower take-up, because it can make access more burdensome (OECD, 2017^[76]).

Despite the variety of instruments available (see Table 3.2), across OECD countries, the majority of incentive schemes for steering decisions of individuals come in the form of subsidies and loans (OECD, 2017^[76]). Individual learning accounts (ILAs) and time accounts are relatively uncommon, possibly because they tend to be more costly to run and are likely to result in a larger deadweight loss (OECD, 2019^[78]). Tax incentives and training leave measures are available in most countries, but their take-up and effectiveness vary substantially (OECD, 2017^[76]).

Table 3.2. Financial incentives for employers and individuals to offer or participate in adult learning opportunities

| Incentive | Target group | Description |
|-------------------------------------|---------------------|--|
| Subsidies | Employer/Individual | Schemes that decrease costs of participation through a direct transfer of money to the individual (e.g. through a voucher), the training provider or the employer |
| Individual learning accounts (ILAs) | Individual | Savings accounts that can be opened by individuals to fund future learning activities |
| Time accounts | Individual | Allows individuals to save up time (occasionally linked to overtime hours), which they can use for paid time off to participate in training |
| Tax incentives | Employer/Individual | Tax allowances (i.e. deductions from taxable income); tax credits (sums deducted from the tax due); tax relief (lower rates for some taxpayers or activities) |
| Loans | Employer/Individual | Include guarantees, interest rate subsidies, loan guarantees, income-contingent repayments, student loan remission and/or forgiveness |
| Study/training leave | Individual | Schemes that give employees a right to study leave (and guarantee the right to return to their job after course completion) and reimburse employees/employer for the lost working time |
| Training levies/funds | Employer | Used in some countries as a way to pool resources from employers and earmark them for expenditure on training |
| Payback clauses | Employer | Contractual arrangements that permit employers to recover at least part of their investment in training if the trained employee leaves soon afterwards |
| Public procurement | Employer | Making the award of public contracts to firms conditional on the provision of certain types of training |

Note: Not all measures can be easily classified into these categories. Measures designed to nudge behaviour on the supply side often have repercussions on the demand side, and the other way around.

Source: OECD (2019^[78]), *Individual Learning Accounts: Panacea or Pandora's Box?*, <https://doi.org/10.1787/203b21a8-en>; OECD (2017^[76]), *Financial Incentives for Steering Education and Training*, <https://dx.doi.org/10.1787/9789264272415-en>.

Similarly, for employers, the vast majority of incentives for steering their training decisions come in the form of direct subsidies (OECD, 2017^[76]). Training levies are less commonly used, and tax incentives and public procurement are relatively uncommon (OECD, 2017^[76]). Although payback clauses can be found in most European countries, it is not clear to what extent they are being used or enforced (OECD, 2017^[76]).

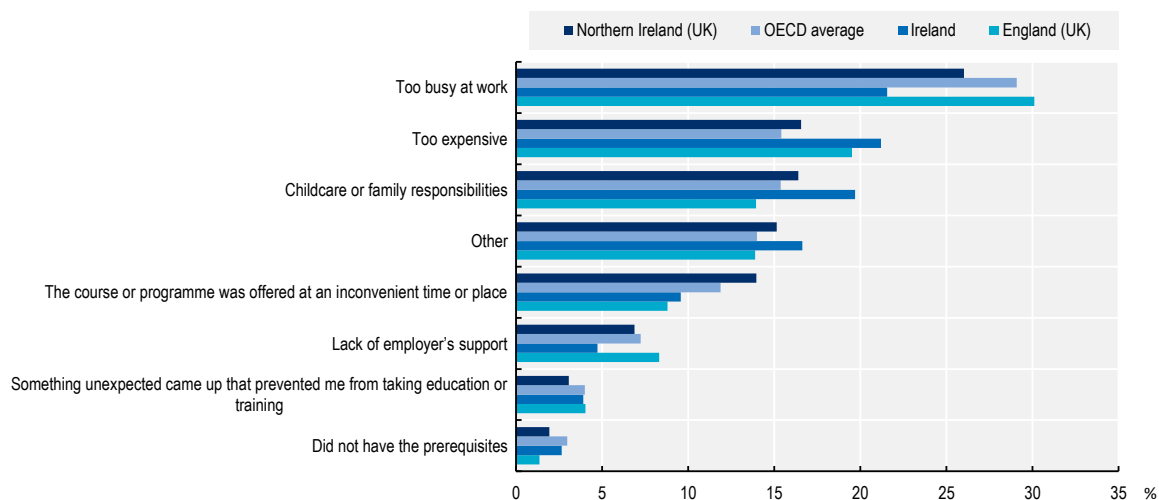
Financial incentives, however, are likely to be insufficient to reduce barriers to participation in adult learning opportunities. Stakeholders in Northern Ireland pointed out that improving the flexibility of adult learning provision is crucial to improving access to adult learning opportunities. This is confirmed by international evidence, suggesting that flexibility in format (e.g. part-time, online) and design (modular, credit-based courses) helps overcome time-related barriers, especially for medium-to-high skilled workers (OECD, 2019^[64]). In the short term, improving flexibility, especially through online delivery models, can also ensure that Northern Ireland can better absorb the impact of the COVID-19 crisis.

In light of these considerations, this opportunity focuses on better use of financial incentives for individuals, better use of financial incentives for employers, and making adult learning opportunities more flexible for medium-to-high-skilled workers.

Better using financial incentives to reduce barriers for individuals

The existing evidence suggests that individuals in Northern Ireland face financial and time-related barriers to access adult learning opportunities. The current system of financial incentives is well designed but could be further strengthened to address these barriers. Individuals report similar obstacles to those found in neighbouring countries and OECD countries, on average. The most important obstacles to participation in adult learning are being too busy at work, financial costs and childcare or family responsibilities (see Figure 3.12). In Northern Ireland, being too busy at work (26% of respondents) seems to be the greatest obstacle, followed by financial costs and childcare or family responsibilities (respectively 17% and 16% of respondents). England follows a broadly similar pattern, whereas in the Republic of Ireland the three barriers have a very similar incidence (22% of respondents for being too busy at work, 21% of respondents for financial costs and 20% of respondents for childcare or family responsibilities).

Figure 3.12. Obstacles to participating in adult learning in Northern Ireland and other countries, 2012/15



Source: OECD (2019^[28]), Survey of Adults Skills (PIAAC) (2012, 2015, 2019) (database), www.oecd.org/skills/piaac/.

StatLink  <https://doi.org/10.1787/888934127776>

Northern Ireland already has a number of financial incentives to minimise these barriers. In line with other OECD countries, it mainly relies on a mix of loans and subsidies (see Table 3.3). The current structure of loans and subsidies seems to deal quite effectively with the simplicity-targeting trade-off discussed in the introduction to the opportunity. Lower-skilled workers receive free full-time provision of NQF level 1-3 qualifications, but without facing a substantial administrative burden, because the subsidy is paid directly to the course provider (see Table 3.3). Higher-skilled workers are entitled to a variety of loans and

subsidies to take into account specific circumstances (such as income and childcare and family responsibilities), but can submit a joint benefits application to the same portal (www.studentfinancenico.uk/), which clearly describes the available options (see Table 3.3).

Table 3.3. Main financial incentives for adult learners in Northern Ireland

| Scheme | Type | Target group | Description | Funding spent on adults over 25 (2018 academic year) |
|--|---------|---|--|---|
| Essential Skills | Subsidy | Low-skilled, full-time and part-time learners above 16 with no level 1-2 qualifications | Learners can freely enrol in literacy, numeracy and ICT GCSEs-equivalent qualifications. | 5 501 adults 25+ took part in 2017/18 |
| Free provision of NQF Levels 1-3 courses | Subsidy | Low-skilled, full-time learners above 16 undertaking level 1-3 qualifications | All full-time courses at NQF Levels 1, 2 and 3 are free for the learner. Providers are reimbursed for the qualification. | Not available |
| Tuition Fee Loan | Loan | Part-time or full-time learners with at least an upper-secondary qualification who are undertaking a NQF Level 4-6 course above their highest level of qualification | For 2019/20, part-time students were able to borrow up to GBP 3 206.25 for the duration of the course. This does not generally cover the full costs of the degree (e.g. the typical total fee for a part-time undergraduate degree is GBP 5 625). For full-time students, the loan instead covers up to the full amount of tuition charged for higher education courses in the UK. In Northern Ireland, this was GBP 4 275 for the 2019/20 academic year. Learners can apply on the Student Finance NI portal. | Full-time learners: GBP 10 341 646.71 Part-time learners: GBP 730 820.13 |
| Tuition Fee Grant | Subsidy | Part-time learners with at least an upper-secondary qualification who are undertaking a NQF Level 4-6 course above their highest level of qualification and have a yearly household income below GBP 25 420 | The maximum grant available is GBP 1 230 to contribute to part-time tuition fee costs (this is a one-off payment). The actual amount given depends on three factors: study intensity, household income and fee costs. Learners can apply on the Student Finance NI portal. | GBP 1 493 670.51 |
| Maintenance Loan | Loan | Full-time learners with at least an upper-secondary qualification who are undertaking a NQF Level 4-6 course above their highest level of qualification | The maintenance loan is to meet living costs during study for a full-time higher education course, up to GBP 4 840. Learners can apply on the Student Finance NI portal. | GBP 8 320 094.37 |
| Maintenance Grant | Subsidy | Full-time learners with at least an upper-secondary qualification who are undertaking a NQF Level 4-6 course above their highest level of qualification and have a yearly household income below GBP 41 065 | The maximum grant is GBP 3 475 for students in a household with GBP 19 203 or less. Between a household income of GBP 19 204 and GBP 41 065, the maintenance grant gradually decreases in value. Learners can apply on the Student Finance NI portal. | GBP 6 462 654.24 |
| Childcare subsidies | Subsidy | Full-time learners with at least an upper-secondary qualification who are undertaking a NQF Level 4-6 course above their highest level of qualification | With the Childcare Grant, for one child in childcare, students receive up to GBP 148.75 a week. For two or more children students can receive up to GBP 255.00 a week. Under the Parents Learning Allowance, parents receive between GBP 50 and GBP 1 538 depending on household income. Learners can apply on the Student Finance NI portal. | GBP 974 599.19 |

Note: Only a selection of incentive schemes applicable to adult learners are covered.

Source: Department for the Economy and the Education Authority (n.d.^[79]), "Student Finance NI", <https://www.studentfinancenico.uk/>; nidirect portal at <https://www.nidirect.gov.uk/>; UK Government (2019^[80]), "Training and study at work: your rights", <https://www.gov.uk/training-study-work-your-rights>; and information gathered during OECD missions.

Nonetheless, while the overall structure is effective, the current mix of loans and subsidies could be further refined in two ways to minimise existing barriers related to child-care and family responsibilities and the cost of adult learning opportunities.

Firstly, only full-time higher-skilled adult learners currently receive direct childcare support to undertake adult learning (see Table 3.3). Going forward, Northern Ireland could further increase support for lower-skilled workers and higher-skilled part-time learners. Particularly in the case of part-time learners, the solution could be relatively straightforward, because Northern Ireland could extend the Childcare Grant and the Parents Learning Allowance to part-time learners.

Second, current subsidies and loans for higher-skilled workers contribute only towards qualifications above the learner's highest level of qualification (see Table 3.3). This criterion excludes short-term modular or online courses such as those offered by the Centre for Flexible Education at Ulster University or by the Open University. For instance, a learner who already holds an undergraduate degree in mathematics cannot currently receive any funding for a short-term modular course in ICT at the same level. Moreover, current loans do not always cover the full cost of the course for part-time learners (see Table 3.3). For example, the typical total fee for a part-time undergraduate degree is GBP 5 625, but part-time learners can only borrow up to GBP 3 206. Going forward, Northern Ireland could consider extending the current loans and subsidies to individuals who are pursuing a short-term qualification at the same level of their highest level qualification, and it could consider covering the full cost of education for part-time learners.

These suggestions are consistent with the views expressed by stakeholders in workshops and group discussions. Some stakeholders thought that it would be beneficial to increase financial support for adults through larger subsidies (e.g. via voucher-like schemes). However, several stakeholders thought that the subsidies should be targeted at specific cohorts to minimise deadweight loss. Keeping the current structure of loans and subsidies, but increasing their scope, combines elements of both perspectives.

As well as introducing these refinements to loans and subsidies, to address the time-related barrier arising from "being too busy at work", Northern Ireland could consider introducing legislation and financial support for training and study leave.

Many OECD countries have training leave legislation, including other countries in the UK. Workers in England, Scotland and Wales with 26 weeks of tenure in companies with 250+ employees are entitled to take training leave, provided that the training helps them to better perform their job (UK Government, 2019^[80]). In order to ensure the uptake of training leave, some countries in the OECD go beyond legislative arrangements and provide financial compensation for learners and employers (OECD, 2019^[64]). In most cases, this allowance is paid directly to the worker, but in some cases, the employer continues to pay the wage and claims back the expenses (OECD, 2017^[76]). The primary objective of these compensatory mechanisms is to reimburse employees and the employer for the lost working time (OECD, 2019^[64]). However, as pointed out by stakeholders in Northern Ireland, these mechanisms could also contribute to reinforcing a culture of lifelong learning among employers, by "signalling" that taking time off for training purposes is a worthwhile investment.

The training leave legislation in the rest of the UK has not been entirely successful in encouraging the uptake of training leave. A forthcoming OECD report of England recommends extending training leave entitlements to low-skilled workers in companies with fewer than 250 employees (Jeon and Game, forthcoming^[81]). This would be consistent with most schemes in EU countries, which do not distinguish between beneficiaries based on company size (Cedefop, 2012^[82]). This recommendation would be relevant for Northern Ireland as well, given its substantial SME population.

Going forward, Northern Ireland could also learn from the experiences of several OECD countries to encourage the uptake of training leave via compensatory mechanisms (see Box 3.6). Alternatively, Northern Ireland could consider strengthening the uptake of training leave by designing job rotation schemes to help firms find a temporary replacement worker (usually an unemployed or inactive person) during the training period (see Box 3.6).

Box 3.6. Relevant international examples: Better using financial incentives to reduce barriers for individuals

Using financial incentives to strengthen training leave uptake across OECD countries

Several OECD countries make use of financial incentives to encourage the uptake of study and training leave. In **France**, for example, workers on study leave (*Congé Individuel de Formation*) are entitled to their full wage, but most other countries put a cap on this replacement wage (e.g. Walloon and German-speaking communities of Belgium) or pay an allowance that is often equivalent to the level of unemployment benefit (e.g. *Weiterbildungsgeld* in Austria). To minimise deadweight loss, financial incentives are often tailored to specific groups. For example, in **Germany**, study leave incentives are focused on the low-skilled and SMEs (WeGebAU). In **Austria**, training choices need to be approved by the Public Employment Services, which should only be done if the course is likely to improve the labour market prospects of the individual in question. **Belgium** has gone further by providing longer study leave for individuals who (re)train in areas where labour market shortages exist (*métier en pénurie/knelpuntberoep*). Some countries, such as **Finland** or **Sweden**, do not offer special financial arrangements for study leave, but employees can access the general student support system. In the context of Northern Ireland, this would mean that individuals would be able to apply for training leave through the Student Finance NI portal.

Combining training leave legislation with job-rotation schemes: An example from Denmark

Some countries have financed the development of job rotation schemes to encourage the uptake of training leave. Job rotation offers a solution to the problem of worker absence for training purposes by offering the employer a temporary replacement in the form of an unemployed person. This type of scheme, originating in Denmark in 1994, has the advantage of simultaneously promoting training and helping the unemployed gain skills and labour market experience. Under the current Danish scheme, employers who take on an unemployed person as a replacement for the worker who is on training leave, are expected to pay the wage set by a collective agreement, but in return receive an amount equal to 160% of the unemployment insurance. However, few other countries have such schemes in place. **Portugal** has a job rotation for training scheme in the autonomous region of Azores. **Sweden** used to have a scheme (the *Utbildningsvikariat* or Education Temporary Positions), which provided employers with financial support (through a tax credit) to cover the cost of wages (up to a limit and for a maximum of six months). The programme, which primarily benefited employers in the health sector, was abandoned in 2006.

Source: OECD (2017^[76]), *Financial Incentives for Steering Education and Training*, <https://dx.doi.org/10.1787/9789264272415-en>; OECD (2019^[64]), *Getting Skills Right: Future-Ready Adult Learning Systems*, <https://dx.doi.org/10.1787/9789264311756-en>.

Recommendations for better using financial incentives to reduce barriers for individuals

- 2.10. Strengthen childcare subsidies for lower-skilled and part-time higher-skilled learners to mitigate the impact of childcare responsibilities on take-up of adult learning.** For part-time higher-skilled learners, DfE could consider extending the Childcare Grant and the Parents Learning Allowance to part-time learners, scaling down the amount of the subsidies to include lower-skilled workers, who are not currently covered by these two schemes. DfE should ensure that the solution is coherent with any childcare support that may be offered to address economic inactivity (see Chapter 2).
- 2.11. Extend current loans and subsidies for higher-skilled learners to cover modular courses and increase loan caps for part-time higher-skilled learners.** DfE should extend current part-time subsidies and loans (e.g. the Tuition Fee Loan and the Maintenance Grant) to cover short-term modular courses (as defined by a certain number of credits). To minimise deadweight loss, DfE could consider limiting the eligible courses to those that are in strong labour market demand according to SAA exercises (see Chapter 5). DfE should also increase the maximum loan amount for part-time learners so that they cover the full cost of the course.
- 2.12. Consider introducing legislation and compensatory mechanisms for training leave to increase take-up of learning among adults who currently report being too busy at work.** The Northern Ireland Executive could introduce training leave legislation, covering all businesses, including SMEs, to help create a culture of lifelong learning. DfE could complement legislation with compensatory mechanisms. For the compensatory mechanisms, DfE could consider reimbursing employees who decide to take training leave and/or it could finance job rotation schemes to help firms find replacement workers (e.g. through an inactive person). To minimise deadweight loss in the reimbursement scheme, DfE could consider limiting the list of eligible courses to those in high labour market demand according to SAA exercises (see Chapter 5). For job rotation schemes, DfE should ensure co-ordination with any broader economic inactivity interventions (see Chapter 2).

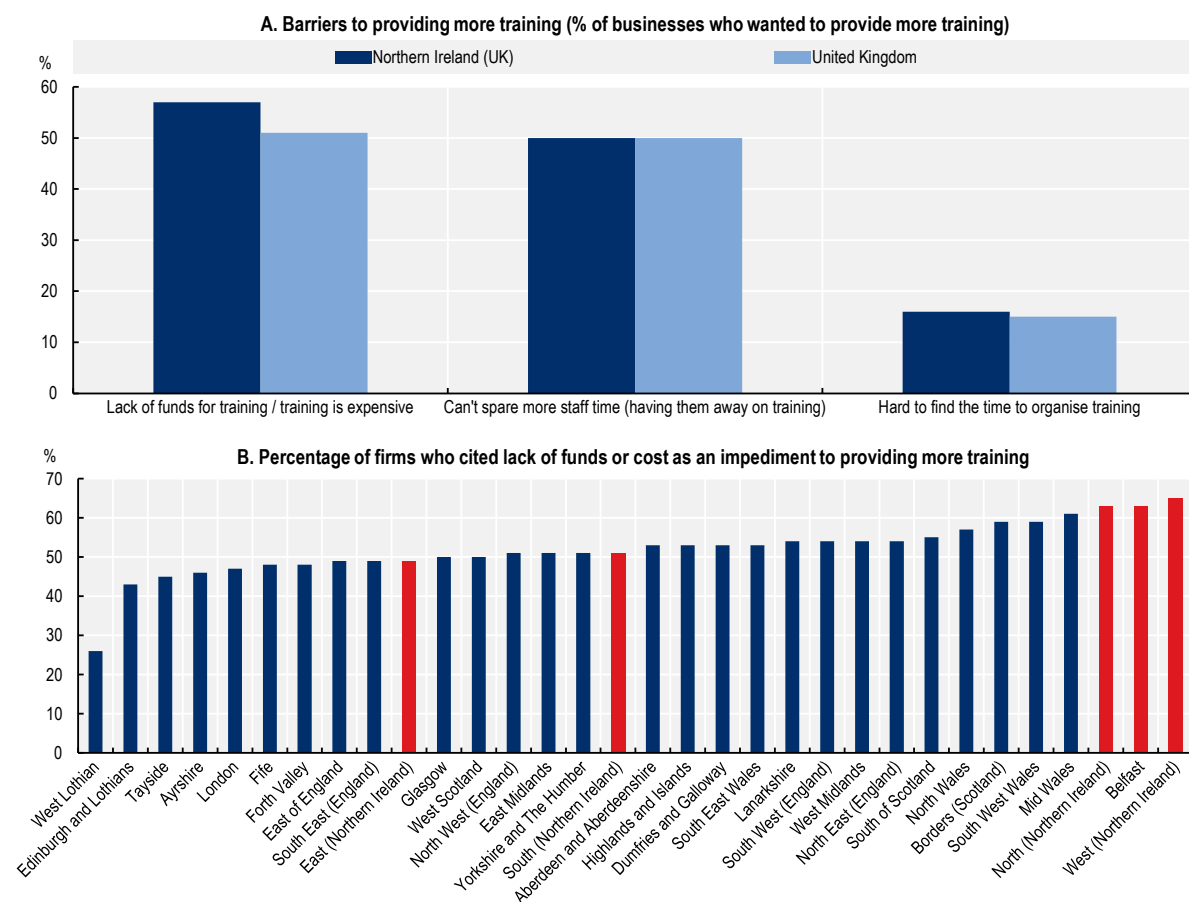
Better using financial incentives to reduce barriers for employers

The existing evidence suggests that employers in Northern Ireland face considerable financial barriers to investing in training opportunities and that current financial incentives are not entirely successful in minimising them.

Financial barriers are more prevalent in Northern Ireland than in the rest of the UK. Across both the UK and Northern Ireland, employers identify financial barriers (i.e. the lack of funds, or the cost of training) as the main obstacle to providing more training, followed by the lack of time for staff to participate and the lack of time to organise it (see Figure 3.13).

However, approximately 57% of employers in Northern Ireland report the lack of funds or the cost of training as a barrier to providing further training, compared to 51% for the UK as a whole. Moreover, the lack of funds or the cost of training has a greater impact in three out of five Northern Ireland regions (Belfast, North, West) than in any other region in the UK (see Figure 3.13).

Figure 3.13. Barriers to providing more training in Northern Ireland and the UK, 2017



Note: The sample only includes businesses that wanted to provide more training in the past 12 months. Panel A. lists the top three most important barriers that businesses identified. In Northern Ireland, the only other barrier noted by more than 5% of businesses was “difficulty finding training providers who can deliver training where or when we want”, at 6%. All other potential barriers in Northern Ireland were lower than 5%, and included: “a lack of appropriate training/qualifications in the subject areas we need it”, “staff not keen”, “a lack of good local training providers”, “training not a management priority”, “lack of knowledge about training opportunities and/or suitable courses”, “staff turnover”, “lack of suitable candidates/staff not ready for the training we had in mind”, “staff now fully proficient / don’t need it”, and “lack of provision”.

Source: UK Government (2017^[29]), *Employer Skills Survey 2017: UK Findings*, www.gov.uk/government/publications/employer-skills-survey-2017-uk-report.

StatLink  <https://doi.org/10.1787/888934127795>

As anticipated in the practices section of this chapter, Northern Ireland provides a range of financial incentives that can help mitigate financial barriers.

Employers can rely on three main subsidised programmes to fund training expenditure for current employees. Combined, the three programmes cost approximately GBP 8 million each year (see Table 3.4). As for the incentives for individuals discussed above, the design of these programmes is structured to minimise potential deadweight loss. As anticipated in the performance section of this chapter, large businesses are generally more likely to train than small businesses (OECD, 2017^[76]). Moreover, high-growth businesses are more likely to realise larger gains from training than low-growth businesses. The three programmes in Northern Ireland make use of these criteria to screen potential applicants. Employers also receive subsidies for adult apprenticeships from DfE and the European Social Fund (ESF). Public funding covers 50% of the costs of directed training for level 2-3 adult apprentices aged 25+ and 100% of the costs for higher-level apprentices (see Table 3.4).

Table 3.4. Financial incentives for employers to invest in training in Northern Ireland

| Scheme | Type | Target group | Description | Funding |
|--|---------------|--|--|---|
| The Skills Growth Programme (delivered by Invest NI) | Subsidy | High-growth Northern Ireland businesses with growth potential (defined according to potential employment and sales growth) that are exporters or are ready to export | Consists of the Skills Growth Programme Grant, the Skills Advancement Grant (SAG) and Training Needs Analysis (TNA) workshops/mentoring. Within these schemes, companies develop a multi-year training plan to align their proposed strategic training activity across four broad themes: Management development, technical skills, soft skills and functional skills. | For 2019/20, 108 SMEs and 28 non-SMEs received training. Grants from the DfE totalled around GBP 10 million, which was matched by almost GBP 40 million in private investment. |
| Skills Focus (delivered by DfE) | Subsidy | Employers and businesses with fewer than 250 employees | This is a skills development programme that aims to increase the skills of the existing workforce to level 2 and above. The FE colleges deliver it. | Some 8 580 employees upskilled or re-skilled through the programme since its introduction in April 2015. The annual budget is GBP 1.5 million. It is 75% funded by the DfE, and 25% of funding comes from the business. |
| InnovateUs (delivered by DfE) | Subsidy | Employers and businesses with fewer than 50 employees | This is a skills development programme that aims to provide employees of small businesses with the skills necessary to engage in innovation activities. The programme offers up to 60 hours of training and skills development support, delivered over a six-month period. | In the last three years, 1 100 small businesses have taken part in the InnovateUS programme. The annual budget is GBP 1.7 million. |
| Apprenticeship funding (delivered by DfE) | Subsidy | Businesses providing apprenticeships | For adult apprenticeships undertaken by individuals aged 25+, the subsidy depends on the level: A combination of ESF and the DfE pay 50% of the costs of directed training for level 2-3 and 100% of directed training for higher-level apprenticeships. For apprenticeships undertaken by individuals aged 16-24, the subsidy covers 100% of directed training. | In 2017/18, 674 out of 5 646 apprentices were aged 25+. Total Apprenticeship NI funding is GBP 21.2 million (including GBP 7.2 million ESF) per year, of which GBP 4.9 million is for higher-level apprenticeships. |
| Apprenticeship Levy | Training levy | Businesses with a wage bill of more than GBP 3 million (roughly 500 private sector companies and 50 public sector bodies) | All businesses across the UK pay 0.5% of the total wage bill (minus an apprenticeship levy allowance of GBP 15 000). In England, funds collected through the levy are used directly to fund apprenticeships. In Northern Ireland, there is no direct correlation between the levy raised from employers and the funding allocation for skills development. | GBP 82 million in 2019/20 |

Source: NI Business Info (n.d.^[83]), "Further education training opportunities for your business", <https://www.nibusinessinfo.co.uk/content/further-education-skills-development-programmes>; Invest NI (n.d.^[84]), "Skills Intervention Programme", <https://www.investni.com/support-for-business/training-support.html>; Capaxo Ltd. (2018^[85]), "Evaluation: Skills Intervention Programme", <https://secure.investni.com/static/library/invest-ni/documents/skills-intervention-programme.pdf>; OECD (2019^[86]), "Skills Strategy Questionnaire - Northern Ireland"; Department for the Economy (n.d.^[87]), "InnovateUs and Skills Focus", <https://www.nibusinessinfo.co.uk/sites/default/files/DfE-InnovateUs-Skills-Focus-Employer-Leaflet-May2020.pdf>; UK Government (2016^[88]), "UK government agrees apprenticeship levy funding deal with devolved administrations", <https://www.gov.uk/government/news/uk-government-agrees-apprenticeship-levy-funding-deal-with-devolved-administrations>.

However, employers in Northern Ireland are also required to pay into the UK-wide Apprenticeship Levy (see Table 3.4). In its current form, the levy acts as a tax on large employers, rather than an incentive scheme for further investment in training and workforce development. Large employers with a total wage bill of more than GBP 3 million pay their contribution directly to the UK Government, but the money raised is not earmarked for expenditure on training or upskilling, as in typical training-levy schemes. The funding from the Apprenticeship Levy is allocated to Northern Ireland in the block grant received from the UK Government. As this funding is non-ring-fenced, it is then distributed to each Department through the normal resource allocation in the budget process (Department for the Economy, 2019^[89]).

Stakeholders in all engagements conducted as a part of this project in Belfast, Derry/Londonderry and Dungannon expressed significant dissatisfaction with these arrangements. Their views are supported by international best-practice. Across most OECD countries, levy schemes are generally used to gather funds

for financing general skills provision or training opportunities (see Table 3.5). Without this earmarking, levy-like measures are comparable to additional taxes on labour, likely leading to lower wages, lower employment rates and lower training propensity (Kuku et al., 2015^[90]; Deslauriers et al., 2018^[91]; Saez, Schoefer and Seim, 2017^[92]).

Going forward, in light of the existing financial barriers, Northern Ireland should establish a ring-fenced skills fund within the Northern Ireland block grant, to channel back into training opportunities and apprenticeships skills funding which has been lost through the Apprenticeship Levy. For instance, the fund could be used to cover the cost of directed training within apprenticeships and training courses for current employees. In the case of apprenticeships, covering 100% of the total directed training for level 2-3 adult apprentices could further strengthen the offering of adult apprenticeships, as a part of the local level plans to increase motivation among low-skilled workers (see Opportunity 2). Northern Ireland could learn from the experiences of a number of OECD countries to understand how to operate the fund (see Table 3.5). Among these different schemes, Northern Ireland could closely consider Scotland's Workforce Development Fund, given that it was set up by another UK devolved administration required to pay the Apprenticeship Levy (see Box 3.7).

Table 3.5. Different schemes to distribute funds gathered through levies

| | Revenue-generating schemes | Levy-grant schemes | Levy-exemption schemes | Cost-reimbursement schemes |
|------------------|---|---|--|--|
| Description | Employer contributions are used to finance general training programmes. | Payroll contributions are collected from employers and distributed as grants. | Employers are required to dedicate at least a certain percentage (e.g. 1%) of payroll towards training or submit the equivalent to government. | Firms pay a compulsory levy but can claim expenses back for any training costs incurred during the year. |
| Advantages | Raise funds for publicly provided training. | Higher grants can be given to firms with higher training expenses. Grants can be made conditional on training-specific skills relevant for the labour market. | Cost of training for the employer is zero up to the amount of tax liability. | Lower administrative burden. Employers have greater freedom in planning training. |
| Disadvantages | No incentive for firms to invest in training as contributions cannot be claimed back. | Require many case-by-case decisions, higher administrative costs. | Employers may opt-out of training as it is easier to pay the levy than provide training. | In order to get money back, employers may spend money on any type of training, regardless of quality. |
| Country examples | Brazil (SINAL) | Denmark (Kompetenceudviklingsfonde) Greece Italy (Intersectoral training fund) Korea Poland (Krajowy Fundusz Szkoleniowy) United States (Arizona Job Training Tax) | Greece (ELEKP training fund) Hungary (compulsory VET levy) Scotland (FWDF) | Belgium Denmark (Reimbursement Fund) France (Contribution à la formation professionnelle continue) |

Note: Countries often have hybrid schemes with funds raised through levies and distributed through grants and direct subsidies.

Source: OECD (2017^[76]), *Financial Incentives for Steering Education and Training*, <https://dx.doi.org/10.1787/9789264272415-en>; Müller, N. and F. Behringer (2012^[93]), "Subsidies and Levies as Policy Instruments to Encourage Employer- Provided Training", <https://doi.org/10.1787/5k97b083v1vb-en>.

Nonetheless, it is not clear whether the ring-fenced skills fund should be used to subsidise training opportunities for smaller employers that do not pay the levy. International evidence suggests that extensive cross-subsidisation from large enterprises to SMEs can result in lower overall training intensity (Kuku et al., 2015^[90]). When cross-subsidisation takes place, SMEs raise their training intensity, but large enterprises end up training less because they become more liquidity constrained. The decrease in training intensity in large firms could more than offset the increase in training in small firms, leading to a lower training propensity overall (Kuku et al., 2015^[90]).

To further mitigate financial barriers to the provision of training, Northern Ireland could establish training funds, as in the Republic of Ireland, Italy or Korea (see Box 3.7). One of the reasons SMEs train less intensively is that they typically face higher training costs per worker, because they generally have fewer workers to train. Local training funds can help SMEs pool employees into the same training programme, share the cost of training and benefit from reduced costs through economies of scale (Johanson, 2009^[94]; OECD, 2019^[95]). However, the experiences of Italy and the Republic of Ireland show that it is important to carefully think about the design of the funds to ensure they end up increasing participation among SMEs, especially micro- and medium-sized businesses (see Box 3.7).

Box 3.7. Relevant international examples: Better using financial incentives to reduce barriers for employers

Using Apprenticeship Levy funds: An example from Scotland

Scotland has used its Apprenticeship Levy funds to form a Flexible Workforce Development Fund (FWDF). This fund is accessible by all Apprenticeship Levy paying employers from the private, public and third sector across Scotland, who can use the fund to undertake training and development for their workforce. Colleges in Scotland are the exclusive delivery point of training provided by this fund, and companies can access up to GBP 15 000 to create tailored training programmes with their local college. This has helped to create new relationships between colleges and companies where they did not previously exist. Employers are also able to use the fund to invest in the development of their supply chain through nominating supply chain companies to receive all or part of their allocation of funding or including supply chain company staff in training. Since 2017-18, the Scottish Government has allocated GBP 10 million a year to this fund.

Designing and adapting training funds for SMEs: Examples from the Republic of Ireland and Italy

Training funds have been implemented successfully in the Republic of Ireland and Italy to increase participation training. In the Republic of Ireland, Skillnet operates as a facilitator and funding agency for enterprise-led training networks across the country, providing half of the total cost for network activities. As of 2017, it had provided at least a year of funding to over 400 of such networks. In 2016, 14 263 firms received employee training through Skillnet-funded networks. In Italy, training funds have been operational since 2004. From 10 training funds in 2004, to 19 in 2017, training funds today cover almost 1 million firms with 10 million workers, a threefold increase in the number of firms covered by funds since 2004. With a combined budget of EUR 603 million in 2017, training funds are a crucial source of support for upskilling workers in Italy. However, SME engagement in these training funds has not always been strong. For example, in the Republic of Ireland, only 3% of micro-businesses (0-9 employees), and 25% of small businesses (10-49 employees) participate in Skillnet-funded training networks, compared to 75% of medium-sized (50-249) businesses. A lack of awareness of the existence of training funds among smaller firm employees is part of the reason for low training uptake, but training fund design is important too. In both Italy and the Republic of Ireland, only part of the training is funded, and this percentage is unaffected by company size, meaning smaller companies are more likely to face budgetary constraints accessing training. Moreover, in Italy, firms have to pay the cost for training upfront and then get reimbursed, which is more problematic for SMEs who may face cash flow constraints.

Successful SME initiatives: An example from Korea

When Korea implemented training levies in the mid-1990s, it suffered from a similar lack of SMEs engagement comparable to Italy and the Republic of Ireland. Only 4.7% of SMEs offered levy-supported training to their employees, compared to 77.6% of large enterprises. To address SME barriers to participation in training levies, the Korean Government launched the Training Consortium Pilot Program for SMEs in 2001. SMEs from similar sectors were grouped into training consortiums (TCs). These were run by training specialists who conducted skills and training needs assessments for each SME, planned training programmes, and then conducted evaluation studies upon an SME's completion of a training programme. The pilot programme had a significant positive impact on SME participation. The proportion of SMEs using training levies to provide training increased from 11% to 55% in one year. Consequently, the programme was rolled out on a national level.

Source: OECD (2019^[95]), *Adult Learning in Italy: What Role for Training Funds?*, <https://doi.org/10.1787/9789264311978-en>; ILO (2017^[77]), *Upskilling SMEs: How governments fund training and consulting: Comparing experiences from Asia, Europe and North America*, <https://www.voced.edu.au/content/ngv:79526>; Scottish Funding Council (2020^[96]), "Flexible Workforce Development Fund", <http://www.sfc.ac.uk/funding/college-funding/flexible-workforce-development/flexible-workforce-development-fund.aspx>.

Recommendations for improving financial incentives for employers

- 2.13. Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships.** The Northern Ireland Executive should set up a skills fund within the Northern Ireland block grant, to channel back into apprenticeships and training opportunities skills funding which has been lost through the Apprenticeship Levy. Among the potential options to make use of the funds, Northern Ireland could consider the following: covering the full costs of directed training for level 2-3 adult apprentices, as opposed to 50%, which is currently the case (see Opportunity 2); allowing levy-paying employers to use a portion of their contribution to pay towards training opportunities for their employees and the workforce of companies in their supply chain, as in Scotland; financing the set-up costs for local training funds; and financing awareness-raising initiatives to strengthen the provision of adult learning to low-skilled learners in the workplace (see Opportunity 2).
- 2.14. Establish local training funds to increase the availability of training and apprenticeships among employers.** DfE should guide the formation of local training funds, working closely with regional skills hubs (see Chapter 5). The design of the funds should encourage SME participation, for instance, by leaving room for delayed payments. To further improve uptake by SMEs, the funds should also offer skills and training needs assessments, and they should take the lead in designing the content of the courses. To ensure that the funds reach a sufficient scale, DfE could allow levy-paying employers to pay towards training opportunities for their employees and the workforce of companies in their supply chain. The local training funds should also ensure that they offer training opportunities for managers (see Chapter 4).

Making adult learning opportunities more flexible for medium-to-high-skilled workers

Flexibility in adult learning opportunities has advantages for all learners, but different kinds of flexibility matter for low-skilled and higher skilled learners. Opportunity 2 has shown that flexibility in delivery location has a crucial role to play in increasing motivation for low-skilled learners because it makes it possible to adopt contextualised learning approaches (Windisch, 2015^[61]).

Higher-skilled learners instead benefit more from flexible delivery models (OECD, 2019^[64]). As learners increase in their skills level, they are generally more positively inclined towards learning and they are in a better position to design their own learning journey and conduct a substantial proportion of learning

autonomously (OECD, 2019^[64]). This calls for the provision of flexible delivery models, such as modular and blended learning approaches, to enable them to better combine learning experiences with work and family responsibilities (OECD, 2019^[64]). Modular delivery models break down learning into short-term modular courses, with multiple start dates throughout the year. Blended delivery models instead combine online and class-based learning.

Northern Ireland has so far had some success in adopting modular and blended delivery models in higher education institutions, but further education colleges have been lagging behind.

As mentioned in the description of current practices, Ulster University runs the Centre for Flexible Education, which aims to offer short-term modular courses for personal and professional development for adult learners. Courses can be taken individually or combined over time to complete a Certificate of Professional Development. Additionally, the centre works with employers to accredit in-house training programmes, and design tailored learning solutions (Ulster University, n.d.^[21]). At the Open University, degrees are taught via online and distance learning, allowing adults to fit learning around existing schedules (The Open University, n.d.^[23]; Open University, n.d.^[97]).

As part of the survey of FE colleges described in Opportunity 2, the OECD team asked FE colleges to provide information on the availability of modular and blended delivery models. The evidence gathered suggests that FE colleges do not generally adopt modular and blended courses. When asked about existing limitations in the provision of modular delivery models, including multiple start dates throughout the year, FE colleges mentioned the need to ensure sufficient class size, the reliance on awarding organisations to validate qualifications and rigidity in the current funding model.

Ensuring a sufficient class size can be a significant challenge. If courses become shorter and more focused, it could be more difficult to secure a sufficient number of learners. This problem does not have a straightforward solution. However, strengthening the alignment between the educational offering and labour market needs in the local area (see Chapter 5) could help ensure that a sufficient number of learners will enrol in each course.

The situation is different for the barriers posed by the reliance on awarding organisations and the rigidity of the funding model. The need to receive approval for the short-term modular courses would increase the administrative burden on FE colleges, making the development of such courses more difficult. Yet, FE colleges could co-ordinate on the design of the new modules to make the validation process smoother. It is also true that the current funding model makes it more difficult to develop short-term modular courses because it is based on yearly enrolment numbers. However, these constraints should be eased by the recommendations in Chapter 5, which propose the adoption of a more flexible funding system. By relying on the flexible funding system and a joint approach to validation, Northern Ireland should extend the offering of short-term modular courses in FE colleges. The implementation could be phased, comprising a pilot in a specific area and a subsequent extension of the rest of the provision. More broadly, Northern Ireland could learn from the experiences of Denmark in developing a modular offering (see Box 3.8).

In the case of online provision, FE colleges perceived the obstacles to be less structural in nature. The main obstacle was seen to be the need to develop specific expertise and allocate some teaching time to develop the online learning material. Some FE colleges and some stakeholders during the workshops suggested that to develop these capacities more effectively, going forward, FE colleges could consider developing a common virtual platform with shared course materials that could be used by learners throughout Northern Ireland. To make further progress in this respect, Northern Ireland could take inspiration from the Tafe digital platform in Australia (see Box 3.8). The platform could be especially important to make adult learning more accessible in the context of the COVID-19 crisis.

Box 3.8. Relevant international examples: Making adult learning opportunities more flexible for medium-to-high-skilled workers

A modular approach to advanced adult education: An example from Denmark

Advanced adult education (VVU) in Denmark is designed to be highly flexible for adults and encompasses a range of higher education options. Academy education is the equivalent of a professional degree (education level 5 on a scale of 1-8 in Denmark) designed specifically for working adults. Tailored towards adults with high school education or vocational training and at least two years' work experience, it enables individuals to take as many or as few modules as they desire at any one time. These modules are delivered part-time and can be combined with modules from different disciplines and even different institutions. In this way, students can put together a programme that matches their job profile. A part-time academy education usually lasts two to three years, but can be organised over a period of up to six years. The same principle of modularity is applied to bachelor and masters level options for working adults. Learners can follow individual modules that are offered to full-time university students. Again, these can be combined to form a degree or taken individually. Teaching for these modules is usually organised as evening, distance or weekend lessons to enable as many adults to take part as possible. Advanced adult education, therefore, offers medium-to-high-skilled workers a large degree of flexibility in how they approach higher education, enabling them to pursue a formal qualification or gain updated professional knowledge and additional competences in a specific area of interest.

A common virtual learning platform: An example from Australia

Technical and Further Education in New South Wales (TAFE NSW) is Australia's largest vocational education and training provider. Annually over 500 000 students study at 130 locations throughout New South Wales. In 2017, the three individual online learning platforms from TAFE institutes were merged into a single digital delivery entity, TAFE Digital, to offer online courses from across TAFE's educational and training providers. The existence of one platform enables TAFE Digital to ensure that online course content is consistent across all locations and is easily accessible for students. As part of the merger, four teams work across institutions to provide an integrated service: The Digital Delivery team oversees student assessment, feedback and progression; the Digital Learning Lab consists of a group of learning analytics, innovative technology and immersive media specialists to trial new technologies for online programmes; Digital Design helps build the digital training materials; and Digital Project Management provides project support and digital advice. At the end of 2019, 50 014 students were enrolled in TAFE Digital across 250 different online courses. According to the 2018 National Student Outcome Survey, over 90% of students who completed their online studies would recommend TAFE Digital as a training provider, and over 89% were very satisfied with their experiences.

Source: Danish Ministry of Education (2020^[98]), "University of Copenhagen Study Programmes", <https://www.ug.dk/uddannelser/universitetsuddannelser/enkeltfagogdeluddannelserveduni/enkeltfag-og-deluddannelser-koebenhavns-universitet>; Danish Ministry of Education (2019^[99]), "About Academy Education", <https://www.ug.dk/uddannelser/artikleromuddannelser/omkurserogefteruddannelse/om-akademiuddannelser>; New South Wales Government, Australia (n.d.^[100]), "About TAFE NSW", <https://www.tafensw.edu.au/about>.

Recommendations for making adult learning opportunities more flexible for medium-to-high-skilled workers

- 2.15. Extend the offering of short-term modular courses in further education colleges, by introducing changes to the FE funding model and taking a joint approach to validation (see Chapter 5).** FE colleges should develop short-term courses to be offered in modular format, as in the advanced adult education system in Denmark. FE colleges should first run a pilot programme in a specific subject area and, conditional on positive results, they could extend the modular approach to the rest of the provision. FE colleges should adopt a joint approach to validation, co-ordinating on the design of the new modules to reduce their administrative burden. The new funding model developed by the DfE (see Chapter 5) should grant sufficient flexibility to allow for the adoption of short-term modular courses.
- 2.16. Extend the offering of blended (i.e. including an online component) approaches in FE colleges, by developing a common online learning platform.** FE colleges should co-ordinate on the development of a common online learning platform that contains online learning material to be offered within blended delivery models, like TAFE Digital in Australia. FE colleges should jointly set up the platform and should then jointly develop the online learning offering offered on the platform.

Overview and discussion of recommendations

Creating a culture of lifelong learning can lead to a range of economic and social benefits, such as higher wages for individuals and higher productivity for firms. It can also help Northern Ireland better respond to the challenges and opportunities arising from the UK's exit from the EU and megatrends. Yet, as described in the performance section, adults in Northern Ireland have low participation rates in both formal and non-formal adult education opportunities and employers have comparatively low training intensity. To help create a culture of lifelong learning, this chapter presented three opportunities:

1. Starting the development of a culture of lifelong learning early in life.
2. Increasing adults' motivation to learn.
3. Removing barriers for individuals and employers to adult learning opportunities.

The chapter presented 16 recommendations to create a culture of lifelong learning. This selection is based on input from literature, desk research, discussions with the Northern Ireland Project Team, and broad engagement with a wide variety of stakeholders, including two workshops in Belfast, two meetings in Derry/Londonderry, a meeting in Dungannon and various related meetings and group discussions.

These recommendations are connected through three main policy themes. First, creating a culture of lifelong learning requires lifelong policy efforts, with short-term initiatives focused on adults (Recommendations 2.6 - 2.16) and long-term initiatives to ensure that children develop stronger cognitive skills and attitudes to learning (2.1 - 2.5).

Second, creating a culture of learning needs targeted initiatives that distinguish between motivations and the needs of vulnerable children (2.4 and 2.5), for the long term and low-skilled adults (2.8 and 2.9) and higher-skilled adults (2.11, 2.15 and 2.16) for the short term.

Third, creating a culture of lifelong learning requires different national and subnational actors to work more effectively together, for instance, to establish local training funds (2.14) or deliver national (2.6 and 2.7) and local (2.8 and 2.9) strategies to increase adults' motivation to learn. This highlights that creating a culture of lifelong learning will require lifelong and learner-centred policy initiatives, delivered through a whole-of-government approach involving multiple national and subnational actors.

At the time of writing, the full impact of the COVID-19 pandemic on Northern Ireland remains unclear, but it is likely the economic fallout will be felt for years to come (OECD, 2020_[101]). Successfully implementing some of these recommendations could support the economic recovery from the pandemic. Developing an adult learning strategy (2.6) could help inform reskilling and upskilling needs, whereas implementing a targeted approach for low-skilled learners (2.8 and 2.9) and making adult learning opportunities more flexible for medium-to-high-skilled learners (2.15 and 2.16) could contribute to fostering participation across different cohorts. Economic recovery will hinge on a set of co-ordinated policy interventions, which should counterbalance the uniquely disruptive nature of COVID-19. Nonetheless, measures to improve the planning, accessibility and flexibility of adult learning will be an important component of the policy response to the pandemic.

Based on discussions with the Northern Ireland Project Team, three recommendations have been selected that could be considered to have the highest priority based on potential impact, relevance in the current Northern Ireland context, as well as the overall support for implementation. To create a culture of lifelong learning, the OECD recommends that Northern Ireland:

- Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners (2.6).
- Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships (2.13).
- Extend the offering of blended (i.e. including an online component) approaches in FE colleges, by developing a common online learning platform (2.16).

Table 3.6. High-level overview of recommendations to create a culture of lifelong learning in Northern Ireland

| Policy directions | Recommendations | Responsible parties |
|--|---|--|
| Opportunity 1: Starting the development of a culture of lifelong learning early in life | | |
| Improving the curriculum and examination methods in compulsory education | 2.1. Revise the compulsory curriculum in the light of megatrends to focus on the development of digital and data literacy skills. | • CCEA |
| | 2.2. Expand professional development opportunities in technology-friendly pedagogies for new and existing teachers to improve the use of ICT tools in the classroom. | • DE • University colleges • Higher education institutions |
| | 2.3. Consider revising the examination criteria for GCSEs, by placing a stronger emphasis on a range of diverse assessments, rather than a single summative assessment. | • CCEA |
| Strengthening support for vulnerable children and their families | 2.4. Improve the targeting of early childhood support programmes for vulnerable families. | • DE • NISRA |
| | 2.5. Strengthen information sharing across the school system to improve the measurement of social disadvantage and monitoring of related policy interventions. | • DE |
| Opportunity 2: Increasing adults' motivation to learn | | |
| Developing and promoting a holistic vision of adult learning | 2.6. Publish a single, comprehensive strategy setting out a holistic vision for adult learning across different cohorts of learners. | • Northern Ireland Executive • DfE, DAERA |
| | 2.7. Implement co-ordinated awareness-raising initiatives to help deliver the objectives of the strategy, which rely on behavioural and diagnostic profiling tools. | • DfE (including DfE's Careers Service) • DAERA and CAFRE • FE colleges • Other training providers |
| Implementing a targeted approach to increase engagement of low-skilled learners | 2.8. Strengthen the provision of adult learning to low-skilled learners in the workplace and the community by developing tailored local-level plans. | • DfE • FE colleges • Local councils • Regional skills hubs (see Chapter 5) • Local training funds (see Opportunity 3) |

| Policy directions | Recommendations | Responsible parties |
|---|---|--|
| | 2.9. Introduce local awareness-raising initiatives involving FE colleges, DfE's Careers Service, local councils, employers and social partners. | <ul style="list-style-type: none"> • DfE (including DfE's Careers Service) • FE colleges • Local councils • Regional skills hubs (see Chapter 5) |
| Opportunity 3: Removing barriers for individuals and employers to adult learning opportunities | | |
| Better using financial incentives to reduce barriers for individuals | 2.10. Strengthen childcare subsidies for lower-skilled and part-time higher-skilled learners to mitigate the impact of childcare responsibilities on take-up of adult learning. | <ul style="list-style-type: none"> • DfE |
| | 2.11. Extend current loans and subsidies for higher-skilled learners to cover modular courses and increase loan caps for part-time higher-skilled learners. | <ul style="list-style-type: none"> • DfE |
| | 2.12. Consider introducing legislation and compensatory mechanisms for training leave to increase take-up of learning among adults who currently report being too busy at work. | <ul style="list-style-type: none"> • Northern Ireland Executive • DfE |
| Better using financial incentives to reduce barriers for employers | 2.13. Establish a ring-fenced skills fund to subsidise the provision of training opportunities and apprenticeships. | <ul style="list-style-type: none"> • Northern Ireland Executive |
| | 2.14. Establish local training funds to increase the availability of training and apprenticeships among employers. | <ul style="list-style-type: none"> • DfE • Regional skills hubs (see Chapter 5) |
| Making adult learning opportunities more flexible for medium-to-high-skilled learners | 2.15. Extend the offering of short-term modular courses in FE colleges, by introducing changes to the FE funding model and taking a joint approach to validation (see Chapter 5). | <ul style="list-style-type: none"> • FE colleges • DfE |
| | 2.16. Extend the offering of blended (i.e. including an online component) approaches in FE colleges, by developing a common online learning platform. | <ul style="list-style-type: none"> • FE colleges |

Note: CCEA is the Council for the Curriculum, Examinations and Assessment; DE is the Department of Education; NISRA is the Northern Ireland Statistics and Research Agency, DfE is the Department for the Economy; DAERA is the Department of Agriculture, Environment and Rural Affairs; CAFRE is the College of Agriculture, Food and Rural Enterprise; FE colleges are further education colleges.

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4

Transforming workplaces to make better use of skills in Northern Ireland

The effective use of skills in workplaces has potential benefits for employers, employees and society as it can help to raise productivity and innovation for businesses, and help to increase wages and job satisfaction for employees. Public policy makers can work with employers to help create the conditions or provide direct support for strengthening skills use in workplaces. This chapter explains the importance of transforming workplaces to make even better use of the skills of the workforce in Northern Ireland (United Kingdom) and provides an overview of current practices and performance. It then explores three opportunities to transform workplaces and improve skills utilisation: strengthening management and leadership capabilities; developing engaging and empowering workplaces; and strengthening support structures for businesses.

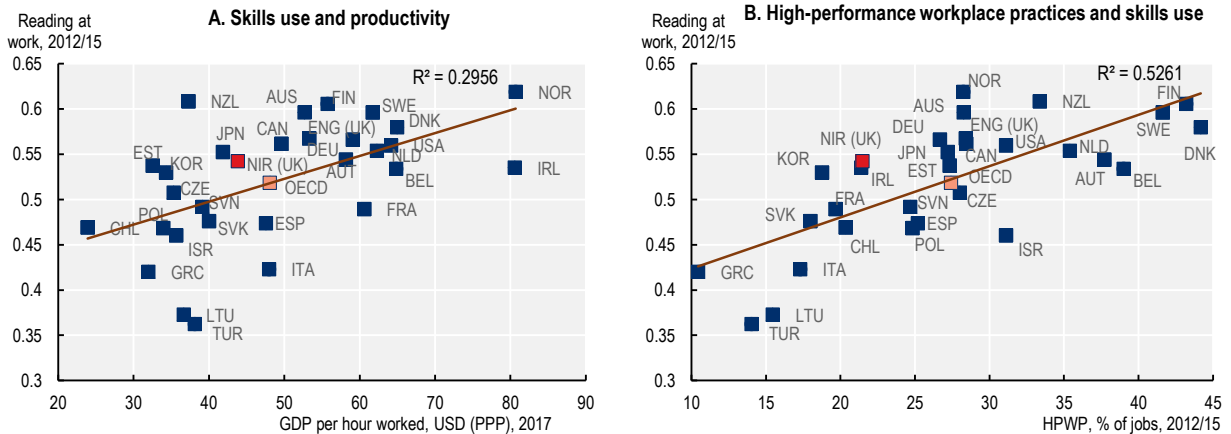
The importance of transforming workplaces to make better use of skills

Northern Ireland already recognises the importance of a strong skills system. Since 2011, the *Success through Skills* reports set out a new vision for the skills system. Likewise, in recent years, multiple studies have highlighted the crucial role of skills as a response to megatrends, to strengthen inclusive growth and to raise innovative performance (Skilling, 2019^[1]; Gunson, Murray and Williamson, 2018^[2]). However, the impact of Northern Ireland’s efforts could be strengthened by an enhanced focus on skills utilisation (see Annex 4.A for definitions and measurement). In recent years, there has been growing awareness that the success with which employers use skills in the workplace may be just as important as the skills their workers possess. To take full advantage of the initial investment in skills development, and to limit the depreciation and obsolescence of unused or under-utilised skills, countries should strive to use these skills as intensively as possible in the economy, workplaces and society (OECD, 2019^[3]).

The more effective use of skills by employees could help Northern Ireland to address a number of persistent and well-documented challenges, including low levels of productivity, an economy characterised by relatively low value-added sectors, stalling the growth of many small enterprises and weak business innovation (Flynn, 2017^[4]; Skilling, 2019^[1]). Megatrends exacerbate these challenges: an ageing population will make productivity growth, rather than population growth, an increasingly important driver of future economic growth; technological developments make it more relevant to create jobs in high-value sectors that are less vulnerable to automation; globalisation requires that firms are competitive in an international environment; and climate change will have substantial implications for the labour market and skills demand (e.g. new “green jobs”). Furthermore, these challenges need to be faced in the context of uncertainty related to the United Kingdom’s (UK) exit from the European Union (EU), as well as the context of an economic shock following the COVID-19 (coronavirus) pandemic.

There is evidence that skills utilisation could drive productivity and innovation in workplaces, which could assist Northern Ireland’s transition towards more high value-added activities and support economic growth (OECD/ILO, 2017^[5]). Studies using data from the OECD Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC), demonstrate the positive impacts of the effective use of skills on performance of the employee (e.g. wages, job satisfaction), the economy (e.g. productivity, innovation) and society (e.g. economic growth and well-being, including better health, trust and political efficacy) (OECD, 2016^[6]) (see Figure 4.1, Panel A).

Figure 4.1. Correlations between skills use, productivity and the adoption of high-performance workplace practices (HPWP) in OECD countries, 2012/15



Note: Skill use indicators show how often skills are used, scaled from 1 (“never”) to 5 (“every day”).
 Source: Calculations based on OECD (2019^[7]), Survey of Adults Skills (PIAAC) (2012, 2015, 2018) (database), <http://www.oecd.org/skills/piaac/>.

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Many factors affect the way employees use their skills in workplaces, but arguably the most important ones are related to the way workplaces are organised. Organisational and management practices that shape how and why skills are used in the workplace, and that are known to affect the performance of employees and businesses positively, are often referred to as high-performance workplace practices (HPWP) (see Figure 4.1, Panel B) (see Annex 4.A for definitions). These HPWP include work flexibility and autonomy; teamwork and information sharing; training and development; and benefits, career progression and performance management. For businesses, it is important to implement a bundle of HPWP, given that partial implementation of these may not result in significant performance gains (OECD/ILO, 2017^[5]).

Various factors matter directly or indirectly for skills use and the adoption of HPWP, including external factors such as the general economic context, local or regional skills landscapes, and the broader value chain or clusters (OECD/ILO, 2017^[5]). In light of these external factors, COVID-19 is likely to have a strong impact on skills use, workplaces and the implementation of HPWP. It could provide a number of opportunities, for instance, by stimulating the adoption of flexibility in workplaces by requiring the adoption and expansion of teleworking for employees to reduce their exposure to the virus. This will also create momentum to further enhance the adoption of practices related to flexibility; for example, employees' performance while teleworking could likely be improved through enhanced work autonomy and employee engagement. However, the COVID-19 economic shock will also likely result in businesses trying to cut costs, including by potentially laying off employees and reducing wages, which would complicate the workplace transformation through limited available funding and reduced employee engagement.

This chapter puts skills use and the transformation of workplaces at the centre of achieving wider objectives such as boosting productivity, stimulating innovation and raising competitiveness. It also provides policy solutions tailored to the specific context of Northern Ireland in light of the challenges linked to the COVID-19 pandemic.

Northern Ireland's practices and performance in transforming workplaces to make better use of skills

Current practices to transform workplaces to make better use of skills

To stimulate skills use and workplace transformation, a broad range of policies needs to be considered for industry, innovation, economic development, and human and social capital. Policies affecting workplaces can be very diverse due to the variety in types of HPWP, as well as due to the many external factors that affect workplace performance, including management capabilities, employee engagement, and the social and economic context (e.g. economic structure and broader value chain) (OECD/ILO, 2017^[5]).

Relevant strategies in Northern Ireland for skills use and workplace practices

Northern Ireland is already taking steps to respond to skills challenges, and these actions are directly and indirectly affecting the use of skills in workplaces. Skills utilisation is already described in various strategies, including in *Success through Skills – Transforming Futures* in the context of raising productivity (Department for Employment and Learning, 2011^[8]). This strategy aimed to “work with local businesses, in particular small and medium-sized enterprises (SMEs), to encourage them to better utilise the skills of their workforce”, and also highlighted the importance of management and leadership skills. These ambitions, however, were not supported by strategic goals, nor was it a main challenge or theme for action.

Other major strategies in Northern Ireland address skills utilisation and workplace practices more indirectly. In 2017, a draft proposal for an industrial strategy for Northern Ireland was published, entitled *Economy 2030* (Department for the Economy, 2017^[9]). Albeit not yet formally approved, the document sets

out a vision and economic priorities up to 2030, with various pillars of its growth framework indirectly affecting skills use, including “accelerating innovation and research”, “enhancing education, skills and employability”, and “driving inclusive, sustainable growth”. However, the strategy does not (or only marginally) address measures directly affecting skills utilisation and workplace transformation. Unlike the previous *Economic Strategy* from 2012, management and leadership capabilities are also not discussed (Northern Ireland Executive, 2012_[10]). The government of Northern Ireland did approve an *Innovation Strategy* in 2014, which sets out long-term strategic goals and medium-term targets for the period 2014-25 (Northern Ireland Executive, 2014_[11]). Many of the actions indirectly affect skills use and workplace practices, and the general direction is considered to be largely consistent with *Economy 2030* (Skilling, 2019_[1]).

There are a number of other strategies targeting specific regions, sectors or topics that also have the potential to transform workplaces and raise skills use. For example, a *Mid Ulster Skills Action Plan 2018-2021* (Mid Ulster District Council, 2018_[12]) includes actions to raise support for technological change and automation in businesses. Likewise, the *Invest Northern Ireland (Invest NI) Business Strategy 2017-2021* sets out its plan to provide broad support to businesses in Northern Ireland (InvestNI, 2017_[13]).

Relevant government departments and organisations

Because of the wide range of policy fields affecting skills utilisation and workplace practices, Northern Ireland should aim to involve many of the nine departments in the devolved Northern Ireland Government in the development of relevant policies. The Department for the Economy (DfE) has arguably the largest responsibility in this context, with its work on higher education, further education and a broad portfolio of programmes for both citizens and employers (e.g. Assured Skills, Skills to Succeed, Training Programmes, and Apprenticeships). Other departments with relevant responsibilities for skills use and workplace practices include: the Department of Education (DE) (e.g. implementing education policy); the Department for Communities (DfC) (e.g. helping job seekers back into employment); the Department of Agriculture, Environment and Rural Affairs (DAERA) (e.g. developing education and skills policy in its policy areas); the Department of Finance (DoF) (e.g. setting the budgets); and the Department of Health (e.g. workforce development in the health sector).

As part of DfE, the regional business development agency Invest NI has a major role in providing support to businesses, for example by helping new and existing businesses to compete internationally, and by attracting new investment to Northern Ireland. It runs a large number of programmes that affect workplaces, including a series of training programmes for managers and employees (e.g. a suite of leadership development programmes, Skills for Growth Programme, Skills Advancement Programme), programmes to support business growth (e.g. Mentoring Scheme, Accelerating Growth Programme), and programmes that raise innovation (e.g. Innovation Vouchers, Collaborative Growth programmes). Other public organisations also actively support businesses. For instance, Innovate UK (part of UK Research and Innovation) provides funding to business for research and development (R&D) opportunities, and InterTradeIreland helps small businesses by offering practical cross-border business funding, intelligence and contacts.

Relevant business, employer and employee organisations

Broad involvement of the business community is of great importance to the successful implementation of any policy measure affecting workplaces. The Northern Ireland Chamber of Commerce and Industry is a network for all businesses in Northern Ireland, with 1 200 members representing over 100 000 employees, and activities ranging from business support to networking opportunities. In addition, Enterprise Northern Ireland represents 28 Local Enterprise Agencies and helps entrepreneurs to set up, grow and develop their businesses with diverse programmes and events. Northern Ireland also has several bodies, often at the regional or sectoral level, that bring together government and stakeholders to discuss

skills challenges. A good example is the Mid Ulster Skills Forum, which is a partnership between local businesses, colleges, universities, enterprise agencies, sectoral organisations, departments and the council. Furthermore, a number of UK and international employer and business organisations run relevant programmes and are actively engaged in the Northern Ireland business community. Key players are the Confederation of British Industry (CBI), the Federation of Small Businesses (FSB), Chartered Institute of Personnel and Development (CIPD) Northern Ireland, and the Institute of Directors (IoD).

Employee representative organisations should also be considered in the development of policies for skills use and workplace practices. An example is the Irish Congress of Trade Unions (ICTU), which is the umbrella organisation for trade unions on the island of Ireland, with the Northern Ireland Committee representing 34 trade unions with over 215 000 members. For interaction between employees and their employer, the Labour Relations Agency exists to promote the improvement of employment relations.

Performance in transforming workplaces to make better use of skills

The use of skills in workplaces

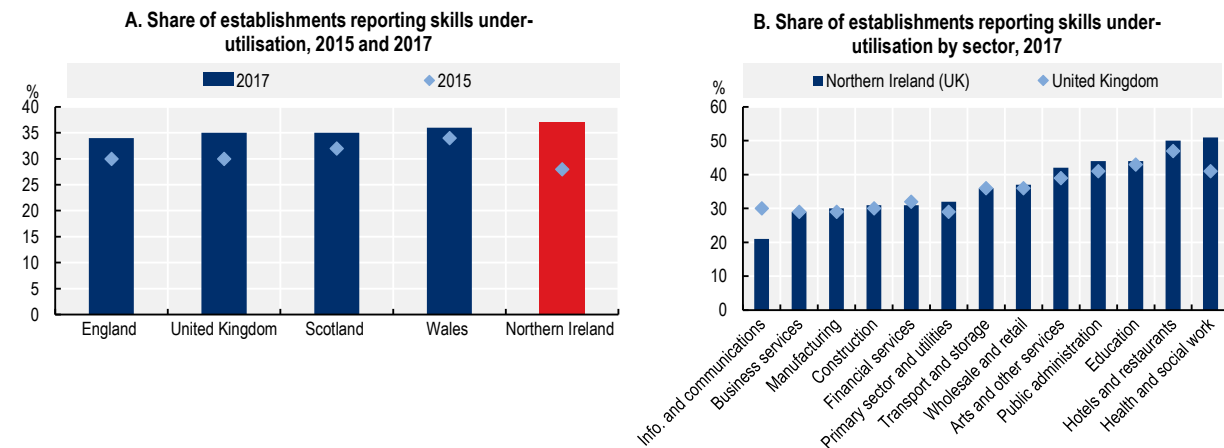
At first glance, Northern Ireland appears to perform rather well in using workers' skills in the workplace (OECD, 2016^[6]). For instance, while literacy skills of adults are comparable with the OECD average, the intensity of the use of reading and writing skills in workplaces is comparatively high and above the average. While the numeracy skills of adults are on average relatively weak in Northern Ireland, the use of these skills is still comparable with the OECD average. Moreover, Northern Ireland stands out in the use of problem-solving skills and the use of skills for social interaction, such as advising, influencing or teaching people. However, there is still room to further enhance the use of skills in Northern Ireland's workplaces, because many employees are not yet using their skills to their full potential. The intensity of skills use is still far below that of top-performing countries such as Australia, New Zealand and Norway, and below that of England (UK), especially for the use of writing and problem-solving skills.

The finding that skills use can be enhanced is supported by the views of employers (Department for Education, 2017^[14]). In Northern Ireland, 37% of employers report skills under-utilisation in their business, as expressed by having employees with both qualifications and skills that are more advanced than required for their current job. This share is slightly above the UK average (see Figure 4.2, Panel A) (Department for Education, 2017^[14]), and compared with most EU countries, skills under-utilisation is already high in the UK (Cedefop, 2019^[15]). The under-utilisation of skills has also risen quickly in Northern Ireland: between 2015 and 2017, the share increased 9 percentage points (Department for Education, 2017^[14]).

Many of the employers that report skills under-utilisation also report shortages in various types of skills (as discussed in Chapter 2). In fact, skills under-utilisation is even more prevalent in businesses that indicate having skills gaps as well as outstanding vacancies (Department for Education, 2017^[14]). It is undoubtedly important to address skills shortages by looking outside the firm, but the data show that there is still considerable potential to better use the skills already available within the firm.

On average, and almost by definition, the larger the share of highly educated employees in a firm, the more often skills are under-utilised (Department for Education, 2017^[14]). However, a number of sectors with large shares of highly skilled employees manage to use the skills of employees particularly well. The information and communication sector stands out since it has the smallest share of skills under-utilisation (21%) across sectors. This share is much lower than in the rest of the UK (30%) (see Figure 4.2, Panel B). On the other hand, skills under-utilisation is highest in the healthcare and social work sectors, with more than half of employers reporting skills under-utilisation, compared to 40% of employers across the UK.

Figure 4.2. Share of establishments reporting skills under-utilisation in Northern Ireland and other UK countries, 2015/17



Source: Department for Education (2017^[14]), *UK Employer Skills Survey (ESS) 2017*, <https://www.gov.uk/government/collections/uk-employer-skills-survey-2017>.

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The adoption of workplace practices

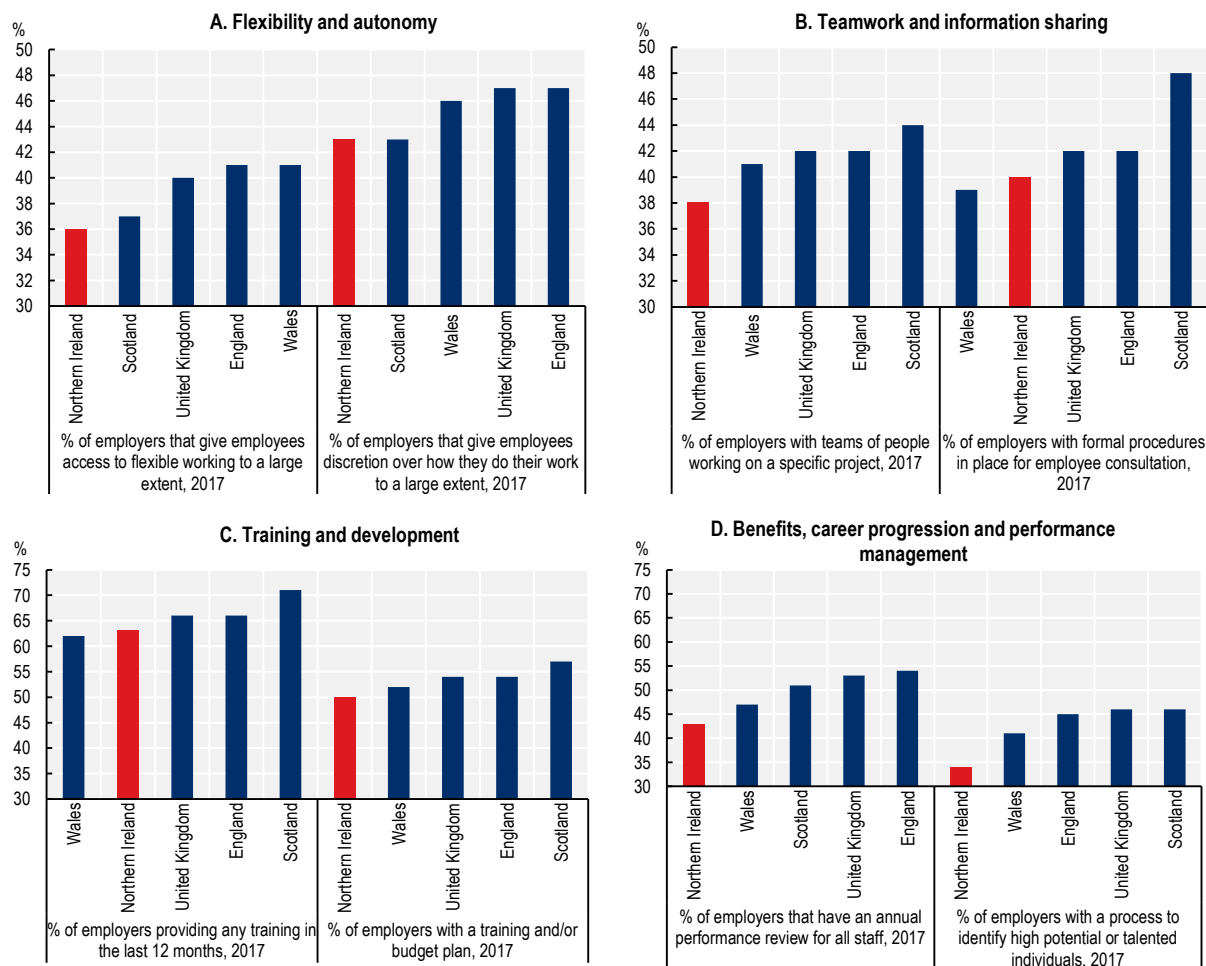
Northern Ireland could strengthen the adoption of HPWP to drive skills use. Some 20% of jobs are characterised by high levels of HPWP, compared with 26% across OECD countries (2016^[6]). 6% of employers are classified as high-performance workplaces – defined as adopting at least 14 out of 21 HPWP measured in the Employer Skills Survey – compared with 9% across the UK (Department for Education, 2017^[14]). These shares hide large differences in the adoption of different practices since HPWP capture a diverse range of practices, including flexibility and autonomy in the workplace, teamwork and information sharing, training and development, and benefits, career progression and performance management (see Annex 4.A).

Northern Ireland stands out through its comparatively weak adoption of workplace flexibility and autonomy practices. While teleworking practices will likely become more common during the COVID-19 pandemic, Northern Ireland is behind all other UK countries in terms of the share of employees benefitting from working from home, with only 36% of employers giving employees access to teleworking to a large extent in 2017 (40% across the UK) (see Figure 4.3, Panel A) (Department for Education, 2017^[14]; CIPD, 2019^[16]). Moreover, a comparatively small share of employers indicates that they give employees discretion over how they do their work (43% vs. 47% in the UK) (Department for Education, 2017^[14]). Compared with other OECD countries, Northern Ireland is also near the bottom of the rankings for high levels of autonomy in the sequencing of tasks, how they work, and the speed of their work [calculations based on PIAAC (OECD, 2019^[7])]. The structure of the economy does not appear to have a strong effect on the overall low adoption of flexibility and autonomy in workplaces. In fact, especially in skilled occupations and semi-skilled white-collar occupations – where work flexibility is typically most prevalent – the adoption of working time flexibility is low in Northern Ireland.

The performance of Northern Ireland is mixed with respect to the adoption of teamwork and information sharing in workplaces. Employees who co-operate with co-workers to some or a very high extent are using their skills more intensively than employees who do not co-operate with co-workers (OECD, 2016^[6]). However, in Northern Ireland, practices that promote teamwork are less prevalent than in other UK countries. For example, 38% of employers have teams of employees working on a specific project, compared with 42% of employers across the UK (see Figure 4.3, Panel B) (Department for Education, 2017^[14]). However, the Survey of Adult Skills (PIAAC) results suggest better performance –

the share of workers who regularly co-operate with co-workers and who share work-related information in Northern Ireland is slightly above OECD averages [calculations based on PIAAC (OECD, 2019_[7])].

Figure 4.3. Adoption of different types of HPWP in Northern Ireland and other UK countries, 2017



Source: Department for Education (2017_[14]), *UK Employer Skills Survey (ESS) 2017*, <https://www.gov.uk/government/collections/uk-employer-skills-survey-2017>.

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As discussed in Chapter 3, giving employees the opportunity to participate in training and other forms of learning is highly beneficial for firms (e.g. resulting in higher productivity growth), but participation in training and learning by employees in Northern Ireland is comparable to, or below, the UK average (see Figure 4.3, Panel C), with large differences between regions and firms of different sizes (see Chapter 3). There are also indications that employers in Northern Ireland could give training needs of their employees a higher priority. Northern Ireland is behind all other UK countries in terms of adopting training plans for employees and dedicating specific budgets for training expenditure (Department for Education, 2017_[14]).

Of all the different types of HPWP, Northern Ireland is lagging behind the most in practices related to benefits, career progression and performance management (see Figure 4.3, Panel D). A number of studies provide evidence of the positive effects of incentive pay on skills use and productivity (Bloom et al., 2010_[17]). In Northern Ireland, however, only 25% of employers give bonuses to employees based on the performance of the company, compared with 38% across the UK, and pay based on an individual's performance is common in only 24% of businesses (32% across the UK) (Department for Education, 2017_[14]). Northern Ireland also appears to lag behind other parts of the UK in the adoption of practices to

track and promote strong employee performance. Some 43% of employers have an annual performance review in place for all staff, a share far below the 53% across the UK, and only a small share of employers create business plans for employees with objectives at the beginning of the year (49% vs. 56% across the UK). Moreover, formal and informal processes to identify high potential or talented individuals are relatively uncommon – 34% of employers have such processes, compared with 45% across the UK.

Other factors that drive skills use

Despite strong improvements in economic and labour market performance in recent years, which might temporarily be offset by the COVID-19 economic shock, skills under-utilisation is partly driven by comparatively low demand for skills in the labour market. This is exemplified by the many workers who are more likely to find themselves stuck in relatively low paid jobs than other UK countries. A large share of employees have no opportunities to move to higher-paid jobs – for 21% of staff working in roles for which they have excess skills or qualifications; the reason is that there are no jobs available at a higher level (Gunson, Murray and Williamson, 2018^[2]). To some extent, the combination of comparatively low average skills of employees, low skills demand by businesses, and limited inclination to raise skills levels or use, results in a self-reinforcing cycle, which is often referred to as a low skills equilibrium, in Northern Ireland (Flynn, 2017^[4]).

Northern Ireland is still characterised by some large sectors with low value-added (e.g. agriculture, industry, public administration) which, on average, are not using the skills of workers as effectively as more high value-added sectors (e.g. scientific and professional, financial and insurance). There is a range of knowledge-based sectors, including information technology (IT), software and medical devices, but despite improvements, as a share of the total economy, these sectors are still relatively small (Skilling, 2019^[1]). There are many low value-added, service-oriented businesses and, as a result, productivity is almost 20% below the UK average (Office for National Statistics, 2019^[18]).

Increasing the innovative capacity of businesses could be a viable way to strengthen skills use and the adoption of HPWP, and could be an important driver for a more productive and competitive economy (OECD/ILO, 2017^[5]). However, innovation in businesses in Northern Ireland is still comparatively weak. Between 2014 and 2016, 39% of businesses were considered to be innovation active, which is far below the UK average of 49% and all other UK countries (UK Government, 2018^[19]). Low innovation expenditure supports this finding – despite an increase of GBP 794 million in total R&D expenditure in 2018 (NISRA, 2019^[20]), R&D expenditure is still comparatively low relative to the size of Northern Ireland's gross domestic product (GDP) (1.5% vs. 1.7% in the UK and 2.3% across OECD countries, in 2016) (OECD, 2019^[21]).

Conversely, the adoption of HPWP (especially learning and training) also has the potential to drive innovation. For example, SMEs that adopt a “learning organisation” form – i.e. high levels of self-planning of tasks by employees, teamwork, knowledge exchange, on-the-job training and employee performance incentives – are more likely than other SMEs to develop new products/services, processes, and to introduce new innovations (Lorenz and Potter, 2019^[22]). For Northern Ireland and other parts of the UK this could be particularly relevant, since innovation policy has been relatively top-down and science-driven. Northern Ireland could potentially benefit from more focus on bottom-up innovation in workplaces, such as in Scandinavia and other Northern European countries, where innovation policies tend to target also the quality of working life and workplace innovation (Keep, 2016^[23]).

To some extent, the comparatively weak performance in skills utilisation, adoption of HPWP, productivity and innovation can be explained by Northern Ireland's SME-driven economy. Larger firms tend to make better use of skills than employees of smaller firms, partly because of better management on average (McKinsey and Company, 2009^[24]), a dedicated human resources (HR) function, and better capacity, skills, and knowledge for innovation and new technical processes (OECD/ILO, 2017^[5]). In Northern Ireland, SMEs account for 75% of all private-sector employment, compared with 60% in the UK as a whole (Ulster University Business School and Ulster University SME Centre, 2015^[25]), and the majority of SMEs are very

small – almost nine out of ten SMEs have fewer than ten employees (ONS, 2019^[26]). Moreover, regional differences in businesses and their performance are profound in Northern Ireland. For instance, the share of SMEs with fewer than ten employees ranges from 67% in Belfast to 81% in the North. Belfast stands out positively in terms of productivity and projected gains from automation in terms of employment growth due to its large information and communications technology (ICT) and professional services sectors (Johnston et al., 2019^[27]).

Helping businesses grow could help support the better use of skills, but the continued growth of businesses is a challenge. Northern Ireland successfully increased entrepreneurial activity in recent years – it performs very well in initial scaling of start-ups, and the share of start-ups surviving and reaching GBP 1 million turnover within three years is nearly 40% higher than in England (ONS, 2018^[28]; Hart et al., 2019^[29]). However, after that initial period of growth, progress stalls. Despite improvements, Northern Ireland still has a relatively low share of SMEs able to scale up to GBP 3 million turnover within three years (ERC, 2019^[30]). Moreover, high-growth businesses do not scale as significantly as in other parts of the UK. While the share of businesses with high-growth rates increased in recent years, it is much lower than shares before the financial crisis a decade ago (Department for the Economy, 2020^[31]). These challenges are exacerbated by uncertainty related to the economic shock following the COVID-19 pandemic and the UK's exit from the EU. A study by the Northern Ireland Chamber of Commerce and Industry (2019^[32]) showed that over half their members scaled back, or put on hold, growth plans following the vote to leave the EU.

Opportunities to transform workplaces to make better use of skills

In the context of various persistent challenges and potential opportunities and threats linked to megatrends, the UK's exit from the EU, and COVID-19, Northern Ireland should transform workplaces and make better use of employees' skills to stimulate productivity growth, raise levels of innovation, and support growth of firms, especially SMEs, in all sectors and regions across Northern Ireland. Building on Northern Ireland's strong economic and social performance in recent years, as well as the many successful existing programmes, there are a number of opportunities to improve performance in workplaces.

This chapter describes three opportunities that would support this transformation. The selection is based on input from literature, desk research, discussions with the Northern Ireland Project Team, discussions in workshops in Belfast, Derry/Londonderry, Dungannon, group discussions and several related meetings. As a result, the following opportunities are considered to be the most relevant for the specific context in Northern Ireland. The selected opportunities are:

1. Strengthening management and leadership capabilities.
2. Developing engaging and empowering workplaces.
3. Strengthening support structures for businesses.

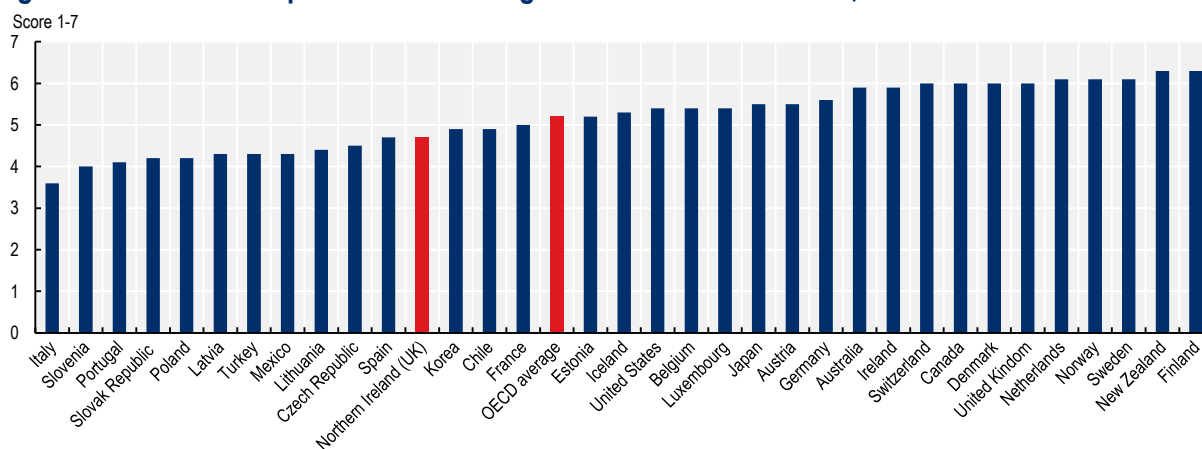
Opportunity 1: Strengthening management and leadership capabilities

Strong leadership and management capabilities can drive organisational change to optimise the use of skills and the adoption of HPWP. Strong and effective leadership and management have many benefits for businesses – they are associated with higher levels of employee engagement, willingness to invest effort in work, innovation in the workplace, a higher likeliness of adopting HPWP and higher productivity (Marchese et al., 2019^[33]; Bloom et al., 2019^[34]; UKCES, 2014^[35]). However, in Northern Ireland, like in other UK countries, weak leadership and management are increasingly considered to be one of the main constraints on business performance, especially for SMEs (BIS, 2015^[36]). This opportunity describes how management and leadership capabilities in both micro and small businesses (i.e. business owners and entrepreneurs) and larger businesses (i.e. middle and high-level management staff) could be enhanced to improve skills use and workplace performance.

For stakeholders and government representatives, weak leadership and management in many businesses were considered the most important factors for increasing skills utilisation and workplace performance. Recommendations for management and leadership were consistently ranked as the most important (OECD, 2019^[37]) (see Annex B on pre-workshop outcomes). Workshop participants expressed an overall need for a top-down approach to workplace transformation, with leadership and management at the heart of company and business growth.

There are a number of studies that point to Northern Ireland's challenges for leadership and management capabilities. There is evidence of weak adoption and low quality of management practices (e.g. employee performance measurement) (McKinsey and Company, 2009^[24]; Department for Education, 2017^[14]), and a large share of firms are not relying on professional management – it ranks 44th among 145 countries worldwide (the UK ranks 9th and Ireland 12th) (see Figure 4.4) (EAG, 2013^[38]). Moreover, various rounds of the World Management Survey show that the average quality of management in Northern Ireland's businesses is among the lowest among European countries, together with Ireland, Greece, Poland, Portugal and Spain (Centre for Economic Performance, 2015^[39]; Bloom and Reenen, 2010^[40]).

Figure 4.4. Reliance on professional management in OECD countries, 2011-12



Notes: The score is based on who holds the senior management position, ranging from 1 ("usually relatives or friends without regard to merit") to 7 ("mostly professional managers chosen for merit and qualifications"), 2011-12 weighted average.

Source: World Economic Forum (2013^[41]), *The Global Competitiveness Report, 2012-13*, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf; EAG (2013^[38]), *Competitiveness Index for Northern Ireland*, <https://eagni.com/wp-content/uploads/2015/06/Competitiveness-Index-for-Northern-Ireland-2013.pdf>.

StatLink  <https://doi.org/10.1787/888934127871>

Entrepreneurship and leadership skills, in particular, are associated with strong management performance, and smaller businesses (5-19 employees) especially benefit from strong skills sets of managers (BIS, 2015^[36]). While managers' skills in Northern Ireland are substantially higher than average skill levels in the population, the skills are below the OECD averages for managers, with particularly weak performance in numeracy [calculations based on PIAAC (OECD, 2019^[7])]. Management and leadership skills are currently also in short supply in the labour market, with 49% of employers indicating that these skills are difficult to find (Department for Education, 2017^[14]). This trend is expected to deepen, given an expected increase in demand for managerial occupations (Ulster University Economic Policy Centre, 2019^[42]).

In addition to skills, the overall attitudes and working culture in businesses affect the adoption of good management practices. Skills under-utilisation, as well as the factors that drive skills use (e.g. low levels of innovation and growth), are largely the result of a culture in Northern Ireland that does not promote these dynamics. Stakeholders emphasised a culture of risk aversion among managers and leaders. An aversion to failure is considered to be very acute, with employers not accepting that some innovation will fail, and thereby stalling growth of firms. This view is supported by data – concerning entrepreneurship,

46.1% of adults in Northern Ireland indicate that the fear of failure prevents them from starting a business, despite having good opportunities, compared with 40.3% in the UK (Hart et al., 2019^[29]).

The relatively large share of SMEs drives down average management and leadership capability in Northern Ireland since larger firms tend to have higher quality management (McKinsey and Company, 2009^[24]). However, management performance in smaller local firms appears to be weak compared to similar firms in other countries. The difference in management quality between foreign multinationals and domestic firms is also large in Northern Ireland (Bloom and Reenen, 2010^[40]). Participants in workshops expressed the view that for many small, family-owned SMEs, management capabilities are simply not a priority, and that they often “speak a different language”. Research suggests that resistance to change and limited flexibility to adapt is present in many family-owned businesses (PWC, 2014^[43]), and that these businesses generally have weaker management capabilities than firms owned by dispersed shareholders.

Making management and leadership capabilities a priority for Northern Ireland

The issue of managerial performance is well recognised in Northern Ireland, and improving this performance has been a policy priority for some years. Many initiatives in the past had positive outcomes, and it is important to consider and build on these successes. A good example is Northern Ireland’s last strategy for leadership and management, *Leading to Success*, from 2007 (see Box 4.1), which resulted in a number of management and leadership training programmes (Department for Employment and Learning, 2007^[44]). Evaluations showed that the *Leading to Success* strategy managed to help the development of effective people management practices (Department for Employment and Learning, 2015^[45]).

More recent efforts to raise the profile of management and leadership challenges did not, however, always meet the objectives and expectations. The latest *Success through Skills* strategy (2011^[8]) emphasised the significant managerial weaknesses in the occupational structure of the economy and proposed various actions, including the establishment of an integrated framework for management and leadership and measures for SMEs to take up management training. In addition, the *Economic Strategy 2012* (2012^[10]) proposed measures to raise management practices. However, based on conversations with government representatives and available information, these proposed actions were only partially implemented.

Overall government support for leadership and management programmes decreased in recent years, partly due to a period of austerity measures. A variety of departments, as well as organisations such as Invest NI, have many measures in place to support managers, but stakeholders indicated that the reach, funding and overall support has fallen. Monitoring reports of the *Economic Strategy* do present some progress, including the introduction of a Leadership and Management Skills Assessment in 2013, but use of these initiatives appears to be limited (Northern Ireland Executive, 2014^[46]).

To reverse the trend of weak managerial and leadership performance and declining support, and to gain momentum for action, the OECD supports the development of a renewed strategy that sets out the vision to strengthen leadership and management. A new strategy could help to raise awareness of the challenge, provide a co-ordinated approach, and set out direction for action. There is broad support for this in Northern Ireland – stakeholders and government representatives indicated that the development of a new strategy for leadership and management capabilities is very important to raise skills utilisation (OECD, 2019^[37]) (see Annex B for pre-workshop survey outcomes). It could be included in the upcoming Northern Ireland Skills Strategy, as part of a broad set of proposed policy directions, and/or part of a new separate strategy specific to leadership and management. This should result in clarity for all involved of the direction, definition, objectives, and actions to strengthen management and leadership capabilities.

Given the perception of limited impact of previous strategies on management and leadership, stakeholders stressed the need to enforce actionable objectives and to strengthen the implementation of the strategy. To ensure this, a number of factors should be considered. Co-ordination and alignment with other strategies (e.g. economic or innovation strategies) are important to avoid any duplication or contradiction in objectives

and actions, and the strategy must be supported by adequate funding. Furthermore, broad, early and extensive engagement of all levels of government and all relevant stakeholders (especially employers) is also essential for the successful development and execution of such a strategy. Stakeholders advised that a business ownership approach, such as in England, is not well developed in Northern Ireland, and potentially, a partnership with businesses (e.g. through a Charter – see Opportunity 2), supported by a central skills needs advisory body (see Chapter 5) that also addresses management and leadership capabilities, could contribute to better engagement of employers. A local approach could also help to maximise impact and help to target some of the local SMEs most in need of action, for example by local campaigns and activities, supported by the regional skills hubs (as discussed in Chapter 5), as well as Local Councils, Strategic Employment Services, and local business networks and employer groups.

Finally, outcomes of the strategy should be evaluated and monitored. Northern Ireland should pursue a stronger focus on outcomes in strategic planning, with a crucial role for evidence-based policy and performance measurement and support (OECD, 2016^[47]). Northern Ireland's planning documents often include targets that are broad measures of success, and they are often outputs rather than outcomes of performance. Performance indicators that are understood and supported by all stakeholders would support implementation, and strengthen the monitoring and evaluation of the strategy.

Box 4.1. Relevant national example: Northern Ireland's management and leadership strategy

Leading to Success: Management and Leadership Development Strategy and Implementation Plan (2007)

Based on a discussion paper developed by the Management and Leadership Network, which brought together representatives from private, public and community and voluntary sectors, and public consultations, Northern Ireland launched this comprehensive Management and Leadership Strategy in 2007. Recognising deficiencies in management and leadership capabilities as a significant challenge, the strategy set out a vision, 16 key actions with milestones, as well as a programme for implementation, across four themes: 1) understanding demand; 2) improving skills levels; 3) improving the quality and relevance of provision; and 4) tackling the barriers to involvement and investment. Subsequently, a suite of management development programmes was launched. A review of these management development programmes was completed in 2011, and it showed that the Department for Employment and Learning's investment helped to secure a legacy of more effective people management practices.

Source: Department for Employment and Learning (2007^[44]), "Leading to Success: Management and Leadership Development Strategy and Implementation Plan".

Recommendation for making management and leadership capabilities a priority for Northern Ireland

3.1. Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action.

The Northern Ireland Government (DfE, DfC, DoF and DE in particular), relevant business support organisations (especially Invest NI) and other stakeholders should make management and leadership capabilities a higher policy priority and create momentum for action. A new strategy could help to provide clarity on the direction, definition, objectives, and actions to be undertaken to strengthen leadership and management. The strategy must have actionable objectives, potentially based on other recommendations in this chapter, and a strong framework for implementation. To increase the impact of implementation, the government of Northern Ireland should ensure strong co-ordination and alignment with other strategies; a local approach with the involvement of regional skills hubs (as discussed in Chapter 5); engagement of all levels of government and all relevant stakeholders (in particular employers through business and employer organisations) through the central bodies proposed in Chapter 5; and better evaluation and monitoring through the inclusion of outcome-based performance indicators.

Developing the right skills and attitudes for managers and leaders of the future

Technological innovations, globalisation, demographic change and climate change will all have a large impact on the types of jobs and workplaces of the future. This transition requires management and leadership to have the right skills and attitudes to optimally benefit from the expected changes and to make their businesses flourish. To ensure that future managers and leaders have the right skills and attitudes, a long-term approach is needed, with interventions across the life course.

Managers and leaders should have diverse skills sets, with leadership and entrepreneurship skills, in particular, being strongly associated with good management practice and business performance (BIS, 2015^[36]; OECD, 2015^[48]). Relevant skills include the ability to build teams, motivate, communicate, mentor, think strategically, assess risk and engage in entrepreneurial activities (OECD, 2011^[49]; OECD, 2010^[50]). For future success, however, raising leadership and entrepreneurship skills of managers and leaders alone will not suffice. Increasingly, there is the realisation that different managerial and leadership skills will be needed. For instance, concepts such as management 4.0 (i.e. management in the fourth industrial revolution) are becoming more relevant. Stakeholders emphasised that strategic leadership skills are increasingly important at the highest level in firms (CMI, 2019^[51]). Northern Ireland should assess what management and leadership skills are needed for future workplaces, include them in the proposed strategy on management and leadership, and ensure that education and training respond to these skills demands.

In addition to developing the right skills, managers and leaders should also have the right attitudes to secure long-term sustainable growth and innovation in Northern Ireland businesses. As mentioned, many stakeholders emphasised a culture of risk aversion among managers and leaders, and stakeholders emphasised that in many businesses, especially local SMEs, there is no motivation or drive to grow. Changing these attitudes and behaviours would require a cultural change, and the government could play a role in stimulating this. The government of Northern Ireland acknowledges this, and a “cultural change” to shift attitudes and behaviours towards collaboration and openness in the use of new ideas, innovation and risk-taking, is already proposed in the *Innovation Strategy* (Northern Ireland Executive, 2014^[11]).

To ensure that adults have the skills and attitudes to support innovation and growth (e.g. by becoming less risk-averse), it is essential to start early in life to develop the right skills and to build a foundation for future learning (OECD, 2019^[3]). As also discussed in Chapter 3, building strong foundations in the early years will support a lifetime of learning, where learning at every stage of the lifecycle builds on learning outcomes and experiences from previous stages.

Entrepreneurship education especially could benefit the development of skills and attitudes for managers and leaders. Teaching entrepreneurial skills in the education system could be a viable option to strengthen management, leadership and entrepreneurship, possibly helping to change a culture of risk aversion (Department for Education, 2017^[14]). There is evidence of a strong correlation between perceived entrepreneurial skills and total early-stage entrepreneurial activity (OECD, 2011^[49]), as well as positive effects on job creation, economic success and innovation (OECD, 2015^[48]). As a result, entrepreneurship education has become a key policy objective in many OECD countries and particularly Nordic countries (see Box 4.2) (European Commission, EACEA and Eurydice, 2016^[52]). Entrepreneurship education is particularly effective in developing these skills when it involves more experiential learning, where students work on specific tasks linked to real business challenges. Likewise, it could help address the shortages in soft skills needed in the labour market (as discussed in Chapter 2). Among stakeholders in Northern Ireland, there was strong support for expanding entrepreneurship education.

Northern Ireland was among the first countries to pioneer entrepreneurship education strategies in 2003, and while the strategy was discontinued in 2005, there are still a number of good programmes in Northern Ireland (European Commission, EACEA and Eurydice, 2016^[52]). Many of these programmes are organised by not-for-profit businesses and the enterprise charity Young Enterprise Northern Ireland (see Box 4.2). Funded by the Northern Ireland Government, Young Enterprise Northern Ireland organises

the programme Business Beginnings, which is in the curricula for primary and secondary education, and gives pupils a business experience by setting up and running their own company.

There is, however, significant room to strengthen entrepreneurship education in Northern Ireland. There are indications that only a comparatively small share of young people participate in some form of entrepreneurship education – across the UK, 15% of adults indicate having taken part in a course or activity at school related to entrepreneurship, which is the lowest share among all OECD-EU countries (European Commission, EACEA and Eurydice, 2016^[52]). The 2014 *Innovation Strategy* acknowledges the benefits of entrepreneurship education, and planned to examine ways of increasing support offered to young people to engage in entrepreneurial activities (Northern Ireland Executive, 2014^[11]). However, the strategy did not include specific actions on how to achieve this objective and, based on conversations with stakeholders, there appears to be no recent lift in the uptake of entrepreneurship education.

Box 4.2. Relevant national and international examples: Entrepreneurship education programmes and strategies

Entrepreneurship education strategies: Examples from Estonia and Finland

In Estonia, the 2010 strategy for entrepreneurship education, “Be Enterprising!”, aims to raise awareness of entrepreneurship education, train teachers, provide teaching materials and allocate resources. Concrete actions include awareness-raising activities via events and social networks, the development of materials and instructions for courses and an evaluation system. The strategy includes a map of entrepreneurial learning outcomes and focuses on integrating these into curricula. Entrepreneurship education is explicitly referred to in the curricula as a general skill, is a cross-curricular objective at various levels, and is taught in optional and compulsory subjects.

Finland issued its *Guidelines for Entrepreneurship Education* strategy in 2009. The strategy is supported by a network of 19 regional entrepreneurship education resource centres and aims to support a more entrepreneurial culture, active citizenship and business start-ups. The centres emphasise networking, support and training for, and with, teachers. Strategy actions have led to large scale projects such as Me & My City, which engages with a high share of school learners. The strategy places emphasis on economic growth, innovation and youth start-ups, highlighting the comparatively low rate of start-ups among under-35s in Finland.

Entrepreneurship education providers: An example from Northern Ireland

Young Enterprise provides children and young people with specially tailored business education programmes and experiences that help them in their educational choices, careers and life. In Northern Ireland, programmes reach over 90 000 children and young people every year and are supported by 700 business volunteers. Young Enterprise has programmes for primary education (e.g. Business Beginning, which allows young people get real business experience by setting up and running their own company), post-primary (e.g. programmes with interactive business challenges, working alongside business people from their local community) and in colleges and universities (e.g. Young Enterprise Start Up Programme, which offers practical, real-world experience in developing and running their own venture). Impact evaluations showed that programmes helped to raise young people’s career aspirations, helped students to better understand the world of work, raised employability skills as well as problem-solving, resilience and self-esteem.

Source: Young Enterprise Northern Ireland (2020^[53]), “Young Enterprise Northern Ireland”, <https://yeni.co.uk/>; European Commission, EACEA and Eurydice (2016^[52]), Entrepreneurship Education at School in Europe, <http://dx.doi.org/10.2797/301610>.

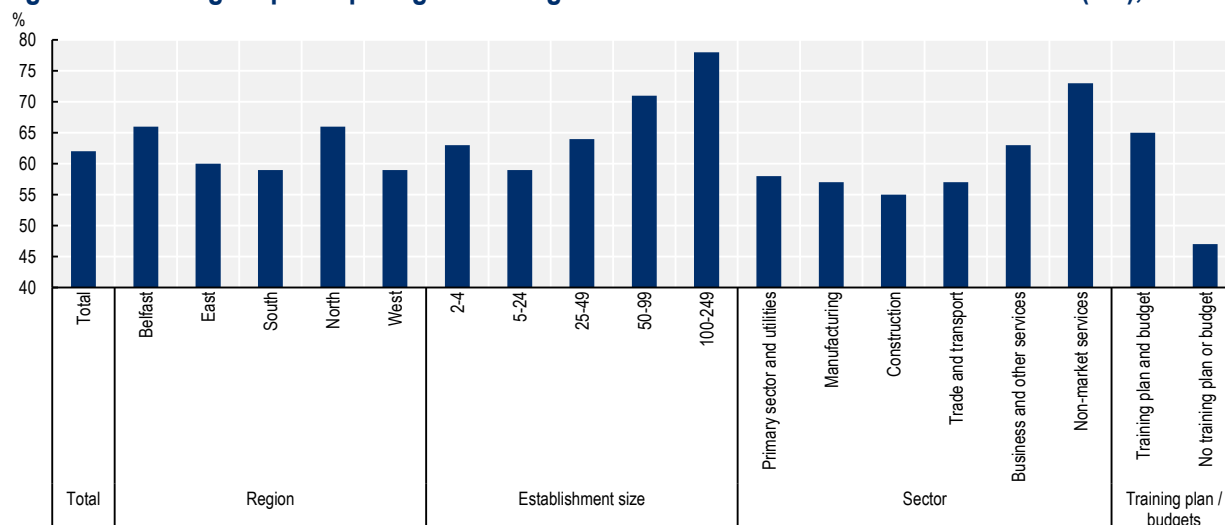
Recommendation for developing the right skills and attitudes for managers and leaders of the future

- 3.2. Expand entrepreneurship education and the development of other soft skills needed in the labour market in school curricula.** To strengthen management, leadership and entrepreneurship, change a culture of risk aversion, and develop soft skills needed in the labour market, the government of Northern Ireland should start early with developing the right management and leadership skills and attitudes. To this end, DfE, DE and the Council for the Curriculum, Examinations and Assessment (CCEA) should aim to expand entrepreneurship education by building on existing good programmes, especially Young Enterprise Northern Ireland. They should make this a policy priority by including entrepreneurship education in the proposed strategy for management and leadership (see Recommendation 3.1), raise the profile of entrepreneurship education in curricula, and adopt more experiential learning methods, including more internship and work placements. They should assess what management and leadership skills are needed in future workplaces in Northern Ireland, and ensure that the education system responds to these skills demands.

Raising the motivation to participate in lifelong learning for current managers and leaders

In addition to starting early with developing the right skills and attitudes, managers and leaders need to continue learning throughout life to increase overall skill levels and to adapt to changing skills requirements over time. In Northern Ireland, there is not yet a broadly shared culture of learning among managers and leaders. In 2017, 62% of managers participated in training, a share comparable with the other UK countries (Department for Education, 2017_[14]). However, this share hides large differences between regions (59% in southern and western regions vs. 66% in Belfast and northern regions), small and large businesses (59% in businesses with 5-24 employees vs. 78% in businesses with 100-249 employees) and sectors (from 55% in construction to 74% in education) (see Figure 4.5).

Figure 4.5. Managers participating in training in the last 12 months in Northern Ireland (UK), 2017



Source: Department for Education (2017_[14]), *UK Employer Skills Survey (ESS) 2017*, <https://www.gov.uk/government/collections/uk-employer-skills-survey-2017>.

StatLink  <https://doi.org/10.1787/888934127890>

Businesses also invest comparatively little in leadership and management training (BIS, 2015_[36]), and the adoption of practices that support management training could be enhanced. For example, businesses with training budgets and training plans have a participation rate of 65% among managers, compared with 47% for businesses without them. However, only 30% of businesses have a training budget (37% in the UK), and 45% of businesses have a training plan (48% in the UK) (Department for Education, 2017_[14]).

At first glance, there appears to be no shortage in the supply of training and education opportunities for managers and leaders in Northern Ireland. There are a number of well-reputed programmes such as the Leadership Programmes, Operational Excellence, and Non-Executive Director programme by Invest NI, the Entry to Management Programme by DfE, and a wide offer at universities and other institutes (see overview in Table 4.1). There is a large variety of training providers for managers, often in collaboration with, or supported by, DfE (Envision, 2016^[54]).

Table 4.1. Leadership and management programmes available in Northern Ireland

| Organisation | Programme | Short description |
|--|-----------------------------------|---|
| Invest NI | Leader Programme | The programme offers leaders insight into their business performance and leadership style. Targeted to Managing Director, Chief Executive or Owner-Manager from SMEs, the programme has three key elements: business mentoring, leadership coaching and peer networks. |
| | Leadership Team Programme | The programme aims to transform the skills, behaviours and relationships of the top team. Targeted to the business owner/CEO and up to two members of the leadership team, of SME with turnover in excess of GBP 1 million (ideally), the programme has three key elements: world-class executive education, business coaching and peer networks. |
| | Leading within a Group Programme | The programme runs for six months and includes executive coaching, executive education and peer networks. The programme targets CEO/MD/Site Lead of businesses located in Northern Ireland with a parent company based elsewhere. |
| | Non-Executive Director Scheme | The scheme includes grant support up to GBP 15 000 or 49% of eligible costs for the engagement of an experienced NED to give constructive advice at the board for up to two years. It is targeted to Invest NI businesses with at least GBP 500 000 turnover. |
| | Leadership Events | Invest NI provides ongoing opportunities for business leaders to remain connected while continuously developing both their businesses and their leadership skills. A range of events for the alumni of leadership programmes is organised annually. |
| | Operational Excellence | Experienced practitioners deliver training and workshops on “Lean Thinking and Lean Principles”, which help companies identify opportunities and create a continuous improvement culture and capability. |
| Institute of Directors | Academy NI | Academy NI provides local leaders with an opportunity to access internationally recognised courses and qualifications. Business leaders can take part in the IoD Certificate in Company Direction, a Level 9 (SCQF) qualification as well as the IoD Diploma in Company Direction, a Level 11 (SCQF) qualification. |
| Chartered Management Institute (CMI) | CMI qualifications | As the only chartered professional body in the field of management and leadership in the UK, the CMI offers different membership statuses, and managers and leaders can get a range of qualifications at CMI at all levels. |
| Institute of Leadership and Management (ILM) | ILM qualifications | As a worldwide professional membership body, ILM offers five different grades of membership – from Affiliate to Companionship – and offers a range of training programmes leading to recognised qualifications. Most courses are on line. |
| Enterprise Northern Ireland | Exploring Enterprise Programme | The programme offers tailored mentoring and training with the opportunity to work towards achieving a CCEA Level 1 Qualification in Understanding Business Enterprise. Courses are in areas such as marketing, financial planning, CV design and development and more. |
| NI Chamber of Commerce and Industry | Developing Your Growth Potential | Developing Your Growth Potential assists SMEs to develop their sales and leadership capacity and build vital networks to enable increased sales and development of partnerships. It features five events per year in Northern Ireland, focusing on leadership, sales and networking. |
| Universities and training providers | Ulster University Business School | Ulster University Business School offers part-time MScs on Executive Leadership and Strategic Growth, an Executive MBA, 3-4 day Executive Education Courses, and a range of management, leadership and marketing short courses (e.g. Entrepreneurial Marketing and many more). |
| | WJ Clinton Leadership Institute | The WJ Clinton Leadership Institute provides a long list of leadership programmes, including the Aspiring Leaders Programme, a Mini MBA Programme and many more. |
| | Belfast Metropolitan College | The Belfast Metropolitan College offers a range of business and management courses, across different education levels and with part-time options. Courses include a Certificate in Leadership and Management on Levels 3, 5 and 7, and Level 6 Professional Marketing Options. |
| | Open University | The Open University offers various online courses in Business and Management at all levels. |
| | Future Business Skills Academy | The PricewaterhouseCoopers (PWC) Future Business Skills Academy is an eight-week intensive training course at Belfast Metropolitan College – e3 campus. Training is delivered to prepare adults for a role as a business analyst under the Assured Skills Programme. |

| Organisation | Programme | Short description |
|---|---|---|
| Department for the Economy | Entry to Management Programme | Fully funded by the DfE and delivered by the South Eastern Regional College, this programme assigns graduates to a business for 24 weeks to work on a business improvement project. Graduates gain experience on the job and in the classroom, while companies gain new ideas and skills from graduates. |
| Enterprise Causeway | Lead2Grow for Creatives | Lead2Grow for Creatives is a programme that provides a platform to explore, capture and deliver creative leadership solutions. The initiative is delivered by Enterprise Causeway in collaboration with Ulster University and is co-funded by the Creative Industries Clusters programme and Future Screens NI. |
| Confederation of British Industry | CBI Leadership Development | CBI runs various leadership programmes (e.g. Executive Leadership Programme, Strategic Talent Leadership Programme, Bespoke Programmes, Workshop Programmes). Most activities are in London, but CBI Northern Ireland does run various initiatives in Northern Ireland (e.g. a Future Leaders Network). |
| Chief Officers 3rd Sector | Training for Chief Officers in the Third Sector | Chief Officers 3rd Sector (CO3) is a membership organisation for third-sector leaders. It runs regular training programmes for its members. An example is the CO3 Mentoring Programme, which is a leadership development tool, targeted to chief executives and senior managers. |
| Northern Ireland Council for Voluntary Action (NICVA) | Training for voluntary and community sector | NICVA is a membership and representative umbrella body for the voluntary and community sector in Northern Ireland, and it runs a number of training programmes. |
| Construction Industry Training Board (CITB) | Training for the construction sector | As an Industry Training Board and Sector Skills Council, CITB NI provides advice, courses and grants for training to help construction companies. The training offer includes various management courses. |
| Other private training providers | Global Management Academy | A UK-based management training company with a Belfast office, it offers online training courses for managers, professional development, management qualifications and university pathways. |
| | Think People | This organisation specialises in talent development and human resources consultancy, with a number of training programmes for leadership, emerging leaders and executive coaching. |
| | Training Solutions NI | An accredited centre with the ILM, which offers a wide range of accredited and bespoke training courses and management development solutions to public and private sector organisations. |
| | Revolution Learning and Development | A UK-based training provider with an office and course offerings in Northern Ireland, it has a range of leadership and management training courses (e.g. Leadership Skills Training Course). |

Note: Please note that this is not a complete list, but only highlights the main programmes with a strong focus on management and leadership capacity in Northern Ireland.

The rather low participation rates in training appear to be largely driven by low motivation. For eight out of ten managers in Northern Ireland who did not participate in education or training, the reason was that they did not want to participate, compared with seven out of ten managers across OECD countries [calculations based on PIAAC (OECD, 2019^[71])]. To increase motivation to participate and create a culture of learning for managers in Northern Ireland, soft regulations (i.e. non-binding persuasive policy intervention) are most effective (Alasoini, 2016^[55]), including developing awareness-raising campaigns and making information on learning opportunities accessible.

A targeted new campaign on the benefits of strong management and leadership training could help raise awareness and could be a relevant first step (see Box 4.3 for a UK example). Many managers and leaders are still not aware that investment in training has large benefits for businesses, despite sufficient evidence that it pays off – for example, organisations with low performance on average invest 36% less on developing management and leadership skills than organisations with strong performance (CMI, 2012^[56]).

Stakeholders expressed overall strong support for a new campaign, but some showed concern about the ability of campaigns to reach the businesses most in need, (e.g. small, local businesses). It is important that this new campaign actively targets these groups, which could be achieved by applying a proactive and local approach. To this end, outreach campaigns to local business networks and employer groups, potentially co-ordinated by the new regional skills hubs (see Chapter 5), supported by online campaigns (e.g. via social media) could be effective. Involvement of other organisations with local business networks could also contribute to its success, including the Northern Ireland Chamber of Commerce and Industry, Regional Offices of Invest NI, Local Enterprise Agencies of Enterprise Northern Ireland, DfC and bodies such as the Mid Ulster Skills Forum.

Stakeholders also expressed support for sharing success stories through awards and events to highlight businesses that have a strong culture of lifelong learning for managers. Campaigns in the form of contests for best-performing companies are considered effective in bringing public attention to workplace practices, encouraging companies to rethink their activities and helping to change organisational culture. There are many good examples of firms being active in learning, and it would be beneficial to raise the profile of these businesses. There are already a number of competitions in Northern Ireland, with awards for entrepreneurship (e.g. the Northern Ireland Enterprise Awards by Enterprise Northern Ireland), small businesses (e.g. Celebrating Small Business Awards by the Federation of Small Businesses), human resources management (e.g. NI Awards by CIPD), innovation (e.g. Innovation Founder Award by Catalyst), employers (e.g. Investors in People Awards) and many more. However, none of these competitions target management and leadership capabilities specifically.

A new campaign should be supported by, or linked to, the effective dissemination of information on management and leadership programmes. Current available information for managers and leaders could be improved in Northern Ireland. For many businesses, especially the ones outside the scope of Invest NI programmes, management and leadership development provision appears to be too fragmented and is perceived to be confusing (Envision, 2016^[54]). There are many programmes and sources for information available to managers and leaders, and it can be difficult to navigate through these options, resulting in a lack of clarity about the relevance and benefits of courses for businesses. The *Success through Skills* strategy (2011^[8]) tried to address this issue to some extent, by proposing the Integrated Framework for Management and Leadership, which could have improved clarity about provision and ensured a better connection between SMEs and training, but this framework was never fully implemented.

To improve access to information on management and leadership programmes, a central location with all learning and training programmes (e.g. providers, provision levels and options, delivery models, costs and duration and outcomes) could be beneficial for many managers and leaders (Envision, 2016^[54]). This could also potentially include reviews to give managers and leaders the option to share their experiences with the programmes. There are already several websites in Northern Ireland that could be considered central portals for businesses. [Nibusinessinfo.co.uk](http://nibusinessinfo.co.uk) is the main website for business advice and support, and it hosts a tool (the “business support finder”) to help businesses find necessary support (Invest NI, 2020^[57]). While the tool provides extensive information on many support programmes, it is not possible to select training and skills programmes specifically for managers and leaders, and it does not include programmes that are not publicly funded. Moreover, there are some indications that the overview of business support programmes is not completely up-to-date. The Invest NI website also provides an overview of programmes, but this does not include programmes for non-Invest NI customers. Moreover, there are indications that both websites are not regularly consulted by employers – for advice or help on skills and training-related issues: about 1% of employers indicated having used nibusinessinfo.co.uk, and 4% used the Invest NI website in 2016 (Department for Education, 2017^[58]).

Given the importance of management and leadership capabilities and the clear lack of clarity on provision, especially for the smallest businesses, the OECD believes that a separate webpage on either nibusinessinfo.co.uk or the Invest NI website, with centralised information on learning and training programmes for managers and leaders, could be beneficial for Northern Ireland.

Box 4.3. Relevant national example: Raising awareness by stimulating a national conversation

Management 4.0: An example from the UK

Launched in 2019, Management 4.0 by the Chartered Management Institute (CMI) is a national conversation about the skills the next generation of managers and leaders will need in a workplace and world transformed.

With a national conversation, the campaign hoped to better understand what the Fourth Industrial Revolution will mean for the management profession, and what new skills and knowledge need to be taught both existing and future leaders. The campaign identified six main areas: technology; society; patterns of work; business; leadership; and lifelong learning. Separate discussion papers on each of these areas were published one by one. As part of the campaign, CMI will be undertaking research and hosting events over the year and partnering with a number of organisations to develop clear, robust recommendations for government, employers, managers and leaders to ensure they are well-prepared for the future.

Source: CMI (2019^[51]), "Management 4.0: Developing the next generation of managers and leaders", <https://www.managers.org.uk/campaigns/management-40>.

Recommendations for raising the motivation to participate in lifelong learning for current managers and leaders

- 3.3. Launch a new campaign to highlight the importance of management and leadership capabilities, emphasising its benefits and promoting strong performers, and targeted to small businesses.** To support the implementation of the strategy for management and leadership (see Recommendation 3.1), the government of Northern Ireland, with a leading role for DfE, should launch a new campaign on strong management and leadership. This campaign should apply a proactive and local approach to target small businesses, supported by launching targeted online campaigns (e.g. via social media), co-ordinated by the regional skills hubs (see Chapter 5), and with an emphasis on sharing success stories and awards (e.g. giving a higher profile to business champions). The campaign should mobilise many relevant stakeholders, including the Northern Ireland Chamber of Commerce and Industry, Regional Offices of Invest NI, and Local Enterprise Agencies from Enterprise Northern Ireland.
- 3.4. Centralise all information on management and leadership programmes in one location within nibusinessinfo.co.uk or the Invest NI website.** To complement the campaign on management and leadership (see Recommendation 3.3), and to reduce confusion about the current provision and relevance and benefits of available programmes, DfE and Invest NI should create a central location with all relevant information on management and leadership development provision. This should be part of, or hosted by, either nibusinessinfo.co.uk or the Invest NI website, and could comprise information on providers, provision levels and options, delivery models, costs and duration, and outcomes. The information should be easy to navigate, well-promoted, regularly updated, the only website that combines this information and linked to other websites with businesses support. Potentially, it could also include reviews of programmes to give managers and leaders the option to share their experiences.

Minimising barriers to participate in lifelong learning for managers and leaders

To develop a culture of lifelong learning for managers and leaders, Northern Ireland should aim to strengthen training and learning opportunities. In addition to raising awareness and the motivation to benefit from these opportunities, this would also require addressing a number of other barriers that restrict uptake.

The most important barriers to participation in training for managers and leaders are related to the time and location of the offered training. For two out of five managers who did not participate in training, the reason was that they were too busy at work. For one out of five managers, the reason was that courses were being offered at an inconvenient place or time [calculations based on PIAAC (OECD, 2019^[7])]. To make training more accessible for managers, Northern Ireland should aim to have a flexible training offer. However, as shown in Table 4.1, there are already various short, part-time and online management

and leadership courses available in Northern Ireland (e.g. by the Institute of Leadership and Management (ILM), the Open University, the Centre for Flexible Education by the Ulster University and more). In Chapter 3, flexibility of the training offer is discussed in detail, and the potential of expanding short-term modular and blended learning, especially in further education (FE) colleges, is highlighted. For managers, especially in SMEs, this could be relevant, as well as the promotion of online training (see Box 4.4).

Employers and stakeholders consulted during the project also indicated that for many businesses, in particular for micro and small businesses, the cost of training is one of the main barriers to participation. Management and leadership programmes generally still come at a significant cost, and as explained in Chapter 3, a lack of funding for training is a challenge for many businesses (Department for Education, 2017^[14]). The smallest businesses, in particular, do not have funding available for training. For example, only 18% of businesses with 2-4 employees have a training budget, compared with 78% of businesses with 100-249 employees (Department for Education, 2017^[14]). There are good examples of funding sources that could be used by managers and leaders (e.g. the Skills Growth Programme and Skills Advancement Grant by Invest NI, and the Skills Focus programme by DfE). However, stakeholders advised that this support is inadequate, especially for small businesses. These businesses sometimes do not meet the required criteria for these funding opportunities, are not aware that they exist, or lack the capacity to apply for them. There is also a UK-wide tax deduction available for costs related to education and training, but there appears to be a lack of clarity about its use for management and leadership training – review is case-by-case, and applicants need to prove that the training is linked to their current work.

To address these financial barriers, different options could be considered. First, the government could assign management and leadership training a higher priority and, ideally, raise the overall budgets for support measures, especially ones targeted at the smallest businesses. As part of the last strategy for leadership and management *Leading to Success* (Department for Employment and Learning, 2007^[44]), sustainable funding of approximately GBP 2-3 million per year was available for management and leadership programmes, but this budget has decreased in recent years. Second, Northern Ireland should ensure that funding is allocated to the most effective programmes with the highest impact. To optimise the output of government investment in management and leadership programmes, funding should target the groups most in need, should be distributed efficiently and effectively and deadweight losses should be avoided (e.g. where employers willing to invest in training regardless of support, still benefit from support programmes). Responding to these challenges, an impact analysis of all existing measures could be a good starting point, as well as strong monitoring and evaluating of programme outcomes. Based on discussions with stakeholders, potential outcomes of this impact analysis could be to consolidate funding measures and to introduce a subsidy for management and leadership targeted at small businesses.

An additional barrier to participation in management and leadership programmes for some businesses is the absence of relevant training programmes, or not being able to enrol in them. Programmes are generally tailored to a specific type of business, and many programmes appear to focus on start-ups and support for entrepreneurs (e.g. the Exploring Enterprise Programme by Enterprise Northern Ireland), innovative SMEs with an international focus (e.g. Invest NI Leadership Development Programmes), or the director level (e.g. programmes by the IoD). There are only a few programmes that target micro and small enterprises (Envision, 2016^[54]). While acknowledging the success of many management and leadership programmes, stakeholders suggested that a large group of businesses outside the scope of these programmes is not well served; i.e. primarily locally operating, small businesses. For many of these businesses, opportunities are partly limited because they do not meet the requirements for some programmes. For example, to become an Invest NI customer, a firm needs a turnover of GBP 250 000 per annum within five years, and have at least 25% of sales outside of Northern Ireland.

To address this gap in provision, Northern Ireland should consider introducing new management and leadership programmes targeted at small businesses; expanding the supply of existing programmes for these businesses; or expanding the scope of existing programmes by revising the criteria for participation.

There are a number of organisations that do provide management support to micro-enterprises (e.g. Enterprise Causeway), but their overall impact remains limited. There was an initiative in the past that aimed to address this issue – the proposed programme for Leadership and Management Development in Northern Ireland Micro-businesses – but it was never fully implemented (see Box 4.4) (BIS, 2012^[59]).

Box 4.4. Relevant national and international examples: Flexible and targeted management and leadership programmes for SMEs

Online management programmes: An example from Poland

The Polish Agency for Enterprise Development (PARP) has a number of online programmes for managers. For instance, PARP introduced the PARP Academy, which is an e-learning platform that offers 50 free online training sessions tailored to the needs of the SME sector. The sessions are in four thematic areas related to setting up and running a business. Since 2006, over 180 000 participants have benefited from PARP Academy training.

Leadership programme targeted to small businesses: An example from the UK

Responding to a lack of trusted training provision targeted at SME business managers, the UK committed up to GBP 11 million to create a Small Business Leadership Programme in 2019. The programme looks to provide management training to 2 000 small business leaders in its first year and aims to scale up to reach 10 000 beneficiaries by 2025. This programme is intended to be flexible and focused on the specific issues facing SME managers, building on existing training programmes (e.g. Be the Business' "Productivity through People"). The programme will be part of a package of measures aiming to assist businesses in improving their productivity (e.g. strengthening local networks for business improvement, getting businesses signed up to mentoring programmes, etc.).

Leadership programme targeted to small businesses: An example from Northern Ireland

In 2012, the Department for Employment and Learning planned to launch the programme Leadership and Management Development in Northern Ireland Micro-businesses. Recognising that it is difficult for micro-businesses to invest in management and leadership development, this programme aimed to develop new delivery models for management and leadership development in micro-businesses. There is, however, no evidence that this programme has been fully implemented. According to DfE representatives, funding was the main barrier for its implementation.

Source: OECD (2019^[60]), *OECD Skills Strategy Poland: Assessment and Recommendations*, <https://dx.doi.org/10.1787/b377fbcc-en>; UK Government (2019^[61]), *Business Productivity Review*, <https://www.gov.uk/government/consultations/business-productivity-review-call-for-evidence>; BIS (2012^[59]), "Leadership and management in the UK: The key to sustainable growth", http://www.hm-treasury.gov.uk/ukecon_growth_index.htm.

Recommendations for minimising barriers to participate in lifelong learning for managers and leaders

- 3.5. Raise financial support and allocate funding efficiently to reduce financial barriers to participation in management and leadership programmes.** The government of Northern Ireland (especially DoF, DfE and DE), should give management and leadership training a higher priority and, ideally, raise the overall budgets for support measures, especially ones targeted at small businesses. The government of Northern Ireland should also ensure that funding is allocated to the most effective programmes, i.e. targeting the groups most in need, distributed efficiently and effectively and avoiding deadweight losses. As part of the development of the strategy for management and leadership (see Recommendation 3.1), an impact analysis of all existing measures, and effective monitoring and evaluating of programmes, could be a good starting point. Northern Ireland could consider consolidating these funding measures and introducing a subsidy for management and leadership programmes targeted at small businesses.

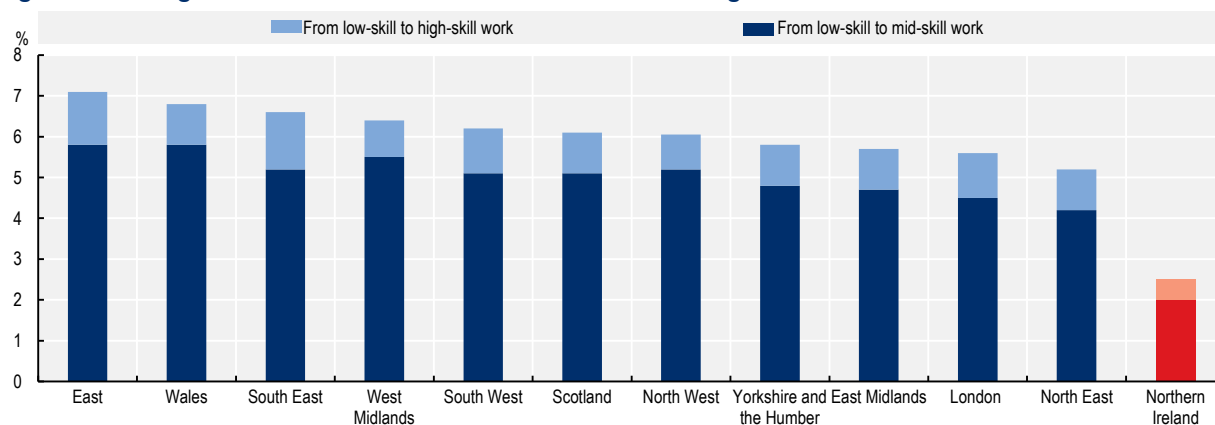
- 3.6. Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes or expanding existing ones.** Responding to the gap in management and leadership development provision for micro and small businesses, and as part of the renewed strategy for management and leadership (see Recommendation 3.1), DfE and business support organisations (e.g. Invest NI) should consider introducing a new management and leadership programme targeted at micro and small businesses (e.g. by implementing the programme for Leadership and Management Development in Northern Ireland Micro-businesses that was planned back in 2012); expanding the supply of existing programmes for these businesses; or expanding the scope of existing programmes by revising the criteria for participation (e.g. Invest NI turnover and export requirements). The impact analysis of programmes (see Recommendation 3.5) could be a good starting point for making decisions on how to expand provision for micro and small businesses. This could be linked to the establishment of a centralised support initiative or strand of programmes targeted at micro and small businesses (see Recommendation 3.14).

Opportunity 2: Developing engaging and empowering workplaces

In addition to management and leadership, the skills and attitudes of the workforce need to be considered when transforming workplaces to better use skills in workplaces and reduce skills under-utilisation. Without the buy-in and support of employees, the adoption of HPWP could be more difficult to achieve (OECD/ILO, 2017^[5]). An empowered workforce, which is motivated to develop and optimally use skills, and is willing to actively contribute to the success of businesses, could play an important role in workplace transformations by driving innovation and growth from the bottom up. Northern Ireland could benefit from having a stronger focus on workplaces in their innovation and economic policies, and this should entail policies to develop an engaged and motivated workforce.

Employee engagement is considered one of the main determinants of skills use and productivity, and evidence shows that employees with high levels of engagement achieve higher individual performance objectives. Engaged employees also display higher organisational and citizenship behaviours, more proactive innovative behaviour, lower staff turnover, lower absenteeism levels, and report higher job satisfaction and personal well-being (UKCES, 2014^[35]; OECD/ILO, 2017^[5]). Stakeholders acknowledge the relevance of employee engagement and ranked it among the top issues to raise skills utilisation.

Employee empowerment and engagement could be enhanced in Northern Ireland. One of the driving forces behind skills under-utilisation in Northern Ireland is a working culture where employees are not motivated to grow and move up in organisations. The most important reason given by employees for being in a position that does not require the full use of their skills sets is that they are not interested in taking on a higher level role (Gunson, Murray and Williamson, 2018^[2]). As a result, the career progression rate, measuring the share of employees moving from a low-skilled position to a middle or high-skilled position, is very low, at 2.5%, compared with a 6% UK average (see Figure 4.6). Workers tend to stay in their position in Northern Ireland, with 51% of employees holding the same job for ten years or more, compared with 36% of employees across the UK (CIPD, 2019^[16]). Stakeholders advised that many employees still expect to have a job for life and that they are not motivated to work on developing their career. To some extent, the low motivation to progress in workplaces is also linked to the overall culture of risk aversion, as discussed in Opportunity 1.

Figure 4.6. Progression rates between skill levels for UK regions, 2013-17

Note: Denominator is all workers in low-skilled occupations in the first quarter of each wave. January–June 2013 to July–December 2017.

Source: Institute for Public Policy Research (IPPR) Scotland calculations using ONS (2018^[62]), “Two-quarter Longitudinal Dataset”, Labour Force Survey, various quarters.

StatLink  <https://doi.org/10.1787/888934127909>

Job satisfaction could be an important motivation for employees since it is positively associated with better employee performance, skills use and productivity. However, in Northern Ireland, a significant share of employees is not satisfied with their job, with 43% of workers indicating unhappiness in their current roles (Investors in People, 2017^[63]). Workers in Northern Ireland are also comparatively dissatisfied with pay – 41% agree they are “appropriately” paid, compared with the UK average of 45% – and they are least likely of UK countries to report a good relationship with their line manager/supervisor (71% report this is good overall, compared with a 76% UK average) (CIPD, 2019^[16]).

Raising engagement and empowerment of employees in the business sector

To empower employees, raise their engagement and improve their low motivation to take on higher-level roles more in line with their skills and qualifications, businesses in Northern Ireland should raise the adoption of HPWP, especially the ones related to benefits, career progression and performance measurement. For Northern Ireland, this is particularly challenging, given that the economy is characterised by SMEs, which often lack resources, capacity and a dedicated human resources (HR) function (OECD/ILO, 2017^[5]).

Northern Ireland should strengthen workplace practices that promote and support flexibility and mobility in businesses. To ensure that employees can move to a job better matched with their skills set, businesses should aim for a certain level of flexibility and mobility, making it easier for employees to move within the organisation. In addition to upward mobility, the allocation of skills could also be improved through horizontal mobility within the organisation. This way, the worker moves to a job at a comparable level, but that is better matched with his/her skills set. Various workplace practices could support this horizontal and vertical mobility in organisations. For instance, job shadowing, where an employee can spend time learning through watching others perform a job, is an effective way to learn about different jobs. Moreover, stretch assignments, where the employee performs tasks beyond existing expertise, and supervision of employees over time, are known to have a positive impact on unleashing the potential of employees. However, only 22% of businesses in Northern Ireland indicate having adopted work shadowing, stretch assignments or supervision over time (Department for Education, 2017^[14]).

Employees could also be motivated through a range of other HR practices and people management approaches. However, compared to other UK countries, Northern Ireland is showing comparatively weak performance in the adoption of many types of these practices. For example, only 9% of businesses have

a formal process in place to identify high potential or talented individuals (as opposed to 15% across the UK); 49% of employers set employees' objectives at the beginning of the year (vs. 56% across the UK); and 43% have an annual performance review in place for all staff (compared with 53% across the UK) (Department for Education, 2017^[14]). Workers in Northern Ireland are also not very likely to say that their job offers good opportunities to develop their skills (31% vs. 25% UK average) or careers (46% vs. 41% UK average (CIPD, 2019^[16]).

Providing financial incentives, such as individual and group performance-based bonuses, could also help to empower employees. However, as discussed in the performance section, compared to other parts of the UK, most types of pay and incentive schemes are relatively uncommon in Northern Ireland and are most often applied only in the largest businesses (Department for Education, 2017^[14]). Incentives could also be effective when targeting managers and leaders – for example, managers' rewards could be linked to their performance on people management, ideally assessing performance for specific objectives and measured by key performance indicators (KPIs) (CBI, 2019^[64]).

Ensuring that employees are involved in company decisions regarding workplace transformation and the values and purpose of the organisation, also has the potential to boost employee engagement (OECD/ILO, 2017^[5]; CBI, 2019^[64]). Employees in Northern Ireland do feel more involved and informed than employees in other parts of the UK, 42% report that their managers are good at listening to their ideas and suggestions, compared with 37% in the UK (CIPD, 2019^[16]). Stakeholders, however, did express support for expanding the adoption of staff engagement groups. These groups of employees could participate in discussions on specific organisational topics, potentially across areas and all tiers and grades.

Strengthening the adoption of all these workplace practices requires a broader cultural change. Employers should aim for so-called “high-road strategies”, where employees and their skills are viewed as an integral part of a business' competitive advantage, rather than “low-road” strategies, where labour is considered a commodity and a cost to be minimised (OECD/ILO, 2017^[5]). This could have the potential to raise the engagement and motivation of employees to contribute to the success of the business, invest in skills development (including by inspiring leadership, as also discussed in Chapter 3) and effectively use skills.

Raising awareness of the relevance of empowering and engaging the workforce could stimulate such a broader cultural change among managers and leaders, especially in the smallest businesses. To this end, the benefits of valuing and encouraging staff for business performance and growth could be emphasised in campaigns (OECD/ILO, 2017^[5]). There are already a number of relevant campaigns in Northern Ireland for HR practices and people management. Most notably, Investors in People (IIP) is an accredited standard for people management, with yearly awards in Northern Ireland. Moreover, the National Training Awards recognise and celebrate IIP accredited organisations that have delivered outstanding organisational benefits by directly linking employee training needs to business needs. The CIPD also has the yearly NI Awards, which recognises organisations for their contribution to HR and People Management. The proposed campaign on management and leadership (Recommendation 3.3.) could emphasise and acknowledge the relevance of these awards, campaigns and accreditations.

The effective dissemination and centralisation of information could also contribute to greater awareness of the need to empower and engage the workforce, and could help managers and leaders with the implementation of relevant workplace practices. Information on workplace practices should be concrete, applicable and relatable, including by showing examples of good and bad practices. Nibusinessinfo.co.uk (Invest NI, 2020^[57]) already includes extensive, practical guides on how to engage employees and how to increase staff performance, and there is a long list of case studies organised by different categories. However, as mentioned, more could be done to promote the use of nibusinessinfo.co.uk, since it appears to have a low-intensity take-up among businesses (Department for Education, 2017^[58]).

Northern Ireland could also raise awareness of employee engagement and empowerment by introducing a charter or pledges for businesses, where individual businesses or employer organisations formally

endorse principles concerning employees and their working conditions. In Scotland (United Kingdom), for instance, the Scottish Business Pledge (see Box 4.5) gives businesses the incentive to improve workplace and job quality by signing up to a number of pledges linked to fairness, equality and sustainable employment. In Wales (United Kingdom), a Fair Work Commission recently recommended introducing a Fair Work Wales standard, with the condition that public money could only be spent on organisations that fulfil, or are working towards fulfilling, the commission’s definition of fair work (Fair Work Commission, 2019^[65]). Led by DfE, the Northern Ireland Statistics and Research Agency (NISRA) is currently developing a “Better Jobs Index”, which will be a new set of government indicators, with measures on earnings quality and job security. Findings based on this index, as well as principles underlying the index, could serve as a basis for such a charter or pledge.

Northern Ireland could also consider introducing stronger incentives to adopt these HR practices and to strengthen people management, including by raising the profile of various quality marks such as IIP. Only 15% of firms are accredited with the IIP standard and this concerns mainly the largest businesses – 49% of businesses with over 100 employees are accredited, compared with 10% of businesses with 2-4 employees (Department for Education, 2017^[14]). To afford accreditations such as IIP a more prominent role, the Northern Ireland Government could consider making these accreditations a requirement for receiving support; an idea supported by many stakeholders. For example, Invest NI could include accreditation on their list of requirements to become an Invest NI customer. To avoid this requirement becoming an additional barrier to support programmes for micro and small businesses, it should primarily target the larger businesses that generally do have the resources, capacity and dedicated HR function that allows them to adopt strong HR and people management practices.

Employee representative structures could further strengthen employee engagement as they play an important role in influencing firms’ investment in staff. For example, data from the Survey of Adult Skills (PIAAC) show that institutions with strong collective bargaining and unionisation are associated with higher utilisation of workers’ skills in the workplace (OECD/ILO, 2017^[5]). Northern Ireland could enhance these structures: 40% of businesses have a formal procedure in place for employee consultation, compared with 42% on average around the UK, and 48% in Scotland (Department for Education, 2017^[14]). However, there is a widely shared belief that a system with strong social partnership and tripartite decision making, as exists elsewhere in Europe, would not work in the Northern Ireland and UK context (see also Chapter 5). This is despite there being some good examples in, for example, Scotland (Keep, 2016^[23]). While formal employee representative structures will not receive much support in Northern Ireland, there might be an opportunity to expand the role of organisations that aim to strengthen employee-employer relations. Some stakeholders and government representatives suggested that the Labour Relations Agency, which already plays an important role in strengthening employment relations, could potentially expand their activities to create better working cultures.

Box 4.5. Relevant international examples: Programmes to raise employee empowerment

A pledge of businesses: An example from Scotland

In Scotland, employers can sign up for the Scottish Business Pledge, which is a values-led partnership between government and business that is based on boosting productivity and competitiveness through fairness, equality and sustainable employment. A commitment is voluntary and free to make. Employers need to meet the three core elements of paying the real living wage, only using zero-hours contracts in appropriate ways, and taking action to address the gap in pay between genders. In addition, employers are asked to commit to achieving five of seven additional pledge elements over time, including, for instance, workforce engagement. As of January 2020, 722 businesses signed up to the pledge, accounting for over 127 225 jobs (5.1% of all jobs in Scotland).

Workplace development programmes: An example from Finland

The Finnish programmes TYKE (1996-2003) and TYKES (2004-10) aimed to promote the introduction of organisational innovations, contributing to improvements in workplace productivity and the quality of working life through tailored and demand-based activities. More than 1 800 projects were funded, involving nearly 350 000 employees and some EUR 106 million of public funding. The most common areas of focus for the development projects were work processes, the organisation of work and the development of HR management and supervisory work. Project implementation was in close co-operation between management and employees, and external experts were involved in each project. A majority of managers and staff expressed that the projects had positive impacts on the operational performance of the workplace and quality of work. The programmes were especially successful in raising public awareness of the importance of workplace change and innovation; in boosting development activity among a large group of workplaces including SMEs; and more generally in strengthening expertise in workplace development and research on working life among universities, research institutes and other R&D organisations.

Source: Scottish Government (2020^[66]), "Scottish Business Pledge", <https://scottishbusinesspledge.scot/>; Lorenz, E. and J. Potter (2019^[22]), "Workplace organisation and innovation in small and medium-sized enterprises", <https://dx.doi.org/10.1787/11732c0c-en>.

Recommendations for raising engagement and empowerment of employees in the business sector

- 3.7. Promote a business culture where employers value and encourage employees by raising awareness of relevant workplace practices and the benefits of an empowered and engaged workforce.** DfE and related business support organisations (including Invest NI) should raise awareness among managers and leaders about the benefits of empowering and engaging the workforce (e.g. productivity, motivation, job satisfaction), by highlighting it in the proposed strategy and campaign on management and leadership capabilities (Recommendations 3.1 and 3.3). Like the broader campaign, it should be targeted at small businesses through a local approach, and emphasise the promotion of business champions. Moreover, the campaign should highlight the benefits and raise the profile of existing accreditations, such as IIP. The campaign should also be accompanied by the dissemination of practical information and tools to facilitate the implementation of relevant HR practices and people management (e.g. work shadowing, stretch assignments, supervision over time, career progression plans, talent development, performance review, performance-based salaries). To this end, the government and business support organisations should raise the profile of guides and examples presented on nibusinessinfo.co.uk, including by promoting it in the management and leadership campaign.
- 3.8. Introduce a charter or business pledge where employers formally endorse principles concerning employees and their working conditions.** The Northern Ireland Government, with a leading role for DfE, and/or related business support organisations could consider introducing a charter or pledge for employee engagement and empowerment, where businesses and organisations formally endorse a number of principles concerning employees and their working conditions (e.g. supporting progressive workforce engagement, pay a living wage, etc.). The charter and/or pledge could be on a voluntary basis and for individual businesses (e.g. a pledge based on the Scottish Business Pledge), where the pledge functions as a quality mark. Alternatively, the charter or pledge could target organisations that work with businesses (e.g. business or employer organisations) to endorse principles related to employees in all their activities.

- 3.9. Make quality marks (e.g. Investors in People [IIP]) a condition for medium- and larger sized businesses to benefit from business support programmes.** The Northern Ireland Government and related business support organisations could consider raising the profile of various quality marks, and/or the proposed charter or business pledge (Recommendation 3.8), by making it a condition for benefiting from business support programmes. To avoid it becoming an additional barrier to support programmes for micro and small businesses, it should primarily target the larger businesses that generally do have the resources, capacity and dedicated HR function that allows them to adopt strong HR and people management practices. For instance, Invest NI could potentially add IIP accreditation to their list of requirements for becoming a customer with Invest NI. Beyond raising awareness (as proposed in Recommendations 3.7 and 3.8), this would create a stronger incentive for businesses to adopt HR and people management practices that benefit employee engagement and empowerment.

Raising engagement and empowerment of civil servants

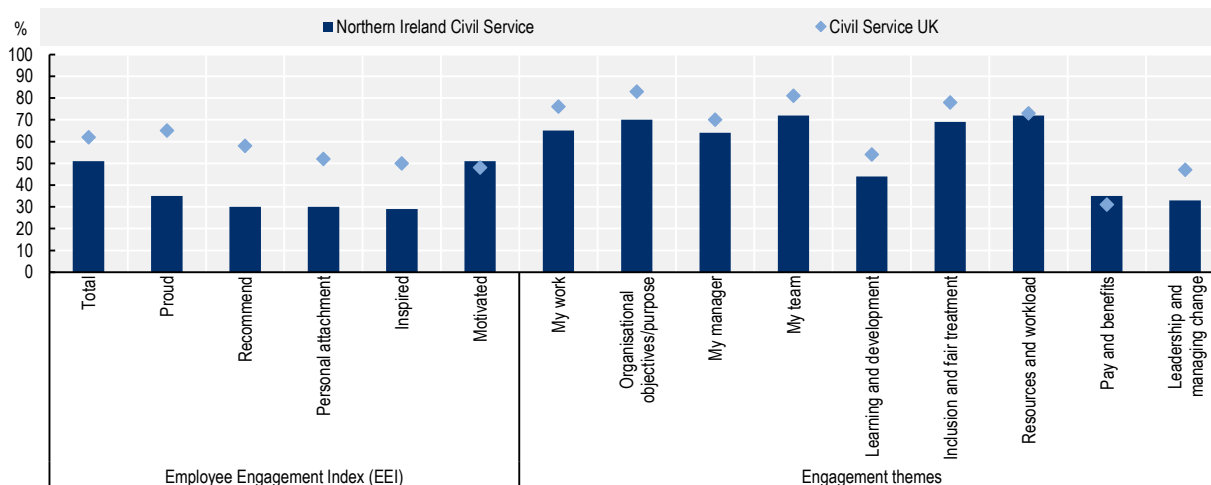
Northern Ireland should ensure that the Northern Ireland Civil Service (NICS) is at the forefront of employee engagement and empowerment. To that end, the NICS should aim to become a leader in the adoption of new technologies and workplace practices. Increased adoption of these workplace practices could improve the effectiveness, quality and efficiency of government, which could make the public sector a catalyst for innovation. Furthermore, strong workplace practices in the public sector could display strong leadership and strategic direction and could set a good example to the business sector. In the context of a comparatively large public sector (25% of output, compared with 17% in the UK in 2017 (OECD, 2019^[67])), the benefits of engagement and empowerment of civil servants are especially important for Northern Ireland. Stakeholders, many of whom were from government organisations, generally showed very strong support for recommendations on the role of the public sector and skills use.

There are indications that much could be done to improve employee engagement and empowerment in the NICS. Skills under-utilisation is particularly high in public administration – 44% indicate having workers with both qualifications and skills more advanced than required, compared with 37% across all sectors. This could be driven by overall low morale among civil servants and a lack of confidence in leadership in the public sector (OECD, 2016^[47]). An Employee Engagement Index in the yearly NICS People Survey – ranging from 0% “strongly disagreeing” to 100% for “strongly agreeing” with a range of underlying statements – aims to quantify and summarise these sentiments. While the Employee Engagement Index (EEI) increased in recent years, from 46% in 2009 to 51% in 2018, this score is much lower than the 62% found in the UK civil service (see Figure 4.7) (NISRA, 2019^[68]; Cabinet Office, 2018^[69]). In the NICS, a comparatively small share of employees feels strong attachment to their department, and not many civil servants feel inspired by their department to do their best work.

In related engagement themes, there are large differences in performance. Civil servants are highly interested in their work (82%), they feel challenged (74%), and they are, on average, positive about their manager (64%) and their team (72%). However, the NICS scores particularly low in themes related to pay and benefits (35%), leadership and managing change (33%) and learning and development (44%). Worryingly, only a small share indicates that there are opportunities to develop their career in the department (35% compared with 48% in the UK Civil Service). Differences exist between departments, but general trends appear to be similar. A few government organisations stand out in comparatively strong performance, including Invest NI, which scores comparably with the UK Civil Service (OECD, 2016^[47]). The public sector is also not yet a leader in the adoption of new technologies and workplace practices. For instance, while the use of ICT skills in the public sector is comparable with the OECD average, it is far lower than in ICT, financial and professional sectors [calculations based on PIAAC (OECD, 2019^[7])].

Figure 4.7. Employee Engagement Index and engagement themes for the Northern Ireland Civil Service, 2018

Scores ranging from 0% (“strongly disagree”) to 100% (“strongly agree”)



Note: The Employee Engagement Index and engagement themes are based on the weighted average of a number of underlying questions.
Source: NISRA (2019^[68]), *NICS People Survey 2018*, <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>; Cabinet Office (2018^[69]), *Civil Service People Survey 2018*, <https://www.gov.uk/government/publications/civil-service-people-survey-2018-results>.

StatLink  <https://doi.org/10.1787/888934127928>

The government of Northern Ireland acknowledges the challenges related to employee engagement and empowerment in the NICS, as well as the weak adoption of technology, and recent years have seen a number of strategies aimed at addressing these issues. In the *Innovation Strategy*, as part of the dimension on “cultural change”, the strategy proposed to move towards a more innovative and open public sector by developing a new public sector reform programme (Northern Ireland Executive, 2014^[11]). A number of actions are proposed, including the appointment of “Innovation Champions” within government, greater use of partnerships and secondments, and innovation and creativity as part of training programmes.

The NICS also has an ambitious *NICS People Strategy for 2018-2021* (NICS, 2018^[70]), which, after centralising HR functions in 2017, presented a shared view of the people priorities across the NICS under four themes: 1) a “well-led NICS”, including targeted actions to support managers and leaders; 2) an “outcome-focused NICS”, including actions on how the NICS engages with staff and their contribution to the delivery of outcomes; 3) a “high-performing NICS”, including actions on new and flexible ways of working, strategic workforce planning and recruitment and vacancy management; and 4) an “inclusive NICS”, including actions to drive balance and inclusion.

There are other examples of Northern Ireland’s efforts to raise the performance of its civil service. In 2014, the NICS launched a new competency framework, and its implementation in all NICS departments and agencies could help to ensure all civil servants are managed under the same overall expectations, which should reduce barriers to staff mobility (OECD, 2016^[47]). There are also examples of strong innovation and excellence in the NICS – for example, the Enterprise Shared Services (ESS) initiative, which delivers whole-of-government services for finance, HR, property, and ICT needs across the NICS. This is considered good practice for its customer-centric service delivery and value-added services, showing a culture of continuous improvement and innovation as well as value marketing (Mingay and Kost, 2015^[71]).

However, Northern Ireland could do more still to raise overall performance through better engagement and the empowerment of its civil servants (see Box 4.6 for international examples of actions to raise performance of civil servants). To improve performance of the NICS in the context of workplace practices

and conditions, the OECD made a number of recommendations in 2016 (OECD, 2016^[47]), and several recommendations are still relevant, especially in the context of empowering and engaging civil servants. First, the NICS could strengthen a management and leadership culture that values employee engagement and empowerment. A cultural change is needed, and the NICS could achieve this by strengthening overall leadership development, including by reviewing training programmes to ensure that programmes focus on the development of the “right” skills for this cultural change (e.g. soft skills, team building, monitoring and evaluation), and by encouraging mobility across the public sector (e.g. by encouraging secondments). Second, the NICS could empower employees by putting more emphasis on skills development (e.g. through peer-to-peer learning, work shadowing, external training, etc.) and by giving them more autonomy to make decisions and to structure work, so as to increase performance and innovation.

Furthermore, both the *Innovation Strategy* and the *NICS People Strategy for 2018-2021* address many of the challenges for the NICS, and effectively implementing the proposed actions would be highly beneficial in raising employee engagement and empowerment. To support this process, Northern Ireland could consider strengthening implementation by including measurable outcome-based targets that are understood and supported by all stakeholders, and which could enhance monitoring and evaluation of the strategies. The *NICS People Strategy 2018-2021* includes a long list of broad actions, and while it does mention the relevance of monitoring and evaluating, it does not provide details on how to achieve this. To support implementation, Northern Ireland could consider setting specific targets, potentially based on indicators included in the *NICS People Survey* (e.g. increase the Employee Engagement Index x% by 2021). The *Innovation Strategy* already emphasises measuring progress through a number of indicators, but none of them is directly linked to the actions described to bring about a cultural change.

Box 4.6. Relevant international example: Using strategic HRM to drive public sector innovation

Raising public sector innovation: Examples from Australia and Belgium

In Australia, the Awards of Excellence in Public Sector Management reinforces the message that excellence in management and innovation are consistent with each other and that innovation needs to be a central consideration of everyday public management. The award included innovation as a key component of all the excellence awards (a main criterion is “innovation in the design and/or delivery of the products, services and processes”) and there is a separate innovation award.

In Belgium, the Innovation Learning Network aims to coach innovative projects and to create an environment where civil servants can help and learn from each other. The learning network operates at the moment in 14 government organisations, with 20 projects and about 50 civil servants. Participants are encouraged to become better at understanding the goals of government and society, recognising restrictive patterns, co-creation with stakeholders, multidisciplinary working, following trends and more.

Source: OECD (2016^[47]), *Northern Ireland (United Kingdom): Implementing Joined-up Governance for a Common Purpose*, <http://dx.doi.org/10.1787/9789264260016-en>.

Recommendation for raising engagement and empowerment of civil servants

- 3.10. Develop a NICS management and leadership culture that supports employee engagement, by strengthening management training, enhancing internal mobility and adopting HPWP.** To strengthen employee engagement and empowerment in the NICS, a cultural change is needed. To stimulate this, the government of Northern Ireland should make the training of managers and leaders in the civil service a higher priority. The NICS should review existing training programmes to ensure that they focus on the development of the “right” skills sets for this cultural change (e.g. soft skills, team building, monitoring and evaluation). The NICS should also encourage mobility across the public sector, including by promoting secondment opportunities. To stimulate the cultural change, Northern Ireland should put more emphasis on adopting HPWP, such as training and learning on the job, work flexibility and autonomy.

3.11. Strengthen the implementation of proposed actions in the *Innovation Strategy* and *NICS People Strategy 2018-21*, by raising their granularity and including outcome-based targets.

To raise the engagement and empowerment of civil servants, Northern Ireland should build on the many proposed actions for the civil service in both the *Innovation Strategy* (e.g. introducing “Innovation Champions” in the NICS) and the *NICS People Strategy 2018-21* (e.g. improve performance management systems and guidance in the NICS), by strengthening their implementation. The government of Northern Ireland could consider raising granularity of some of the actions and include measurable outcome-based targets to enhance monitoring and evaluation of the strategies. For example, to support implementation, Northern Ireland could consider setting specific targets with related actions, potentially based on indicators included in the *NICS People Survey* (e.g. increase the Employee Engagement Index x% by 2021).

Opportunity 3: Strengthening support structures for businesses

Northern Ireland should aim to move towards more high value-added activities, and enable sustainable long-term growth through the better performance of firms of all sizes and in all regions. To achieve this objective, better skills utilisation through a transformation of workplaces is essential, supported by strong management and leadership and an engaged, empowered workforce (as discussed in Opportunities 1 and 2). However, to optimise the impact of these and other efforts, Northern Ireland should ensure that the overall support structures for businesses are effective and efficient.

Better skills utilisation and workplace transformation require a pro-active approach by governments. The government needs to help and incentivise businesses by providing effective and efficient support for strengthening workplace practices, competitiveness, innovation and growth realisation. This is particularly relevant for SMEs, which often lack the resources and know-how to improve workplace performance (OECD/ILO, 2017^[5]). SMEs also require more support since they are typically more dependent on their local business ecosystem, and due to their internal constraints, they are more vulnerable to market failures, policy inefficiencies and inconsistencies (OECD, 2018^[72]). As a result, effective and efficient support structures for businesses will be even more important in the context of an economic shock following the COVID-19 pandemic.

Providing targeted support to businesses

The government of Northern Ireland directly or indirectly runs or finances a long list of business support programmes in different forms, from financial assistance to expert advice, and targeting different groups of businesses, from start-ups to large, international businesses (see overview in Table 4.2). To address Northern Ireland’s economic growth, innovation and productivity challenges, and to complement the support measures discussed in previous opportunities, this section will assess business support from a broader perspective, including its organisation and structures.

Various governmental and non-governmental organisations run business support programmes, including Invest NI (e.g. Collaborative Growth Programme, Innovation Vouchers), DfE (e.g. InnovateUS), Enterprise Northern Ireland (e.g. Exploring Enterprise Programme), InterTradeIreland (e.g. Trade Accelerator Vouchers), Innovate UK (e.g. funding for innovation), Northern Ireland Chamber of Commerce and Industry (e.g. NI Chamber International Hub), Enterprise Europe Network (e.g. Innovate to Grow), Catalyst (e.g. Springboard) and many district councils run initiatives for businesses at the local level. Despite the generous offer of business support programmes, Northern Ireland could further enhance its support for businesses in a number of ways.

Table 4.2. Business support programmes for growth, productivity and innovation in Northern Ireland

| Organisation | Programme | Short description |
|-----------------------------|---|---|
| Invest NI | Collaborative Growth Programme | The programme is designed to support innovative, collaborative projects between SMEs by providing facilitation support for SMEs working together. The programme offers 100% funding up to GBP 25 000. |
| | Mentoring Scheme | This scheme includes a grant up to GBP 4 000 or 49% of eligible costs for the engagement of an experienced mentor for 12 months to help improve the capability and growth of the business. |
| | Accelerating Growth Programme | This programme targets SMEs and aims to encourage them to adopt a strategic approach to growing their business through a number of key elements including a growth diagnostic, a workshop programme, mentoring and the development and implementation of a growth action plan. |
| | Innovation Vouchers | An Innovation Voucher provides GBP 5 000 for businesses to work with an expert from a university, college or other research body. Vouchers can be used to develop new products, access information/expertise on new materials or tap into research and scientific expertise. |
| | Competence Centres | Four Competence Centres (on connected health, sustainable energy, advanced engineering and agri-food) bring together businesses with local universities to achieve common research goals. They offer companies an opportunity to develop new products through business-led collaborative research. |
| | Grants for Research and Development | R&D funding up to GBP 50 000+ for a new product idea or process that could help grow a business. Funding can be used to investigate or plan an idea, make and test a prototype, experiment and refine a design, cover intellectual property costs, product or process development or improvement. |
| | NI Innovation Accreditation Programme | As a DfE initiative, delivered by Invest NI, the programme highlights the importance of innovation for business growth and raises awareness about innovation by: 1) helping businesses to identify their innovation capacity through an online tool (Innovate NI); and 2) obtaining a recognised accreditation. |
| | Propel Pre-Accelerator Programme | The Propel Pre-Accelerator programme helps 20 entrepreneurs per year with business ideas through a combination of workshops, tutorials, networking opportunities, mentoring, financial support and access to investment. It is delivered by IGNITE, a UK-based start-up support and investment network. |
| | Graduate to Export Programme | The programme allows businesses to enhance their export capability with a graduate assisting them with a market research project. The programme allows recent graduates to gain professional experience while completing a part-time postgraduate diploma in International Marketing. |
| Innovate UK | Knowledge Transfer Partnership (KTP) scheme | KTP supports the development of innovative business projects through a partnership between a business, an academic institution and a qualified graduate who works at the company full-time. This programme is led by Innovate UK and is partly funded by Invest NI. |
| | Funding for Innovation | Innovate UK offers a range of opportunities for collaborative R&D through a competition-based approach. These competitions provide funding to develop business ideas, and a pilot programme of innovation loans is currently available to SMEs. Invest NI provides support for applications. |
| Department for the Economy | Connected | Delivered by further education (FE) colleges, Queen's University Belfast, the Ulster University and the Open University, Connected aims to encourage links and knowledge exchange between business and academia. Companies can access expertise, knowledge and research capability by institutions. |
| | InnovateUS | InnovateUS is a skills development programme funded by the DfE and delivered across Northern Ireland by the six FE colleges. The focus of InnovateUS is to enable small businesses with fewer than 50 employees to acquire the skills necessary to engage in innovation activities. |
| Enterprise Northern Ireland | Enterprise Northern Ireland Start Up Loans | Loans from GBP 500 to GBP 25 000 and business mentoring for business start-ups. Loans granted under the scheme are unsecured personal loans for business purposes. Those who receive a loan also have access to business support, including one-to-one business mentoring. |
| NI Chamber of Commerce | Scaling for Growth | The programme offers local SMEs bespoke one-to-one assistance for companies to help them achieve their growth strategy and scale up. This includes one-to-one consultancy, business assessment, peer-to-peer knowledge sharing, networking and more. |

| Organisation | Programme | Short description |
|---|--------------------------------|---|
| InterTradeIreland | Trade Accelerator Vouchers | Financial support up to GBP 1 000 for professional advice for sales and marketing to help businesses scope potential cross-border opportunities. It covers the following areas: sales and marketing; export readiness assessment; tendering; finance; taxation; employment law; currency; and regulation. |
| | Fusion Programme | Fusion funds a graduate in science, engineering or technology to work at a business for 12-18 months in and partnering an academic institution with the business. This is to help the business develop new products, processes and raise performance. |
| | Co-Innovate Programme | Co-Innovate offers project funding and capability development to drive innovation in businesses. Supported by EUR 16.6 million from the European Union's INTERREG VA Programme, Co-Innovate helps businesses harness innovation, including through workshops, expert advice and more. |
| Enterprise Europe Network | Innovate2Succeed Programme | Part of Innovate UK, the Innovate2Succeed Programme offers seven to nine days of fully funded coaching and mentoring support to businesses. This service aims to diagnose any business pain points as well as identify any barriers to commercialisation and growth. Businesses receive one-to-one support. |
| Catalyst | Springboard | Intensive, specialist mentoring support for local innovative companies with growth potential. Springboard is for businesses in Northern Ireland with the ambition to grow revenue to (or beyond) GBP 10 million in five years. Participation in the programme is free but involves a time commitment. |
| Enterprise Causeway | Go For It | The Go for it programme provides businesses with tailored, professional mentoring and helps develop business objectives, strategies, sales, marketing and financial forecasts. |
| Chartered Institute of Personnel and Development Northern Ireland | Mentoring Scheme | A volunteer-led scheme co-ordinated by the CIPD Northern Ireland branch that links like-minded HR and learning and development (L&D) professionals for six months to enable the mentee to develop themselves, better meet work challenges, gain knowledge and more experience, expand networks and more. |
| Belfast City Council | Business Growth Support | This is a mentoring, workshop and networking support programme for business growth. Open to small or micro-businesses/social enterprises in the Belfast City Council area that have been trading for more than one year. |
| | Venture for Success Programme | This is a support package of mentoring, tailored workshops and networking for new businesses in high-growth sectors. Businesses must have been trading for under two years, have a business plan, and must not be an Invest NI client company. |
| Derry City and Strabane District Council | The Business Boost Programme | The programme provides businesses in Derry and Strabane District Council with free advice and mentoring to support growth. Support comprises expert guidance and mentoring, including one-to-one appointments with a specialist business advisor, advice on how to access grants and funding and more. |
| Lisburn and Castlereagh City Council | SME Mentor Growth Programme | As part of a long list of support programmes by the Lisburn and Castlereagh City Council, the SME Mentor Growth Programmes gives support (30 hours) to enable local businesses to access free, essential business knowledge and expertise on a one-to-one basis for growth and competitiveness. |
| Armagh City, Banbridge and Craigavon Borough Council | Accelerator Business Programme | The programme provides mentoring and workshop support to help businesses pitch for investment and grow their business. The programme offers guidance from leading industry and academic business experts. |
| | Growth Driver Programme | The programme provides support to assist local businesses to understand and utilise innovation to help their growth via new products, services, technologies or processes. Support is available to SMEs (up to 49 employees) in high-growth sectors. |
| Newry, Mourne and Down District Council | NMD Business Growth Programme | The programme provides free mentoring and workshop support to help businesses in the Newry, Mourne and Down District Council area boost sales and competitiveness. Support includes five days of bespoke sales mentoring support from an expert consultant, access to skills development workshops and networking and more. |
| Mid Ulster District Council | Mid Ulster Social Enterprise | This is a support programme to assist social enterprise start-ups and the growth of existing social enterprises. This free programme is tailored to the needs of participating groups/social enterprises and can include support in various areas. |
| Mid and East Antrim Borough Council | Amplify Business Escalator | The programme provides bespoke one-to-one business growth mentoring for existing businesses and social enterprises. As part of the programme, businesses benefit from free mentoring in various areas. |

Note: Please note that this is not a complete list, but only highlights the main programmes related to support for business growth and innovation in Northern Ireland.

Expanding mentoring and coaching programmes could help raise the overall impact of business support. To ensure that business support programmes have the highest impact, they must be targeted and tailored (OECD, 2018^[73]). Different types of businesses (e.g. by firm size, age, stage of development and sector) require different types of support. While larger businesses could benefit most from more tailored and specialist advice, the smallest businesses could benefit most from getting the basics right, including management best practice and the adoption of new low-risk technologies (OECD, 2018^[73]). Mentoring and coaching programmes are by their nature targeted and tailored and are often most successful in changing organisational practices (OECD/ILO, 2017^[5]). Invest NI has already launched a mentoring scheme that provides a business mentor to help improve the capability and growth of businesses, and other organisations also provide mentoring and coaching opportunities. However, based on consultations with stakeholders, there appears strong support for expanding the scope of existing mentoring and coaching programmes, especially for SMEs (OECD, 2019^[37]; Johnston et al., 2019^[27]).

Businesses also should be made aware of the relevance and benefits of mentoring and coaching programmes, for instance, by highlighting it in the proposed campaign targeted at managers and leaders (see Recommendation 3.3). Furthermore, to enhance the uptake from businesses in these programmes, participation could be made obligatory for businesses that receive financial support for growth or innovation from the government (see Box 4.7 for international examples). However, to avoid it becoming a barrier to benefitting from support programmes for smaller businesses, these requirements should mainly target larger businesses. Northern Ireland could also consider providing opportunities to match businesses with each other to stimulate business-to-business mentoring and coaching. To increase the effectiveness of support measures, a differentiated approach could be beneficial (OECD, 2018^[73]). A challenge for Northern Ireland, like most countries, is that many of the businesses that tend to actively demand support and advice are generally the businesses that already perform comparatively well in terms of growth and productivity. Stakeholders emphasised that the businesses that could benefit most from support, e.g. small businesses with low growth and low productivity, are not participating sufficiently. A differentiated approach could help to overcome this issue and ensure targeted and relevant support for businesses. With a differentiated approach, Northern Ireland could reserve the most intensive and specialised support for the most ambitious, larger, high-growth businesses, and offer more widespread and basic support to smaller, low-growth businesses. This would ensure that the larger, high-growth businesses receive the relevant support they need, and it would make basic support more accessible for smaller, low-growth businesses that often lack motivation and face difficulties in finding support.

Such a differentiated approach could be strengthened in Northern Ireland. Invest NI is often considered to have a focus on businesses that already show strong performance – a point largely reinforced by Invest NI's requirements to become a customer: turnover of GBP 250 000 per annum within five years, and at least 25% of sales outside of Northern Ireland. Stakeholders expressed different views on the focus of Invest NI: while some considered the focus of Invest NI on strong performing businesses to be too narrow, others stated that their programmes were accessible for most businesses (including through its regional offices). There is, however, consensus among stakeholders that many micro and small businesses, especially the ones with low-growth and low-productivity, do face barriers in receiving relevant support.

Many micro and small businesses are not benefitting from support programmes because they are not aware of them, or they do not understand the application procedures and benefits. For example, support programmes for automation and innovation (e.g. Innovation Vouchers, and Grants for Research and Development) are considered to be not well understood by many businesses (Johnston et al., 2019^[27]). Informing businesses about the many programmes that are available, as well as showing them the benefits, and assisting them with applications by providing practical and accessible guidelines and toolkits, could be a first step to improve clarity. Nibusinessinfo.co.uk, as the main platform for business information, already does this to a large extent, with its integrated “business support finder”. However, as discussed above, the use of this portal is very limited, and Northern Ireland should raise the visibility and overall profile of

nibusinessinfo.co.uk. In addition, awareness of business support programmes could also be raised by including business support for growth and innovation in the proposed campaign on management practices targeted at managers and leaders in businesses (Recommendation 3.3). The new regional skills hubs (see Chapter 5) could also play a crucial role in helping small businesses find relevant support.

Northern Ireland could also consider launching digital business diagnostic tools, possibly integrated into nibusinessinfo.co.uk, to assist micro and small businesses in identifying and raising awareness of relevant programmes (OECD, 2018^[73]). These tools are an increasingly common way to support SMEs (see Box 4.7 for an international example), and they are especially suitable for providing basic business advice. They could be either generic tools aimed at benchmarking SME productivity and competitiveness or more focused tools on specific areas (e.g. innovation). [Innovate NI](#), an online platform as part of the new Innovation Accreditation Programme by Invest NI, already has an assessment tool as a first step to get a new innovation accreditation. This could be considered a good example and might inspire the development of additional tools, potentially with a broader scope.

Micro and small businesses also face barriers in receiving relevant support because of an under-supply of programmes targeted at this group. Some micro and small businesses cannot find relevant programmes or are not able to participate in programmes because they do not meet the necessary requirements (e.g. Invest NI requirements). Like the gap in management and leadership development provision for micro and small businesses (as discussed in Opportunity 1), and despite some good examples (e.g. some district councils have support programmes that specifically target non-Invest NI customers), the supply of support programmes for growth and innovation targeted at micro and small businesses could be strengthened.

A new, overarching initiative for (or new strand of) micro and small business support, which would centralise and co-ordinate support for micro and small businesses, could be beneficial for Northern Ireland. This would allow support to be better targeted and better aligned with challenges for micro and small businesses, and could also address the gap in management and leadership provision. Moreover, such an initiative could provide targeted measures to address the challenge of continuous growth for businesses in Northern Ireland, as discussed in the performance section. It could help provide business owners with a long-term perspective on their business and present them with a continuous and clear growth pathway.

Such an initiative or strand of micro and small business support could be absorbed by an existing organisation or a new organisation, or implemented by multiple organisations and co-ordinated by a central body. Stakeholders advised that there is no clear agency with responsibility for businesses that are too small to engage with Invest NI, unlike, for instance, in the Republic of Ireland (see Box 4.7). There might be an opportunity to fill this gap by raising the exposure and scope of existing organisations (e.g. Invest NI or Enterprise Northern Ireland). However, for several stakeholders, that would not be considered sufficient, and they proposed the establishment of a new skills body to sit alongside Invest NI as a focal point for micro and small business support and development.

Box 4.7. Relevant international examples: Mentoring, diagnostic tools and growth pathways

Promoting and incentivising mentoring programmes: Examples from the UK and the Republic of Ireland

“Be the Business” is an independent charity with the aim of building a movement of large and small businesses that want to improve their performance and share their experiences to help others do the same. Be the Business provides inspiration, practical tools and free resources for businesses to identify opportunities for improvement and develop proven approaches to boost their productivity through expert analysis and advice from the business community. The UK Department for Business, Energy and Industrial Strategy (BEIS) and HM Treasury are currently challenging the UK’s leading businesses to sign up to the Be the Business “Mentoring for Growth” programme, which is fully funded and has senior-level mentors who share their experience, sector expertise and best practice with SMEs.

Accelerate Ireland also provides a good example of a strong support programme for growth and innovation that links measures to funding. Accelerate is an integrated learning and mentor programme for small businesses that aims to provide them with the leadership, management, business skills and knowledge to achieve sustainability and growth. Participation in this programme has become compulsory for businesses to receive funding from the Enterprise Ireland Competitive Start Fund.

Digital business diagnostic tools: Examples from Singapore

In Singapore, there are a number of online assessment tools for businesses. For instance, the Holistic Industry Productivity Scorecard (HIPS) Calculator (Singapore Business Federation) helps SMEs to understand their performance across ten indicators and shows how they compare to SMEs in other percentiles of the firm distribution. The Scorecard links to further support provided by the Singaporean Government after the diagnostic. Furthermore, the Singapore Smart Industry Readiness Index (Singapore Economic Development Board) scores SMEs against eight criteria across three dimensions (process, technology, organisation). The resulting performance profile helps SMEs to prioritise and implement improvement in smart industry readiness. Finally, the self-assessment tool 2SHERPA focuses on supporting SMEs that aim to internationalise. The tool highlights strengths and weaknesses in the SME's export capability and potential.

Creating growth pathways: An example from the Republic of Ireland

In the Republic of Ireland, there is a clear division in support for small business, primarily by the Local Enterprise Offices (LEOs), and larger businesses with export potential, primarily by Enterprise Ireland. The result is that the LEOs Offices support micro and small businesses until they progress to establishing a relationship with Enterprise Ireland, resulting in a continuous pathway of support. This is also facilitated by Skillnet, which helps small businesses identify training needs and access training. While the system is considered effective in creating pathways, a risk is that some traditional SMEs fall between support from both organisations.

Source: Be the Business (2020^[74]), "Be the Business", <https://www.bethebusiness.com/>; OECD (2018^[73]), *Leveraging Business Development Services for SME Productivity Growth: International Experience and Implications for United Kingdom Policy*, http://www.oecd.org/industry/smes/Final%20Draft%20Report_V11.pdf; OECD (2019^[75]), *SME and Entrepreneurship Policy in Ireland*, <https://dx.doi.org/10.1787/e726f46d-en>.

Recommendations for supporting businesses by providing targeted support

- 3.12. Raise the impact of business-to-business mentoring and coaching, in particular for SMEs, by promoting and incentivising businesses to participate.** Business-to-business mentoring and coaching are effective in changing workplace practices, especially for SMEs. The government of Northern Ireland, with a leading role for DfE, and government organisations that support business (most notably Invest NI), should build on and perhaps expand good existing programmes, such as the Mentoring Scheme by Invest NI, and highlight the importance of mentoring and coaching in the proposed strategy and campaign on strong management and leadership (Recommendations 3.1 and 3.3). To enhance the uptake of SMEs in these programmes, Northern Ireland could incentivise businesses to participate, for instance by challenging businesses to sign up to these programmes and by providing opportunities to match businesses with each other to stimulate business-to-business mentoring and coaching.
- 3.13. Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools.** The government of Northern Ireland, especially DfE, and related business support organisations, should effectively inform businesses about the many available programmes, and assist them with applications by providing practical and accessible guidelines and toolkits, including by raising the visibility and use of

nibusinessinfo.co.uk (as also proposed in Recommendation 3.7). Northern Ireland, with a crucial role for Invest NI, could also consider launching new diagnostic tools and/or expanding the use of existing ones (e.g. the Assessment Tool as part of the Invest NI Innovation Accreditation Programme), ideally integrated into nibusinessinfo.co.uk, to assist SMEs to identify relevant programmes, and to raise their awareness of these programmes. Finally, new regional skills hubs (see Chapter 5) could play a crucial role in informing the smallest businesses about relevant support programmes, and Northern Ireland could include business support for growth and innovation in the proposed campaign on leadership and management capabilities (Recommendation 3.3).

- 3.14. Launch an overarching new initiative for micro and small business support, which centralises and co-ordinates all support programmes for growth, innovation, and management and leadership (see Recommendation 3.6).** To strengthen the supply of support programmes for growth and innovation targeted at micro and small businesses, the government of Northern Ireland (especially DfE), with involvement from all relevant organisations (including Invest NI, Enterprise Northern Ireland, employer networks and organisations, regional skills hubs), should launch an overarching initiative or strand of business support to better target and align business support for micro and small businesses. It could also address the challenge of continuous and clear pathways for growth and the gap in management and leadership provision for micro and small businesses (Recommendation 3.6).

Expanding networking and increasing collaboration and knowledge spillovers between businesses

Evidence suggests that approaches that leverage employer networks or collaboration at the sectoral level are cost-efficient and more effective at catalysing change in workplaces than centralised approaches (OECD/ILO, 2017^[5]). These collaborative structures can take a number of forms, ranging from informal networking to formal networks with a central hub organisation and membership structure, fees and formal governance arrangements. This section will focus on three types of collaboration that could be considered most relevant for Northern Ireland: 1) informal networking; 2) collaboration in business clusters; and 3) knowledge spillovers between businesses (see Box 4.8 for relevant international examples).

Informal networking could be particularly relevant to engage businesses in Northern Ireland. Sharing business advice between managers through peer-to-peer learning or mentoring could be highly effective, especially for SMEs (OECD, 2018^[73]). For small businesses, informal connections and local networking with established and trusted relationships could help create a learning culture for businesses. Managers of small businesses often tend to rely on information from trusted types of connections – for example, SME managers often cite their accountants as the most popular source of business advice (OECD, 2018^[73]).

There are already many initiatives that support informal networking between businesses at the local level. Effectively all businesses support organisations described in this chapter facilitate networking to different degrees. For instance, the Northern Ireland Chamber of Commerce and Industry provides many networking opportunities with over 60 events per year. Networking is also a key part of activities by Invest NI, CBI, FSB, CIPD, the IoD, and Enterprise Northern Ireland. At the local level, business-led networks and district councils also provide many networking opportunities. An overview of all networking events in Northern Ireland is available at nibusinessinfo.co.uk through the “Events Finder”. The 2007 Management and Leadership Strategy of Northern Ireland also already emphasised the relevance of peer-to-peer learning and it included a proposal to establish new local business networks to increase the penetration of management development (Department for Employment and Learning, 2007^[44]).

Northern Ireland could further improve the impact of collaborative networks. A main challenge here is the comparatively weak culture of collaboration among small businesses. Like most countries,

the businesses most in need of enhanced adoption of HPWP are not the firms most actively participating in collaborative initiatives. Under-represented and disadvantaged groups of businesses typically have more limited networks, often because they rely on friends and family who typically face similar disadvantages (OECD/European Commission, 2015^[76]). Continued promotion of networking is critical to ensure that these under-represented groups participate, including by supporting the development of active networks for smaller businesses, and to promote linkages of these networks with networks for larger businesses. To raise participation in networks, Northern Ireland could also consider introducing incentives (e.g. by linking networks with training and access to financing), making them more accessible (e.g. by supporting easily accessible online networks), or by making them more effective (e.g. by ensuring clear and tangible benefits, a high degree of interaction and a sense of ownership) (OECD/European Commission, 2015^[76]).

The second type of business collaboration is business clusters, which could be considered more formal support networks where businesses are interconnected, often in the same sector, and with a strong geographic concentration. For Northern Ireland, these could be especially relevant. First, regional differences create the need for a local approach to business support, and megatrends are likely to further deepen differences between regions (e.g. automation and technological developments are expected to benefit in particular sectors over-represented in Belfast) (Johnston et al., 2019^[27]). Clusters embody the local approach needed to respond to these challenges. Second, stakeholders in the project emphasised that business support for specific or prioritised sectors could help overcome constraints in overall resources available, and clusters policy would allow for differentiation and targeted support to specific sectors where it could have the highest impact. Third, evidence from small, advanced economies shows that strategic clusters are effective in generating strong returns on innovation and that identifying target clusters is central to the strategic integration of skills and innovation policy (Skilling, 2019^[1]).

Northern Ireland does not have a formal cluster policy at the moment, but there is an increasing number of initiatives that stimulate activity between businesses and other organisations (Hetherington, Magennis and Victor, 2019^[77]). For instance, many programmes run by Invest NI have a strong focus on collaborative working (e.g. the Competence Centres, the Collaborative Growth Programme, Knowledge Transfer Partnerships, and Innovation Vouchers) and as part of the Belfast Regional City Deal, various projects have been launched with a strong emphasis on partnerships and networks (e.g. the Advanced Manufacturing Innovation Centre). Stakeholders emphasised that in the absence of a formal cluster policy, there is strong support for them, and many natural clusters or sectoral concentrations of businesses already exist; for example ICT and professional sectors in Belfast, and manufacturing of machinery in Mid Ulster. These collaborative initiatives and strong overall support for clusters, create momentum for efforts to strengthen business clusters in Northern Ireland. Both the draft Industrial Strategy *Economy 2030* and the *Innovation Strategy* already emphasise the importance of strategic priority clusters to generate strong returns. Northern Ireland should ensure that this will be followed by specific actions, increased granularity and better external communication and engagement (Skilling, 2019^[1]).

The government of Northern Ireland should lever the existing initiatives and networks, and enhance their impact by consolidating support. Cluster policy in Northern Ireland should not be a stand-alone intervention, but it should be fully integrated with other business-related policies and programmes (Hetherington, Magennis and Victor, 2019^[77]). Given the overlap with other policy areas, clusters need to embody an inclusive approach that promotes synergies, including the application of a triple, quadruple or quintuple innovation helix framework for the interactions between industry, university, government, public and the environment. Moreover, the identification of strategic priority clusters could help increase the impact of innovation policies. Both *Economy 2030* and the *Innovation Strategy* identify priority clusters, but while there is overlap in the selected sectors, they are not fully aligned (Skilling, 2019^[1]).

Improving the governance and organisation of clusters could enhance their impact. Northern Ireland should, in particular, encourage the establishment of cluster management organisations (CMO), which could function as catalysts for collaboration, raise trust in the cluster, create stability, and could function as

an intermediary between top-down government support for the cluster policy and bottom-up collaboration with businesses (Hetherington, Magennis and Victor, 2019^[77]). Activities could include, among others, match-making services for businesses in the cluster, knowledge exchange, promotion of the cluster and region, acquisition of funding for participants and accessing HR/skills development. To strengthen the governance of clusters, information, and the sharing of knowledge are crucial for success. To raise the number of participating businesses, it would be highly relevant to clearly communicate the benefits of collaboration and clusters. Nibusinessinfo.co.uk (Invest NI, 2020^[57]) already provides businesses with practical information on clusters and their benefits, but this information could be expanded.

The final type of collaboration between businesses is knowledge spillovers, in particular between large, often international, businesses and the small, local businesses in Northern Ireland. As a small, advanced economy, Northern Ireland is highly dependent on external pressures and investment, and Northern Ireland successfully manages to attract foreign direct investment (FDI). In recent years, Northern Ireland was the UK region with the largest increases in FDI projects, especially from the United States and the Republic of Ireland (EY, 2019^[78]). FDI has a large effect on the Northern Ireland economy, with around 25% of employment estimated to come from businesses owned outside the country, but not all businesses benefit from this. Northern Ireland could likely make better use of international, large businesses to benefit small, local businesses (Skilling, 2019^[11]).

Given the right conditions, small businesses could learn from larger businesses, which, as shown in the assessment, generally perform better in skills utilisation, the adoption of HPWP, management capabilities, and employee engagement and empowerment. In Northern Ireland, differences in, for example, management quality between foreign multinationals and domestic firms, are especially large (Bloom and Reenen, 2010^[40]). Knowledge spillovers resulting from more collaboration between international, large businesses and small, local businesses could have the potential to raise innovation capacity and performance. In many countries, knowledge spillovers are an important driver of management quality, and the arrival of large new entrants in a country generally help to increase the average management performance of existing businesses (Bloom et al., 2019^[34]). These spillovers appear in different forms, including direct knowledge transfers through partnerships, opportunities to observe and learn the technologies of foreign firms and movement in the labour market (Alfaro and Chen, 2013^[79]).

Knowledge spillovers are particularly effective when they happen within the value chain. This could, for instance, happen in projects with shared domestic and foreign ownership, through interactions between foreign businesses and local suppliers in upstream sectors (Javorcik, 2004^[80]). For Northern Ireland, such an approach could be especially relevant given that it would help to overcome the lack of trust and fear of losing intellectual property to competitors, which are among the main barriers to collaboration for businesses (Hetherington, Magennis and Victor, 2019^[77]). Stakeholders expressed support for measures to enhance these types of knowledge spillovers within the value chain of businesses. This could involve actions that would incentivise both large and small businesses to participate in this type of collaboration. For example, within the supply chain, mentoring and coaching of managers of small and local suppliers by the large international firm could be introduced as a condition for receiving business support (for instance, by Invest NI). These types of collaborations would help the development of local business sectors and would make Northern Ireland less vulnerable to changes in FDI.

Box 4.8. Relevant international examples: Networks, clusters and knowledge spillovers

Leadership development and networking: An example from Scotland

Entrepreneurial Scotland is a member network and leadership development organisation that provides opportunities for like-minded, ambitious individuals to share experiences and develop their leadership skills. The network offers different development programmes that build on the network. For instance, eVolve is a two-year, fully sponsored programme for growth and scaling of businesses through coaching and peer mentoring.

Raising innovation in SMEs through a cluster approach: An example from Norway

The Cluster Innovation Programme by the Norway Innovation Agency is an example of an initiative that has driven an increase in demand for business advice by SMEs, by building a strong national brand for advice, combined with active outreach to SMEs. The initiative identifies SMEs in six key clusters (e.g. bio-economy, clean energy and creative industries) and offers them subsidised business advice and mentoring as part of the programme, which is provided by other actors in their cluster, including other firms, research institutes and higher education institutions. Its intended outcome is to help SMEs start or accelerate change processes that will renew their products, services, processes and business models. Some 2 700 companies are currently supported in 30 clusters. A key success factor of the programme is that regional clusters with a relevant technology base in one of the selected focus areas of the programme are invited to apply for the support through an open call.

Matching SMEs with larger businesses: An example from Japan

In Japan, SME Support Japan, a government-run organisation overseen by the Ministry of Economy, Trade and Industry, promotes SMEs in Japan and abroad. SME Support Japan runs the initiative J-Good Tech, an online business matching site that connects SMEs with larger domestic and foreign companies. The overall aim is to support the creation of strategic partnerships between businesses and facilitate the exchange of information and ideas. The service is free to use, and companies are screened before they are listed on the site. Currently, 18 100 companies in Japan and abroad use the service, resulting in hundreds of SMEs and large companies exchanging ideas and collaborating on products.

Source: Entrepreneurial Scotland (2020^[81]), "Entrepreneurial Scotland", <https://www.entrepreneurialscotland.com/>; OECD (2018^[73]), *Leveraging Business Development Services for SME Productivity Growth: International Experience and Implications for United Kingdom Policy*, http://www.oecd.org/industry/smes/Final%20Draft%20Report_V11.pdf; J-Good Tech (2019^[82]), "J-Good Tech", <https://jgoodtech.jp/pub/jal/>.

Recommendations for supporting businesses by expanding networking, collaboration and knowledge spillovers between businesses

- 3.15. Promote peer-to-peer learning for small businesses by increasing their participation in informal business networks.** Organisations that run business networks, including the Northern Ireland Chamber of Commerce and Industry, Invest NI, and Enterprise Northern Ireland should aim to increase the participation of under-represented groups, especially small and locally operating businesses, in their business networks. These organisations could consider enhancing the promotion of their networks by introducing active outreach campaigns (potentially linked to the proposed campaign on management and leadership, Recommendation 3.3) through which the benefits are clearly communicated. Moreover, they could raise the impact of the networks by ensuring a high degree of interaction in networks, introducing measures to promote participation in networks (e.g. by linking networks with training and access to financing), developing clearly defined objectives for these networks, supporting the use of online networks, and designing networks in a way that ensures ownership by the members to build trust in the network.

- 3.16. Strengthen business clusters, by leveraging existing networks, consolidating support, identifying strategic priority clusters and strengthening their governance.** The government of Northern Ireland, with a leading role for DfE, should build on the cluster policy in the strategy *Economy 2030* and the *Innovation Strategy*, by selecting specific actions, increasing granularity and improving external communication and engagement. To increase the impact of clusters, Northern Ireland should ensure that cluster policies are not a stand-alone intervention, but are fully integrated with other business-related policies and programmes (including the discussed management and leadership programmes and proposed initiative for micro and small business support, Recommendation 3.14). Furthermore, Northern Ireland should ensure it has a consistent list of strategic priority clusters, instead of different partially overlapping lists; encourage the establishment of cluster management organisations (CMO) to raise trust in the clusters; and create stability and function as a catalyst for collaboration. Finally, Northern Ireland should more actively communicate the benefits of collaboration and clusters, including through expanding information on nibusinessinfo.co.uk.
- 3.17. Raise the benefits of FDI by facilitating and incentivising knowledge spillovers between large, foreign-owned businesses and small, local businesses.** Building on the success in attracting FDI, the government of Northern Ireland, and in particular Invest NI, should aim to spread the benefits more widely by facilitating and incentivising knowledge spillovers between foreign-owned businesses and small, local businesses. In particular, the government of Northern Ireland should promote projects with shared domestic and foreign ownership and thereby expand interactions within the value chain, between foreign businesses and local suppliers. Northern Ireland could consider incentivising businesses to participate in this type of collaboration, by making mentoring and coaching of the managers of local suppliers a condition for large international businesses to benefit from government support.

Overview and discussion of recommendations

This chapter discussed how better skills utilisation could help Northern Ireland further improve the performance of its workers and businesses, with benefits for both its society and economy. Better skills use could help seize opportunities in the context of megatrends and uncertainty related to the UK's exit from the EU and the economic shock following the COVID-19 pandemic, as it will boost productivity, stimulate innovation and raise competitiveness. Public policy makers can work with employers to help create the conditions, or provide direct support, for strengthening skills use in workplaces. For Northern Ireland, it would be key to transform workplaces to make even better use of its workforce's skills.

Three opportunities have been selected to support this transformation:

1. Strengthening management and leadership capabilities.
2. Developing engaging and empowering workplaces.
3. Strengthening support structures for businesses.

The chapter presented a total of 17 recommendations to transform workplaces to make better use of skills. This selection is based on input from literature, desk research, discussions with the Northern Ireland Project Team, and broad engagement with a large variety of stakeholders, including two workshops in Belfast, two meetings in Derry/Londonderry, a meeting in Dungannon and various related meetings and group discussions.

The OECD recommends strengthening management and leadership capabilities by developing a renewed strategy for management and leadership in Northern Ireland (Recommendation 3.1) to set out a direction and highlight the actions that need to be taken to improve performance (3.2, 3.4-3.6). To raise the profile of this strategy, Northern Ireland should launch an overarching campaign targeting managers and leaders

to drive an overall cultural change. This campaign could help to raise awareness of the benefits of strong management and leadership (3.3), the need to empower and engage the workforce (3.7), and the relevance of business-to-business mentoring and coaching (3.12). The effective dissemination of information is key to support management quality in businesses, and to this end, the OECD recommends centralising all information on management and leadership programmes (3.4), raising visibility and use of information on nibusinessinfo.co.uk (3.7) and introducing and/or expanding diagnostic tools (3.13). These measures could be complemented by stronger incentives for businesses to adopt desirable workplace practices. For instance, a charter approach or business pledge could help promote practices that raise employee engagement and empowerment (3.8), and quality marks (e.g. IIP) and mentoring programmes could potentially be linked to support measures (3.9 and 3.17).

Northern Ireland should build on many good existing initiatives and actions. For instance, the *Innovation Strategy* and draft industrial strategy *Economy 2030* already described many relevant actions, and Northern Ireland should ensure their successful implementation. This is especially relevant in the context of developing the right skills in the education system (3.2), ensuring an efficient and effective NICS (3.11), and the development of clusters (3.16). Northern Ireland should also aim to better utilise and promote existing information portals, most notably nibusinessinfo.co.uk (3.7 and 3.13).

Given indications of the limited provision of support for micro and small businesses, it is recommended to launch a new overarching initiative for micro and small business support to centralise and co-ordinate support programmes for growth and innovation (3.14), which could also include new management and leadership programmes for micro and small businesses (3.6). Moreover, to transform workplaces, Northern Ireland could put more emphasis on collaboration between businesses to drive innovation and growth, and raise the performance of workplaces. For instance, Northern Ireland could increase the participation of small businesses in informal business networks to strengthen peer-to-peer learning (3.15), strengthen business clusters (3.16) and facilitate and incentivise knowledge spillovers between large, foreign-owned businesses and small, local businesses (3.17).

Based on discussions with the Northern Ireland Project Team, three recommendations have been selected that could be considered to have the highest priority based on potential impact, relevance in the current Northern Ireland context, as well as the overall support for implementation. To transform workplaces to make better use of skills, the OECD recommends that Northern Ireland:

- Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action (Recommendation 3.1).
- Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes or expanding existing ones (Recommendation 3.6).
- Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools (Recommendation 3.13).

Table 4.3. High-level overview of recommendations to transform workplaces to make better use of skills in Northern Ireland

| Policy directions | Recommendations | Responsible parties |
|--|---|---|
| Opportunity 1: Strengthening management and leadership capabilities | | |
| Making management and leadership capabilities a priority for Northern Ireland | 3.1. Develop a new strategy for management and leadership capabilities to raise awareness of the challenge, provide a co-ordinated approach and set out a direction for action. | <ul style="list-style-type: none"> • DfE, DfC, DoF, DE • Business support, especially Invest NI • Business/employer/employee organisations |
| Developing the right skills and attitudes for managers and leaders of the future | 3.2. Expand the role of entrepreneurship education and the development of other soft skills needed in the labour market in school curricula. | <ul style="list-style-type: none"> • DE, DfE, CCEA |

| Policy directions | Recommendations | Responsible parties |
|---|--|---|
| Raising the motivation to participate in lifelong learning for current managers and leaders | 3.3. Launch a new campaign to highlight the importance of management and leadership capabilities, emphasising its benefits and promoting strong performers, and targeted to small businesses. | <ul style="list-style-type: none"> • DfE • Regional skills hubs • Business support, especially Invest NI |
| | 3.4. Centralise all information on management and leadership programmes on one location within nibusinessinfo.co.uk or the Invest NI website. | <ul style="list-style-type: none"> • DfE • Invest NI |
| Minimising barriers to participate in lifelong learning for managers and leaders | 3.5. Raise financial support, and allocate funding efficiently, to reduce financial barriers to participation in management and leadership programmes. | <ul style="list-style-type: none"> • DoF, DfE, DE |
| | 3.6. Ensure sufficient provision of management and leadership programmes for micro and small businesses by introducing new programmes, or expanding existing ones. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI |
| Opportunity 2: Developing engaging and empowering workplaces | | |
| Raising engagement and empowerment of employees in the business sector | 3.7. Promote a business culture where employers value and encourage employees, by raising awareness of relevant workplace practices and the benefits of an empowered and engaged workforce. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Business/employer/employee organisations • Regional skills hubs |
| | 3.8. Introduce a charter or business pledge where employers formally endorse principles concerning employees and their working conditions. | <ul style="list-style-type: none"> • DfE |
| | 3.9. Make quality marks (e.g. Investors in People [IIP]) a condition for medium- and larger sized businesses to benefit from business support programmes. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI |
| Raising engagement and empowerment of civil servants | 3.10. Develop a NICS management and leadership culture that supports employee engagement, by strengthening management training, enhancing internal mobility and adopting HPWP. | <ul style="list-style-type: none"> • NICS |
| | 3.11. Strengthen the implementation of proposed actions in the <i>Innovation Strategy</i> and <i>NICS People Strategy 2018-21</i> , by raising their granularity and including outcome-based targets. | <ul style="list-style-type: none"> • NICS |
| Opportunity 3: Strengthening support structures for businesses | | |
| Providing targeted support to businesses | 3.12. Raise the impact of business-to-business mentoring and coaching, in particular for SMEs, by promoting and incentivising businesses to participate. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Business/employer/employee organisations • Regional skills hubs |
| | 3.13. Improve information on business support programmes for growth and innovation, especially for micro and small businesses, including by raising the profile of nibusinessinfo.co.uk and launching diagnostic tools. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Regional skills hubs |
| | 3.14. Launch an overarching new initiative for micro and small business support, which centralises and co-ordinates all support programmes for growth, innovation, and management and leadership (see Recommendation 3.6). | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI • Regional skills hubs |
| Expanding networking and increasing collaboration and knowledge spillovers between businesses | 3.15. Promote peer-to-peer learning for small businesses by increasing their participation in informal business networks. | <ul style="list-style-type: none"> • Business/employer/employee organisations, especially NI Chamber of Commerce and Industry, Invest NI • Regional skills hubs |
| | 3.16. Strengthen business clusters, by leveraging existing networks, consolidating support, identifying strategic priority clusters and strengthening their governance. | <ul style="list-style-type: none"> • DfE • Business support • Regional skills hubs |
| | 3.17. Raise the benefits of FDI by facilitating and incentivising knowledge spillovers between large, foreign-owned businesses and small, local businesses. | <ul style="list-style-type: none"> • DfE • Business support, especially Invest NI |

Note: DfE is the Department for the Economy; DfC is the Department for Communities; DoF is the Department of Finance; DE is the Department of Education; CCEA is the Council for the Curriculum, Examinations and Assessment; Invest NI is Invest Northern Ireland; HPWP is high-performance workplace practices.

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Annex 4.A. Definitions and measurement of skills use and workplace practices

Skills use

The OECD Skills Strategy Framework (OECD, 2019^[3]) and its pillar on “using skills effectively” describes skills utilisation in both the labour market (also referred to as “activation”) and in workplaces. This chapter solely addressed the latter interpretation of skills use because it is less intensively covered in other studies and is very relevant for productivity, demographic and innovation challenges in Northern Ireland.

The Survey of Adult Skills (PIAAC) is one of the main sources used to analyse the use of information-processing skills in workplaces, including reading, writing, numeracy, information and communication technology (ICT) and problem solving. The approach used in the Survey of Adult Skills (PIAAC) follows the job requirements approach (JRA), whereby the survey enquires about the frequency with which tasks relevant to each skill are carried out. For example, the survey measures the frequency (from 1 “never carried out” to 5 “carried out every day”) for ICT-related tasks such as the use of email, spreadsheets and programming languages, which result in a composite variable for the use of ICT skills. To assess the “effectiveness” of skills use, these frequency indicators need to be analysed in combination with the actual skill levels. The method has some limitations, including that: 1) these measures are developed on self-reported data, and could be affected by workers’ skills and perceptions; and 2) the measures are based on task frequency and thereby may not capture the full list and complexity of tasks for skill types (OECD, 2016^[6]).

High-performance workplace practices (HPWP)

Despite considerable literature on HPWP, there is no consensus on the exact definition (UKCES, 2009^[83]; Posthuma et al., 2013^[84]). There is not a universal list of HPWP that can be applied to any organisation since their effect can depend heavily on organisational context. Organisations should implement a system of practices that complement and reinforce each other and fit the specific organisation. A number of authors have tried to identify specific practices and different categories of HPWP, for example, Posthuma et al. (2013^[84]) and Sung and Ashton (2006^[85]). A definition of HPWP has been developed based on the analysis of Survey of Adult Skills (PIAAC) data (OECD, 2016^[6]). These taxonomies differ in both depth and breadth.

This chapter applies a pragmatic approach, where broad categories of workplace practices are selected based on existing taxonomies and driven by available data on underlying indicators. The following broad categories of HPWP have been selected:

- **Flexibility and autonomy** includes flexibility in working time and tasks, involvement in setting tasks, planning activities and applying own ideas.
- **Teamwork and information sharing** includes receiving support from colleagues, working in a team, and sharing work-related information with colleagues.
- **Training and development** includes participation in continuing vocational training and on-the-job training.
- **Benefits, career progression and performance management** includes bonuses, career advancement, performance appraisal and competency profiles.

5

Strengthening the governance of skills policies in Northern Ireland

Effective governance arrangements are essential to support Northern Ireland's (United Kingdom) performance in developing and using people's skills. The success of skills policies typically depends on the responses and actions of a wide range of actors, including government, learners, educators, workers, employers and trade unions. A whole-of-government approach, effective stakeholder engagement, integrated information systems and co-ordinated financing arrangements are essential to improve skills development and use. This chapter explains the importance of strengthening the governance of skills and provides an overview of current practices and performance in Northern Ireland. It then explores three opportunities to strengthen skills governance: making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland's skills system; increasing co-ordination and information distribution across the whole of government; and improving employer engagement in the governance of skills policies.

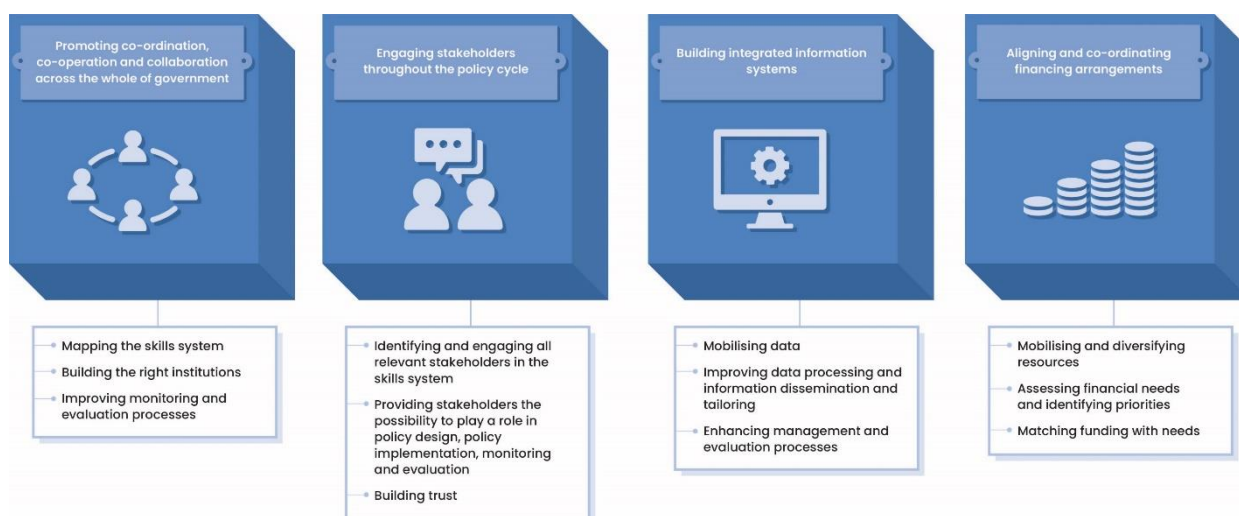
The importance of strengthening the governance of skills policies

Well-functioning governance arrangements are central for effective skills policies and creating a sustainable skills system. Policies that aim to reduce skills imbalances, create a culture of lifelong learning, or transform workplaces to make better use of skills will only realise their full potential if accompanied by supportive governance arrangements. Potential policy responses to the economic crisis resulting from the COVID-19 (coronavirus) pandemic also necessitate strong governance arrangements in the area of skills policies, as many challenges of Northern Ireland's skill system identified throughout this report might be reinforced. Creating such well-functioning governance arrangements can, however, be challenging.

Skills policies contribute to societal as well as economic goals (Carstensen and Ibsen, 2019^[11]) both fostering economic development, as evidenced through key indicators like wages, productivity, growth and export performance, as well as suppressing unemployment and wage inequality (Ashton and Green, 1996^[22]; Busemeyer, 2015^[33]). The governance structures of skills policies are therefore complex. They require the involvement of a wide variety of actors in the provision, financing, reform and day-to-day administration of skills policy, ranging from different levels of government to stakeholders such as employers, employees, their associations, education and training providers, and students. In addition, in terms of responsibilities within government, skills policies lie at the intersection between more "traditional" policy fields and departments responsible for educational policy, labour market policy, innovation policy, industrial policy and others. Furthermore, skills policy is shaped by substantial uncertainty, especially in the face of rapid technological change, globalisation, and demographic and climate change, as well as the current economic crisis resulting from COVID-19. For example, skills needs might fundamentally change as a result of COVID-19. In the short term, this could be due to an increasing economic downturn in especially affected sectors. In the long term, relocations of economic sectors considered as critical infrastructure or changed consumer behaviour leading to structural economic change (e.g. boosting online trade and business practices, increased domestic business and tourism) could change skill needs. An inherent complexity thus emerges within this policy field.

In order to tackle the complex dynamics within the governance of skills policies, the OECD Skills Strategy (OECD, 2019^[41]) identifies four pillars on which well-functioning governance arrangements are built (see Figure 5.1).

Figure 5.1. The four pillars for strengthening the governance of skills policies



Source: OECD (2019^[41]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/9789264313835-en>.

The first pillar captures co-ordination across the whole of government (“whole-of-government approach”). This includes “vertical” co-ordination between different levels of government (including the district council level, the central government of Northern Ireland and the United Kingdom [UK] Government), as well as “horizontal” co-ordination between different departments of government that are either directly responsible for skills policy or impact on skills policies; for example via funding arrangements (i.e. Department of Finance [DoF]). The second pillar emphasises the importance of stakeholder engagement in skills policies. These non-governmental stakeholders include employers and their associations, trade unions as well as education and training providers, students, and the voluntary and community sector. Engagement can range from opportunities for these stakeholders to voice their concerns, to a more wide-reaching delegation of governance tasks. Particularistic behaviour and undue influence of stakeholders should, however, be avoided in any of these forms of stakeholder engagement. Thirdly, integrated information systems on (future) skills needs are necessary to cope with the inherent complexity and uncertainty present in skills policy. Such systems help government and individuals as well as associated stakeholders to make informed decisions, leading to better skills outcomes. The final pillar captures the necessity of aligning and co-ordinating financing arrangements within skills policy. This includes the need to respond to the financial challenges and opportunities that will arise as a consequence of the UK’s exit from the European Union (EU) and the economic crisis resulting from COVID-19. Given that the benefits of skills policies are most visible in the long term, funding arrangements should be aligned in ways that overcome a focus on the short-term financial needs of all engaged actors. Furthermore, perverse incentives should be avoided in order to make the most efficient use of available funding.

These four pillars (OECD, 2019^[4]) can be seen as enabling conditions for the other three priority areas discussed in this report. For example, without integrated information systems, lifelong learning might not provide the right skills that are needed, and would, therefore, reinforce skills imbalances. Similarly, without sufficient stakeholder engagement, policies aimed at improving skills use in the workplace might not be directed at the needs of employers in Northern Ireland. Without co-ordination across the whole of government, policies tackling skills imbalances might be implemented separately by different departments, possibly leading to inadequate and inefficient use of resources with harmful side effects that can compromise the effectiveness of the policies; for example, through unintended cycling of individuals between different programmes. If departments react individually to problems of skills imbalances, they might also unintentionally “overshoot” as a consequence of their cumulative, but individual and isolated policy responses, resulting in excess supply in the provision of certain skills. This chapter will first provide an overview of Northern Ireland’s skills governance system and performance. Subsequently, it identifies opportunities that can help Northern Ireland to strengthen the governance of its skills system, based on desk research and discussions with government and stakeholder representatives (participants) consulted during this project.

Northern Ireland’s practices and performance in strengthening the governance of skills policies

Current practices to strengthen the governance of skills policies

Governance arrangements in skills policies are not only inherently complex, but they also differ heavily between locations, depending on historical, cultural and socio-economic factors (Thelen, 2004^[5]). Consequently, “one-size-fits-all” recommendations for strengthening the governance of skills systems are often inadequate (OECD, 2019^[6]). Nonetheless, learning from international best practices can be possible when their institutional context is taken into account. This chapter, therefore, aims to base its recommendations, partially influenced by relevant best-practice examples, within the specific context of Northern Ireland’s skills system.

In general, Northern Ireland's skills system, alongside the UK's overall skills system, can be classified as a so-called "liberal" skills system (Busemeyer and Trampusch, 2012^[7]). In terms of governance structures, liberal systems provide skills mostly via the general education system and/or markets; i.e. with individuals financing a substantial part of higher education and vocational/further education via tuition fees. Furthermore, in liberal skills systems, vocational education is often seen as inferior compared to academic and higher education, and is mostly provided by further education (FE) colleges. Consequently, employer engagement in the governance and provision (and consequently also funding) of vocational education and training is rather low in most liberal skills systems compared to the "collective" skills systems of continental European countries with strong dual apprenticeship schemes.

Education and training providers and governmental stakeholders

In Northern Ireland, secondary level education is carried out in both grammar schools with entry requirements, which tend to teach more general, academic skills, as well as in secondary schools, which teach more vocational skills (Irwin, 2019^[8]; Raffe et al., 1999^[9]). According to recent studies (Irwin, 2019^[8]), students leaving grammar schools are substantially more likely to continue to higher education and even further education, compared to students from secondary schools. At the age of 16 and above, students either continue at school, with many of them joining university afterwards, or go to FE colleges that offer further education, higher education and essential skills training. At a lower level, this can include general education; for example, leading to university entrance qualifications. Vocationally-oriented programmes are offered at all levels. FE colleges also offer full-time as well as part-time programmes, with some of the part-time vocational programmes following the apprenticeship principle of combined school- and work-based education (ranging from youth training and lower level apprenticeships to higher-level apprenticeships). However, these vocational programmes and FE colleges in Northern Ireland are "seen as a lower-status route and, in an education system where success is still in many ways defined as academic education, FE is not a first-choice option for many school-leavers" (Irwin, 2019^[8]). FE colleges and, to a lesser extent, universities are also involved in offering courses in adult education, and certain courses tailored to the needs of specific employers (as also discussed in Chapters 2 and 3). These include the recently introduced programmes InnovateUs and Skills Focus, which target small and medium-sized enterprises (SMEs), or the Assured Skills programme introduced by the Department for the Economy (DfE) and Northern Ireland's regional development agency Invest NI, which is targeted mostly at foreign investors.

Concerning the governmental actors involved, many responsibilities for skills policies were centralised in DfE in 2016, including the above-mentioned employment and skills programmes (including apprenticeships), higher and further education and career services. The Department of Education (DE) is responsible for early childhood, primary and secondary level education, special education and the youth service, and also manages career education and skills policy in primary and post-primary schools. The Department for Communities (DfC) is responsible for programmes targeted at job seekers and those who are unemployed, as well as policies related to inclusion, gender equality, disability, sexual orientation and population ageing. The Department of Agriculture, Environment and Rural Affairs (DAERA) is responsible for skills policy (higher education, further education, industry training) in its area of policy, including the College of Agriculture, Food and Rural Enterprise. Similarly, the Department of Health (DoH) is responsible for skills policy in health and social care, ensuring a sufficient supply of qualified staff. Finally, DoF sets the budget for all departments and runs the Northern Ireland Statistics and Research Agency (NISRA), the principal source of official statistics and social research in Northern Ireland.

The reform of local government in 2015 also gave local actors new responsibilities in addition to their previously only marginal role in skills policy (i.e. local economic development) (Knox and Carmichael, 2015^[10]). Now responsible for community planning are 11 district councils, which can also tackle skills policy, including consultations with local employers on their skills needs (OECD, 2019^[11]). New City Deals for Belfast and Derry/Londonderry and Growth Deals for Mid South West and Causeway Coast and Glens

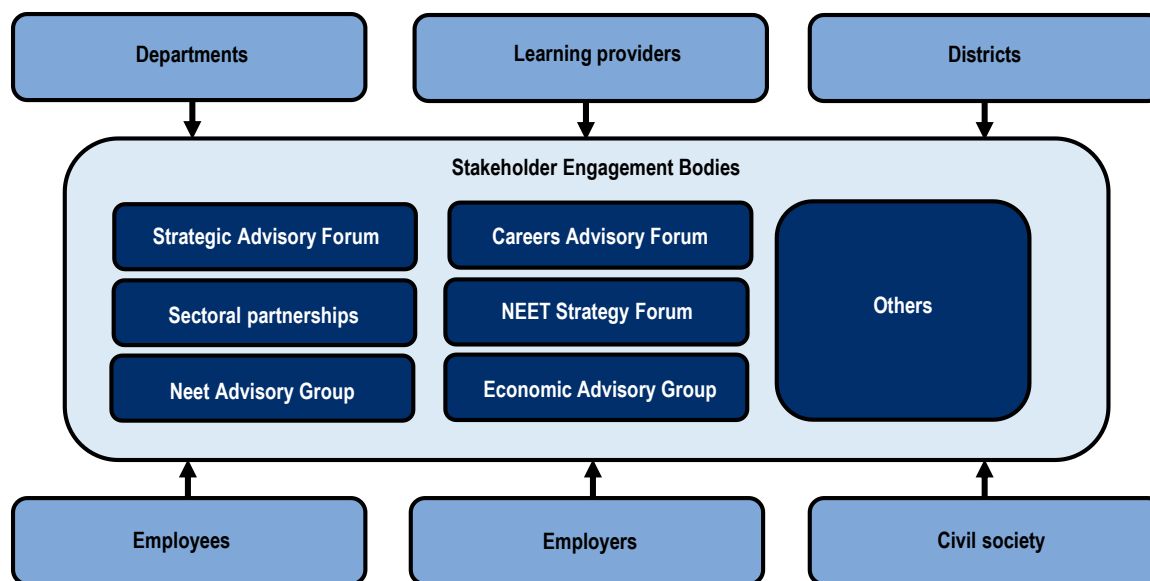
also transfer additional responsibilities in skills policies to the local level, with a new governance structure, including a Northern Ireland City and Growth Deals Working Group, regional Joint Council Forums and Programme Boards, and regional Pillar Advisory Boards responsible for specific policy pillars (e.g. employability and skills). More details are provided in Opportunity 2.

Non-governmental stakeholders

Concerning the non-governmental stakeholders who are involved, Northern Ireland partially exhibits the typical characteristics of a liberal skills system. For example, employer engagement in the governance of the above-mentioned skills policies is historically rather low compared to continental European countries. However, as part of the *Success* strategies on skills policy, Northern Ireland has in the recent past tried to substantially improve the stakeholder engagement of employers, employees, education and training providers as well as the voluntary and community sector via a number of newly established stakeholder consultation bodies (DEL, 2014^[12]; DEL, 2015^[13]; DEL; DE, 2009^[14]).

Figure 5.2 depicts some of the actors and above-mentioned stakeholder engagement bodies. The Strategic Advisory Forum consists of employers, education and training providers, government representatives and trade unions, and advises the government on the provision of apprenticeships and youth training. Sectoral Partnerships for youth training and apprenticeships define curricula, structure, awards, and qualifications for each occupation within their sector, inform assessment and end-testing and try to increase participation in these skills policies. The Career Advisory Forum consists of representatives from business, education, and other key stakeholders to advise the government on career guidance, bringing education closer to labour market needs, and supporting local stakeholder involvement of service users, education providers and business. The NEET Strategy Forum includes over 80 voluntary and community sector organisations, giving that sector a voice in government policies targeted at those not in education, employment or training (NEET). The NEET Advisory Group consists of government representatives, health trusts, business and representatives from the NEET Strategy Forum. There is also a number of already well-established employer engagement bodies. This includes, for example, Sectoral Action Groups on future skills needs (DEL, 2006^[15]). Furthermore, as a response to the Independent Review of Economic Policy commissioned by the former Department of Enterprise, Trade and Investment, the Economic Advisory Group was set up in 2010.

Figure 5.2. Selection of actors and stakeholder engagement bodies in Northern Ireland



Sector Skills Councils are independent, employer-led organisations that aim to reduce skills shortages (via promoting training participating) and improve learning standards. Sector Training Councils articulate the skills, education and training needs of their sectors and advise DfE. However, older employer engagement bodies have become less and less important (OECD, 2019^[11]). For example, as funding from central government drastically declined in an attempt to make them more self-sustainable, the majority of Sector Councils have ceased to exist.

Funding arrangements and information systems

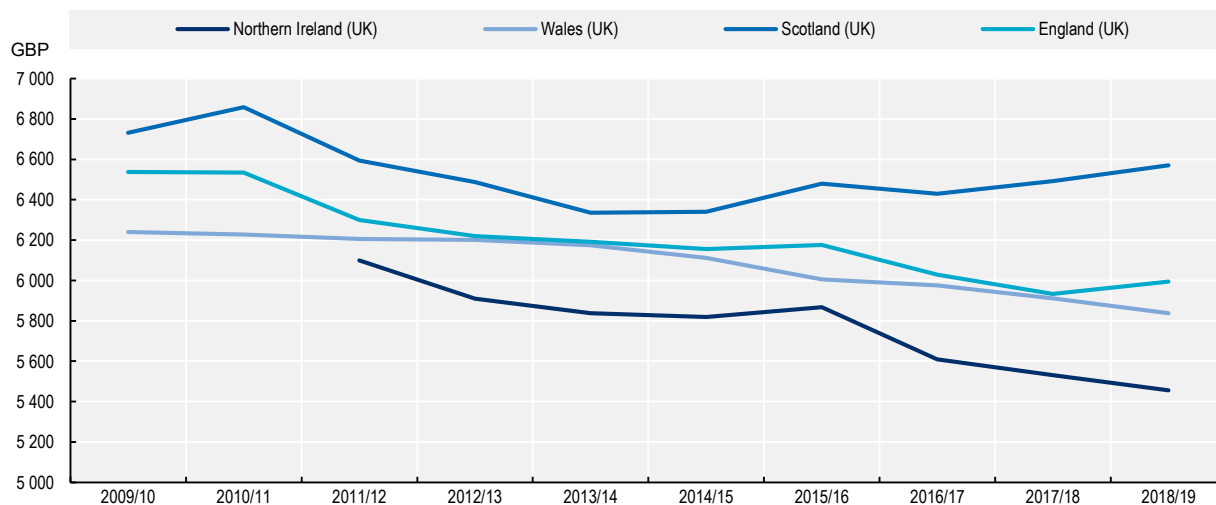
Northern Ireland has a variety of databases available on skills policy, with responsible agencies including different government departments, NISRA, the Universities and Colleges Admission Service, the UK's Higher Education Statistics Agency and the UK's Office for National Statistics. Northern Ireland has also introduced the Northern Ireland Skills Barometer, which is undertaken by the Ulster University Economic Policy Centre (UUEPC) under the direction of DfE (DEL, 2014^[12]; UUEPC, 2019^[16]). Its main purpose is to forecast future skills requirements and skills gaps by qualification level, field of study and sector. Recent amendments to the Skills Barometer will also result in this information being provided at a local council level for Northern Ireland. The project was commissioned in 2015 and provides updates every two years, with the latest report released in 2019. There are also online portals that distribute information concerning skills programmes, namely nidirect.gov.uk for citizens and nibusinessinfo.co.uk for employers.

Financing arrangements for skills policies in Northern Ireland are largely typical of a liberal skills system and often follow market logic. For example, participation in higher education as well as vocational education at FE colleges is usually subject to tuition fees and is therefore partly financed by individuals. However, skills policies targeted directly at employers are often partly or wholly paid for by government subsidies, such as the above-mentioned InnovateUs, Skills Focus, Assured Skills or Innovation Voucher programmes. Furthermore, the European Social Fund (ESF) contributes heavily to a variety of measures in Northern Ireland's skills system. Funding for the off-the-job training element of apprenticeships is provided by both DfE and the ESF for individuals below the age of 25. Employers pay apprenticeship wages according to the National Minimum Wage Regulations but, in contrast to continental European countries, there are very few employers that train apprentices. There are also subsidies in place to increase employer participation in training. Furthermore, all employers with an annual pay bill of more than GBP 3 million have to pay into the UK-wide Apprenticeship Levy; however, revenue from the levy is currently not used to increase training participation. Public funding for education and training providers is allocated mostly according to different input targets and measures, with funding being set according to a centrally set number of places (universities), a number of retained students (schools) and a staged model considering the number of students in colleges (Gunson, Murray and Williamson, 2018^[17]). New sources of funding from the UK Government will also become available through the new City Deals for Belfast and Derry/Londonderry and the Growth Deals for Mid South West and Causeway Coast and Glens.

Performance in strengthening the governance of skills policies

In the OECD's assessment workshop in Northern Ireland, stakeholders ranked funding as the most important area for improving Northern Ireland's skills systems. First of all, a significant issue for Northern Ireland's skill system concerns the tight and steadily decreasing financial resources allocated to skills policies. The critical funding situation in the field of skills policies is, for example, reflected in school spending per pupil, as shown in Figure 5.3 for Northern Ireland, which lies not only well below spending in Scotland, England and Wales (United Kingdom), but has also been continuously decreasing since 2015.

Figure 5.3. School spending per pupil across England, Wales, Scotland, and Northern Ireland (2019-20 prices), 2009/10-2018/19



Source: Britton, J., C. Farquharson and L. Sibieta (2019^[18]), *Annual Report on Education Spending in England*, <https://www.ifs.org.uk/publications/14369>.

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Even so, as outlined in recent research (Gunson, Murray and Williamson, 2018^[17]), despite their tight financial situation, schools are the education providers most protected from financial cutbacks due to a funding model that is calculated on a per-student basis. This funding model benefits schools in relation to FE colleges, and might, therefore, lead to perverse incentives and harmful competition. Consequently, other education and training providers are even more affected by decreasing funding for skills policies than schools.

While the tight financial situation of Northern Ireland's skills system, and the dependence on ESF, was seen as a concern by most participants, discussions with participants also showed that absolute levels of funding are not the only funding issues (see, for instance, outcomes of a pre-workshop survey among participants in Annex B). In addition, more efficient use of the funding already available was seen as essential by the participants. Moreover, in light of the current economic crisis resulting from COVID-19 and which is putting additional strain on government budgets, such efficient use of available funding becomes even more critical. This can be created by improving co-ordination across the whole of government, through establishing integrated information systems and improving stakeholder engagement.

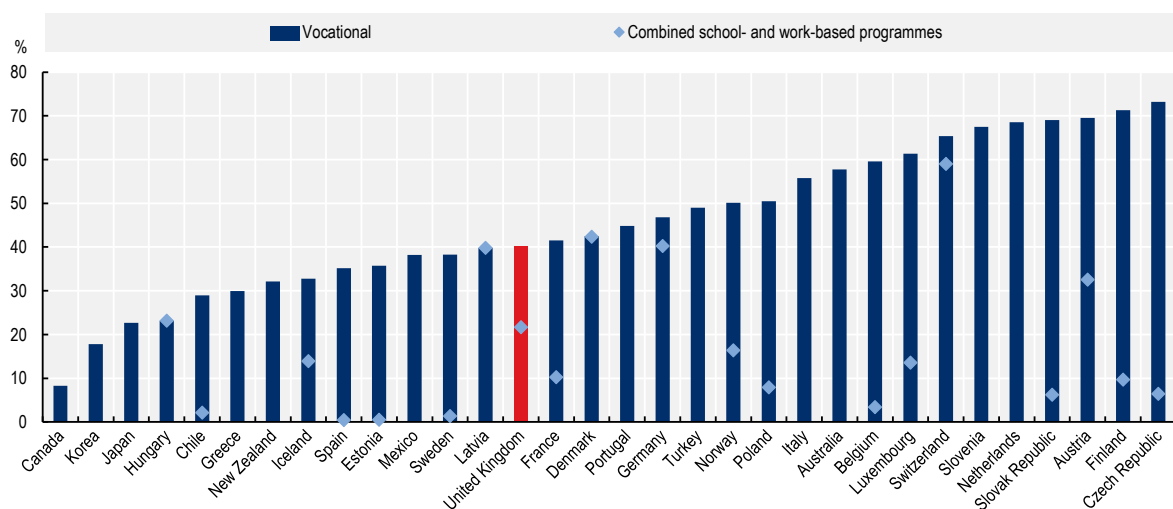
Concerning the first point on co-ordination across the whole of government, despite the recent centralisation of many responsibilities for skills policy in DfE, horizontal co-ordination of policies across different departments in skills policies is essential. Examples include, but are not limited to, programmes targeted at job seekers and the unemployed (DfC), or career education (DE). Furthermore, there are a number of additional government institutions that engage in skills policies more broadly (Invest NI, Innovate UK, DfE's Careers Service). Findings from earlier reports (OECD, 2016^[19]; OECD, 2019^[11]), group discussions, workshops as well as interviews with political parties indicate that co-ordination between, as well as within, departments could still be improved. This is reflected on the one hand at the manifold, partly overlapping employer engagement bodies introduced in Northern Ireland (see further below). On the other hand, it leads to policies that are not aligned between different governmental bodies, ultimately leading to an expensive overlap of policies for similar target groups across departments. A possible consequence is also that individuals cycle between these programmes, rather than being successfully integrated into the labour market.

Vertical co-ordination is becoming increasingly important with new responsibilities being transferred to the local level via City Deals, Growth Deals and the recently created 11 district councils. Participants emphasised that local stakeholders are very invested in creating comprehensive regional community plans and City Deal strategies. However, risks of different levels of government working in isolation could be further mitigated in order to make more efficient use of resources and avoid duplications of similar policies. Furthermore, some participants highlighted that resources allocated to the local level are often used for projects on the higher end of the skills distribution with high public appeal, instead of being used more efficiently at multiple (and therefore also lower) levels of the skills distribution; for example, targeting those individuals most in need.

Second, concerning integrated information systems, substantial resources are used for generating high-quality information; for example, through the Northern Ireland Skills Barometer. Data from a variety of sources and methodologies are available on a regional as well as sectoral level, and data concerning longitudinal employment outcomes of graduates also exist, as has been recommended by the OECD (OECD, 2017^[20]). However, this information is not being effectively used and does not sufficiently guide policy making, according to participants. Furthermore, due to financial cutbacks and the disappearance of many Sector Skills Councils, business and private sector involvement in the Skills Barometer and other information sources proves to be challenging (OECD, 2019^[11]).

Third, most participants commented that employers are not sufficiently contributing to the funding of skills policies; for example, by providing apprenticeship training. In general, this is not surprising given that in Northern Ireland (together with the rest of the UK), employer engagement is historically quite low compared to continental European and some Nordic economies. In these countries, the share of upper-secondary students in combined school- and work-based programmes, like apprenticeships, is much higher (see Figure 5.4).

Figure 5.4. Share of all upper-secondary students in vocational programmes, and share of all upper secondary students in vocational programmes combining school- and work-based learning, 2015



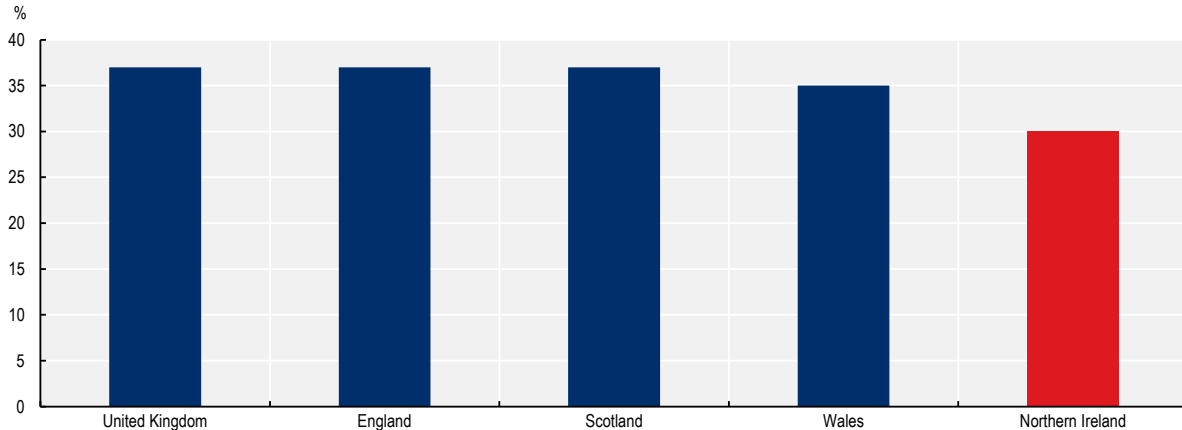
Notes: In Australia, Canada, Greece, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Portugal, Slovenia and Turkey, information on combined programmes is missing, or the category does not apply. Programmes combining school- and work-based learning are defined as those in which 25-90% of the curriculum is delivered in the work environment.

Source: Kuczera, M. and S. Jeon (2019^[21]), *Vocational Education and Training in Sweden*, <https://doi.org/10.1787/q2g9fac5-en>.

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Compared to the rest of the UK, Northern Ireland ranks last concerning the share of employers with training budgets (see Figure 5.5), reflecting employers' low willingness to invest and engage in skills policies.

Figure 5.5. Share of employers with training budgets in Northern Ireland and other UK countries, 2017



Source: UK Government (2017^[22]), *Employer Skills Survey 2017*, <https://www.gov.uk/government/collections/uk-employer-skills-survey-2017>.

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However, in the last few years, Northern Ireland has made significant attempts to improve employer engagement in skills policies with a number of new tripartite governance bodies (Strategic Advisory Forum, Sectoral Partnerships, Career Advisory Forum, etc.). This is noteworthy as these new bodies not only give employers a voice, but partly delegate certain quasi-public functions like curriculum development, the creation of one single qualification per occupation, or quality control to them. They, therefore, resemble the “private interest governments” (Streeck and Schmitter, 1985^[23]) of many continental European countries, which are seen as a central factor in enabling employer participation in training in these countries (Busemeyer and Trampusch, 2012^[7]; Emmenegger, Graf and Trampusch, 2019^[24]).

Creating governance arrangements that increase employer engagement in skills policies is challenging in countries that have been historically shaped by low employer participation, and Northern Ireland is no exception. For example, participants advised that employer associations participating in these bodies are not necessarily representative of local business, and/or do not necessarily have the expertise to assume such new responsibilities. Consequently, employer engagement bodies might need additional steering by independent experts in order to compensate for such shortcomings. Second, existing bodies are not able to limit poaching between firms to a sufficient extent to increase training participation. This, therefore, requires dedicated, potentially local, arrangements that promote skills policies and create co-operation and trust among employers to prevent poaching. Third, Northern Ireland's economy is characterised by a large share of SMEs that are often regarded as more reluctant to engage in skills policies. Policies to motivate training participation, especially among SMEs, could, therefore, make a substantial contribution in raising employer engagement in skills policies. Finally, government policy itself is not always entirely consistent. Funding for older employer engagement bodies like Sector Skills Councils and Sector Training Councils, which were successful in certain sectors, has been cut, leading to their disappearance, and new employer engagement bodies cannot fully replace their functions (see Opportunity 3). However, employer engagement bodies only realise their potential benefits in the long term, requiring sustainable funding models. At the same time, the number of new employer engagement bodies is still seen as too high by many participants, leading to overlaps between bodies (including older ones) and substantial confusion and frustration among employers.

Opportunities to strengthen the governance of skills policies

Improving the governance of skills policies is crucial to ensure that they are both effective and ultimately create a sustainable skills system, as policies in the three priority areas covered in Chapters 2 to 4 will only realise their full potential if they are accompanied by supportive governance arrangements. This chapter describes three opportunities where governance arrangements of Northern Ireland's skills system can be improved. The selection is based on input from the literature, desk research and discussions with stakeholders of Northern Ireland's skills system; for example via discussions in workshops in Belfast, Derry/Londonderry and Dungannon, group discussions and several related meetings. As a result, the following opportunities are considered to be the most relevant for strengthening the governance of Northern Ireland's skills system:

1. Making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland's skills system.
2. Increasing co-ordination and information distribution across the whole of government.
3. Improving employer engagement in the governance of skills policies.

Opportunity 1: Making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland's skills system

Sufficient funding for skills policy is essential in making societies fit for technological change and the subsequent new skill requirements arising from it. However, the benefits of skills policies are most visible in the long term. Consequently, cost-benefit calculations by the actors involved can be subject to substantial uncertainty about future payoffs of skills. This is especially relevant in the face of rapid technological change and innovation, which constantly changes skill requirements and the needs of the economy.

This uncertainty in the field of skills policy holds for both employers and individuals. Both can consequently be expected to under-invest in skills as a consequence of possible market failures due to uncertainty, potentially leading to a provision of skills below the level optimal for society, as well as for individuals (Johansen, 2002^[25]; Streeck, 1992^[26]). The public sector, however, is in a position to influence investment in skills by introducing certain incentives for employers, students and education and training providers, especially in certain skills programmes that might be of strategic value in tackling future challenges for the respective economies (OECD, 2017^[27]).

Considering that the potential benefits of skills investments will only be fully realised in the long term, political decision makers can be pressured to focus on short-term issues in the face of electoral cycles, consequently leading to an under-funding of skills policies. Northern Ireland must ensure that the importance of skills for future economic growth, social inclusiveness and well-being (Busemeyer, 2015^[3]; Carstensen and Ibsen, 2019^[1]; Iversen and Soskice, 2010^[28]) is understood by all major stakeholders, and in particular, political decision makers. Consequently, the creation of a shared commitment among political decision makers is central for a common long-term strategy for skills policy that guarantees sustainable funding arrangements. Such commitments ideally contain agreements on common funding priorities that are informed by all available evidence (see Opportunity 2 on evidence-based policy making), as it is of central importance how the money allocated to skills policy is actually spent. This concerns the distribution of funding across different educational sectors, including schools, universities, FE colleges, and costs associated with employer engagement. It also concerns funding across different stages of learning, ranging from early childhood education, primary and secondary education to adult learning. Long-term strategies for skills policies should also be reflected in the respective budgets of, not only government departments but also education and training providers, enabling multi-year planning.

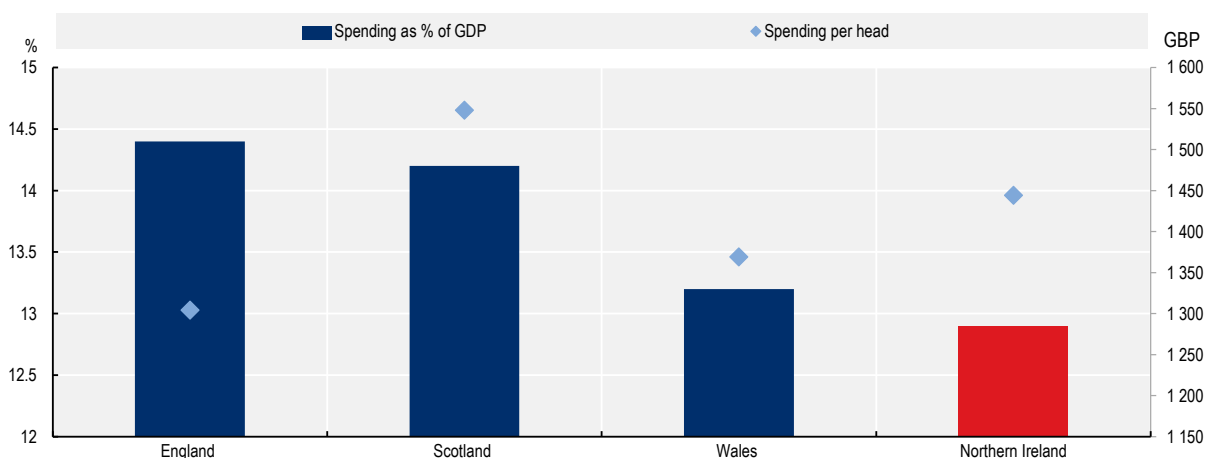
The exit of the UK from the EU will have important consequences for Northern Ireland's skills system, in turn giving rise to fundamental uncertainty. The ESF finances a substantial portion of skills policies in Northern Ireland and, according to the current Withdrawal Agreement, funding for the UK will stop when the transition period ends (Brien, 2019^[29]). Consequently, a common strategy on how to replace ESF funding with UK-wide funding opportunities and how to prioritise the spending of these funds will be needed. However, more efficient allocation of money spent on skills policy can also include a more straightforward restructuring of certain skills policies, in order to avoid possible overlaps between similar programmes with the same target groups. This avoids duplications in the administration and delivery of programmes, as well as individuals cycling between programmes.

Attempts to engage non-governmental stakeholders, like employers, to increase investments in skills policies (see Opportunity 3) can only be successful if they are accompanied by sustainable funding arrangements and governance structures that are supported by political stakeholders, and which guarantee a certain degree of stability and certainty to firms and individuals. This opportunity, therefore, tackles putting sufficient and balanced funding of skills policies on top of key decision makers' agendas.

Putting sufficient and balanced funding of skills policies on top of decision makers' agendas

It is essential to ensure that Northern Ireland's decision makers and central government put balanced and sufficient funding arrangements for skills policies at the top of their agendas. Pressure to focus on short-term issues in the face of electoral cycles can lead to an under-funding of skills policy by political decision makers, which will likely lead to weak educational outcomes. Compared to England, Scotland and Wales, spending on education and skills is lowest in Northern Ireland, relative to total spending. Per capita, Northern Ireland spends more than England and Wales, but substantially less than Scotland, as shown in Figure 5.6.

Figure 5.6. UK regional spending on education and skills, 2018



Source: ONS (2019^[30]), *Country and Regional Analysis*, <https://www.gov.uk/government/statistics/country-and-regional-analysis-2018>.

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In recent years, Northern Ireland has launched a series of sub-strategies as part of the 2011 *Success through Skills* strategy in order to improve its skills system (Department for Employment and Learning, 2015^[31]). However, none of these strategies led to a sustainable overall increase of funding for skills policies (Gunson, Murray and Williamson, 2018^[17]), which was regarded as essential by many stakeholders consulted by the OECD.

This assessment from stakeholders is also supported by a number of current reports, arguing that Northern Ireland’s funding for skills policy shows a structural deficit that is expanding year on year. It has been argued (Skilling, 2019^[32]), for example, that the potential to upgrade Northern Ireland’s skills profile is constrained by tight public funding. As highlighted (Gunson, Murray and Williamson, 2018^[17]), the budget allocated to skills policies declined significantly in real terms in the years since the financial crisis and public sector austerity. This can, for example, be seen in the budget of the former Department for Employment and Learning (DEL) that fell between 2014 and 2016 in absolute terms, and also that the subsequently created DfE was subject to real-term decreases in its budget.

Possible consequences of budget cuts to skills policy in Northern Ireland could not only have negative impacts on educational outcomes but could also compromise strategies to increase employer engagement in skills policies (see Opportunity 3). This can be seen from the funding cuts for Sector Skills Councils, most of which consequently ceased to exist (OECD, 2019^[11]). A focus on short-term goals is not only a problem at the level of political decision makers, but also concerns the budgeting process. An earlier OECD report (OECD, 2016^[19]) has emphasised the problems of short-term, one-year planning and budgeting, leading to substantial constraints on strategic thinking; participants recently consulted by the OECD team have confirmed that assessment also for the field of skills policy. The OECD’s earlier assessment (OECD, 2016^[19]) has, for example, suggested an effective application of medium-term expenditure frameworks (MTEFs) in Northern Ireland (see Box 5.2 for details), something that can also help to mitigate above-mentioned issues in the field of skills policy more specifically. Focus on short-term goals is also reinforced at the level of education and training providers, specifically through the classification of FE colleges as “non-departmental public bodies” (NDPB). According to some research (Gunson, Murray and Williamson, 2018^[17]), NDPB status and the consequently rigorous procurement procedures led to the fact that FE colleges “can no longer build reserves to enable multi-year investment, long-term investment, or to cushion fluctuations in income.” According to participants consulted by the OECD, Northern Ireland currently lacks an overarching skills strategy for the period after 2020 which features long-term goals and common funding commitments by government, together with all relevant stakeholders. The older skills strategy, *Success through Skills*, was published in 2011 and runs only until 2020. Furthermore, many participants acknowledged the importance of an overarching skills strategy covering all parts of the skills system and with cross-departmental buy-in, in contrast to the more fragmented nature of Northern Ireland’s old skills strategy, with its numerous and relatively uncoordinated departmental sub-strategies mentioned above (see also (Skilling, 2019^[32]). The need for a cross-departmental approach to a new Skills Strategy was also emphasised by a recent evaluation of Northern Ireland’s previous Skills Strategy (Kieran and Murray, 2020^[33]).

The “New Decade, New Approach” agreement of Northern Ireland’s new government in 2020 (NIO, 2020^[34]) suggests that a focus on skills policy could be an integral part of a future common agenda for government. For example, the priorities of this new Executive, particularly the goal to “invest strategically in ensuring that Northern Ireland has the right mix of skills for a thriving economy” requires a common commitment from decision-makers to a binding Skills Strategy (see Box 4.1 for an international example). However, this potential opportunity for consensus is not yet reflected in the “New Decade, New Approach” agreement via clear and detailed commitments by decision-makers to increase funding for skills policy.

While funding for skills policy has suffered severely in recent years, a potential future increase in spending has to be balanced most effectively in its division between different educational sectors (schools, universities and FE Colleges) and/or stages of learning, ranging from early childhood education, primary and secondary education and adult learning, as well as ongoing costs associated with employer engagement. This requires difficult political decisions which in turn require equity considerations on how funding for skills policy can be fairly distributed among the population (OECD, 2019^[4]). Consequently, these decisions on funding priorities in skills policies have to be democratically justifiable, and must be made by the respective political decision makers. In order to reach common long-term goals, such funding priorities on skills policy should be agreed upon in the framework of a common skills strategy. These

potentially hard decisions should be supported by available evidence generated by skills anticipation and assessment tools (see Opportunity 2), in order to ensure an efficient use of the money available, and in order to mitigate political conflicts.

Box 5.1. Relevant international example: A comprehensive skills strategy committing all relevant stakeholders

A comprehensive skills strategy: An example from Norway

Norway is generally regarded as one of the leading countries in terms of developing and using the skills of its people. The Norwegian Strategy for Skills Policy 2017-2021 is a binding agreement that commits the strategy partners to “ensure that individuals and businesses have the skills that give Norway a competitive business sector, an efficient and sound public sector, and an inclusive labour market.” The strategy was signed by the Norwegian Government represented by the prime minister, as well as the Ministry of Labour and Social Affairs, the Ministry of Local Government and Modernisation, the Ministry of Education and Research, and the Sami Parliament representing the Sami indigenous people in Norway. Furthermore, a range of arms-length bodies associated with the ministries, as well as social partners (including trade unions and employer associations) and certain third sector organisations signed the agreement. All strategy partners have agreed on three main priorities:

- Contribute to making informed choices for the individual and society (e.g. creation and improved provision of sufficient information for individuals, educational institutions as well as the private and public sector, including skills forecasting and career guidance).
- Promote learning in the workplace and effective use of skills (promotion of dual vocational education and training, increasing co-ordination between higher education and the labour market, reskilling especially towards digital skills and an improved certification of skills acquired in the workplace and/or abroad).
- Enhance skills among adults with weak labour market attachment (increased collaboration between firms, non-governmental organisations [NGOs] and private training providers in order to implement adult education measures for specific target groups, like individuals with poor basic skills, low formal qualifications or lacking Norwegian skills or the Sami group).

In addition, new whole-of-government co-ordination bodies have been introduced as part of this strategy in order to support implementation (for details, see Opportunity 2).

Source: OECD (2019^[6]), “Strengthening the governance of skills systems”, in *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/2a40e30e-en>.

Box 5.2. Relevant international example: Medium-term expenditure frameworks (MTEFs)

Medium-term expenditure framework (MTEF)

A medium-term expenditure framework (MTEF) is a structured approach to integrating fiscal policy and budgeting over a multi-year horizon, and links fiscal forecasting, fiscal objectives or rules and planning of multi-year budget estimates. MTEFs are used extensively, with 88% of OECD countries reporting that they used MTEFs. MTEFs can improve the effectiveness of public spending by aligning public expenditure with national priorities and giving government agencies greater certainty of resource availability over a multi-year period, promoting more effective forward planning and resourcing of policies that require an extended time horizon for implementation, such as large capital projects, new programmes, and organisational restructuring. To be effective, a MTEF should have real force in setting boundaries for the main categories of expenditure, for each year of the medium-term horizon; it should be fully aligned with the top-down budgetary constraints agreed by government; should be grounded

upon realistic forecasts for baseline expenditure (i.e. using existing policies), including a clear outline of key assumptions used; should show the correspondence with expenditure objectives and deliverables from national strategic plans; and should include sufficient institutional incentives and flexibility to ensure that expenditure boundaries are respected.

Sources: OECD (2019^[35]), *OECD Best Practices for Performance Budgeting*, <https://doi.org/10.1787/c90b0305-en>; OECD (2015^[36]), *Recommendation of the Council on Budgetary Governance*, <http://www.oecd.org/gov/budgeting/Recommendation-of-the-Council-on-Budgetary-Governance.pdf>.

Recommendations for putting sufficient and balanced funding of skills policies on top of decision makers' agendas

- 4.1. Commit all relevant decision makers and ministers to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland.** The agreement would contain a long-term vision for the development of Northern Ireland's Skills System, supported by Executive-level guarantees (including the first minister and deputy first minister) to provide adequate funding for the implementation of the strategy. This long-term vision should ideally contain common priorities on how to allocate funding to different sectors and/or stages of learning of the skills system. Agreement should be based on available evidence (for details, see Opportunity 2) and in conjunction with employers (for details, see Opportunity 3). It should be implemented by a whole-of-government co-ordination body that can also propose possible future revisions of the skills strategy (see Recommendation 4.5).
- 4.2. Ensure sustainable funding models and budgeting processes that enable multi-year planning beyond the short-term, traditional annual budgeting cycle.** Possibilities for multi-year planning have to be ensured, firstly at the level of departments. This can, for example, be supported through an effective application of medium-term expenditure frameworks (see Box 5.2) that integrate fiscal policy and budgeting over a multi-year horizon and have the potential to lead to the more effective planning of policies that require longer time horizons for implementation (e.g. skills policies), as previously recommended (OECD, 2016^[19]). Second, at the level of education and training providers, multi-year budgets should also be enabled, for example, in FE colleges.

Responding to the potential impact of the United Kingdom's exit from the European Union and the loss of ESF funding

The exit of the UK from the EU results in challenges as well as opportunities for Northern Ireland's skills system. The ESF, which will not be accessible after the UK's exit, currently finances a substantial portion of skills policies in Northern Ireland. This is evident from Figure 5.7, which shows substantial shares of funding for programmes that support the unemployed (Priority Axis 1) and projects that support individuals with disabilities (Priority Axis 2) to access employment, education and training, as well as skills policies as part of Skills For Growth (such as apprenticeships; Priority Axis 3).

The UK left the EU on 31 January 2020. However, this will not instantly impact funding for skills policy, as ESF funding for the UK will stop only when the transition period ends (Brien, 2019^[29]). This is currently scheduled for 31 December 2020, with possible extensions by 12 or 24 months. In order to mitigate this financial shock, the UK Government has pledged to set up a "Shared Prosperity Fund" in order to replace the structural funding from the EU. However, it is unclear if the Shared Prosperity Fund will be able to fully replace the ESF for Northern Ireland. As outlined in a recent study (Brien, 2019^[29]), this will depend on a number of factors that are still unclear or undecided, with decisions on the fund's design being regularly postponed and currently planned to be undertaken during a full Spending Review in 2020.

Figure 5.7. European Social Fund budget (ESF) and national contribution for priority areas, Northern Ireland (UK), 2014-20



Source: Department for Employment and Learning (2014^[37]), *Northern Ireland ESF Programme 2014-2020*, <https://dera.ioe.ac.uk/24943/1/NI%20European%20Social%20Fund%20Programme%202014%20-2020.pdf>.

StatLink  <https://doi.org/10.1787/888934128023>

First, the amount of money allocated to the Shared Prosperity Fund is still undecided, and it is not clear whether it will account for the full GBP 1.8 billion a year which would be needed to replace EU funding (Industrial Communities Alliance, 2020^[38]).

Second, the Shared Prosperity Fund is officially supposed to “reduce inequalities between communities” (Brien, 2019^[29]), but the specific priorities and objectives of the fund, and consequently the money allocated to skills policies compared to the ESF, are still unclear. The uncertainty connected to these two issues is amplified by the current economic crisis resulting from COVID-19, which might have consequences for the extent and priorities of a potential Shared Prosperity Fund.

Third, the ESF is currently set up in a needs-based way that benefits the structurally weaker devolved administrations, including Northern Ireland. However, it is currently not clear if the Shared Prosperity Fund will rely on a similar allocation mechanism, or if it will draw on other mechanisms like the “Barnett Formula”. The latter mechanism is used by the UK Treasury to determine changes in public expenditure allocated to devolved administrations, taking into account population size and the degree of devolution of government functions of devolved nations of the UK. As has been explained (Brien, 2019^[29]), because “EU funding is currently higher in per-person terms in the devolved nations of the UK than it is in England, the amount these nations [and respectively Northern Ireland] receive may end up lower” under the Barnett Formula compared to the ESF. However, funding might also be allocated via a competitive funding mechanism, whereby potential beneficiaries apply to the respective funding authority with proposed plans or projects, similar to the current funding allocation for City Deals. This may also result in “less developed areas losing out on funding” (Brien, 2019^[29]). Consequently, the UK’s exit from the EU might be a good opportunity for Northern Ireland to reassess its dependence on external funding, in order to make the skills system more flexible and resilient to external shocks, given that continuation of similar amounts of ESF funding for skills policies cannot be guaranteed.

Fourth, it is also unclear which authority will determine potential funding priorities, the projects to be funded, or how monitoring and evaluation of funded programmes will be carried out. These responsibilities might be allocated to devolved administrations, as under the current ESF framework. Alternatively, they might

be decentralised even further to local authorities, or could even be administrated centrally by the UK Government. Depending on these decisions, Northern Ireland must be prepared to co-ordinate skills policies that are funded by the Shared Prosperity Fund between different levels of government, potentially between the district council level and Northern Ireland's central government.

Finally, the ESF currently allocates funding in planning periods of seven years, which might be incompatible with the more short-term Spending Review periods of the UK, which are usually between three and four years (Industrial Communities Alliance, 2020^[38]). This might be especially detrimental to skills policies, as the benefits of skills policies are most evident in the long term. This could create additional pressure on decision makers to focus on policies with clear, short-term payoffs as part of potential Shared Prosperity Fund programmes. It is, therefore, necessary to ensure that long-term goals, as part of a potential Skills Strategy for Northern Ireland, are also reflected in future skills policies under the Shared Prosperity Fund.

This being said, the loss of ESF funding will also bring opportunities for policy makers in Northern Ireland. ESF funding is bound to certain goals and key actions that are set out in the Common Strategic Framework of the EU and which are derived from the “thematic objectives” of the Europe 2020 strategy. ESF programmes in Northern Ireland focus on Thematic Objective 8 (“Promoting sustainable and quality employment and supporting labour mobility”), Thematic Objective 9 (“Promoting social inclusion and combating poverty and any discrimination”) and Thematic Objective 10 (“Investing in education training and vocational training for skills and lifelong learning”). While EU member states and the respective designated Managing Authority in Northern Ireland (initially DEL, now DfE) have substantial autonomy in selecting and implementing specific actions to fulfil ESF goals, they must be set in accordance with, and justified with respect to, the overall ESF priorities. Furthermore, ESF regulatory requirements set minimum funding allocations to certain objectives; for example Thematic Objective 9 must account for at least 20% of total ESF funding in Northern Ireland's ESF programme (Department for Employment and Learning; European Commission, 2014^[37]). Similar ESF-related restrictions might create certain “path-dependencies” in skills policies, and limit the leeway of policy makers in Northern Ireland to set their own priorities, thereby possibly limiting policy innovation.

While the UK's exit from the EU might consequently provide an opportunity for Northern Ireland to set its own priorities and goals as part of a new overarching Skills Strategy (see the previous section), it remains to be seen how strictly money from the Shared Prosperity Fund is to be bound to certain targets, and who defines these targets. In any case, the UK's exit from the EU gives Northern Ireland an opportunity to reassess and restructure some of the ESF-funded programmes implemented there. Certain expensive inefficiencies are visible across ESF-funded programmes. According to participants, there are many fairly similar ESF-funded programmes across departments for similar target groups (e.g. unemployed individuals late in their working life), with individuals cycling between these programmes rather than being successfully (re)integrated into the labour market. These overlaps could be avoided, which might free up a substantial part of financial resources urgently needed elsewhere in Northern Ireland's skills system. As the ESF programmes are located across all departments active in skills policy in Northern Ireland, the loss of ESF funding might prove an incentive for departments to co-operatively restructure and reassess their programmes. This could be supported by an inter-departmental co-ordination body (see Opportunity 2).

Recommendations for responding to the potential impact of the United Kingdom's exit from the EU and the loss of ESF funding

4.3. Reassess and restructure current ESF-funded programmes across departments in order to avoid possibly inefficient and expensive overlaps of programmes for similar target groups.

This restructuring can be planned by a cross-departmental co-ordination body, as outlined in Recommendation 4.5. As part of this restructuring, the Northern Ireland Government should also ensure that future policies potentially funded by the Shared Prosperity Fund are aligned with a long-term Skills Strategy for Northern Ireland. According to the degree of decentralisation in the administration of the future Shared Prosperity Fund, Northern Ireland must also be prepared to

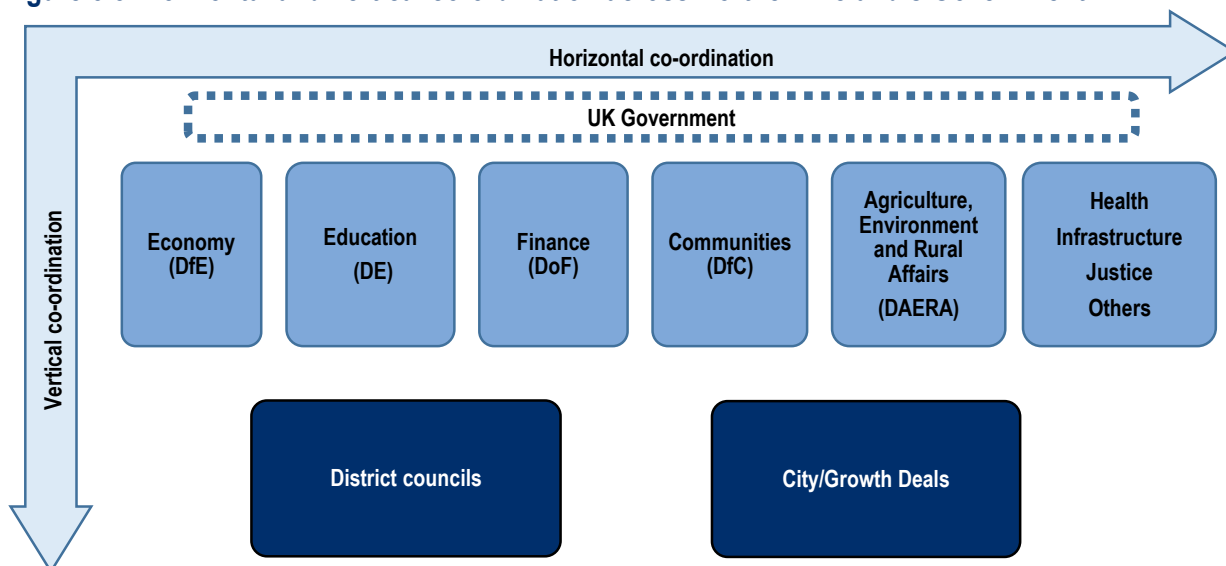
potentially co-ordinate skills policies that are funded by the Shared Prosperity Fund between different levels of government, e.g. between the district council level and Northern Ireland’s central government (see Recommendations 4.6 and 4.7).

- 4.4. Consider shifting previously ESF-funded programmes to departments’ own budgets, as opposed to continued reliance on external funds (e.g. on a potential Shared Prosperity Fund).** The amount of money allocated to skills policies and the priorities set within the Shared Prosperity Fund in Northern Ireland cannot be guaranteed to equal ESF funding. Northern Ireland should consequently assess scenarios for decreasing its reliance on external funding in order to set its own goals and sustain adequate funding for its skills system.

Opportunity 2: Increasing co-ordination and information distribution across the whole of government

Especially in times of tight budgetary constraints, amplified by the current economic crisis connected to COVID-19, it is essential to ensure that existing financial means are used most efficiently. Making the most efficient use of available resources requires co-ordination across the whole of government (i.e. a “whole-of-government approach”) (OECD, 2019^[4]; Skilling, 2019^[32]). This, first of all, includes horizontal co-ordination between (and within) different departments responsible for skills policy (see Figure 5.8). In terms of responsibilities within government, skills policies lie at the intersection between more “traditional” policy fields. Consequently, with various departments responsible for educational policy, labour market policy, industrial policy and others, this often leads to substantial co-ordination challenges for countries that are seeking to apply a more joined-up approach to skills policies.

Figure 5.8. Horizontal and vertical co-ordination across Northern Ireland’s Government



Not only should skills policies be guided by common goals and a shared vision across all relevant stakeholders and decision makers (see Recommendation 4.1), they also need to be implemented and designed to be complementary to each other, i.e. mutually reinforcing (OECD, 2019^[6]). Individual departments or agencies should not pursue their own skills policies without co-ordination with other relevant departments and governmental bodies. Consequently, whole-of-government co-ordination can also help to minimise or prevent expensive and inefficient overlaps between policies organised by different departments, but which are aimed at similar target groups. Not only can such overlaps be detrimental for sustainable funding for skills policies, but they can also lead to sub-optimal results for individuals, as individuals might “cycle” across different skills programmes instead of being successfully (re)integrated into the labour market after being subject to a targeted policy intervention. In other words, a lack of

co-ordination across government also negatively affects performance in the other priority areas tackled in this report. This leads to inefficient use of skills (Chapter 4), possible perverse incentives in lifelong learning (Chapter 3) and might even give rise to skills imbalances (Chapter 2).

In addition to horizontal co-ordination, a whole-of-government approach also requires co-ordination between different levels of government, e.g. between district councils and central government (see Figure 5.8) (OECD, 2019^[4]). Skills needs can differ drastically between regions, depending on the structure and size of the population, economic performance, dominant sectors, infrastructure, geographic size and distance between cities, etc. Co-operation between all relevant levels of government can help to tackle the unique needs of each region but are also essential in keeping local policy making consistent with the long-term goals of an overarching skills strategy. Furthermore, keeping local policy makers involved in higher-level co-ordination bodies might help create awareness of the importance of skills policies and keep it on their agenda; local policy making often centres around more graspable, short-term policy fields (OECD, 2019^[6]).

Strong governance arrangements that support co-ordination across the whole of government are essential for a well-functioning skills system and better skills outcomes. However, it is also necessary to ensure that decision makers within these governance arrangements can make informed choices about the skill needs of the economy. Skills assessment and anticipation (SAA) tools contribute to making informed choices on skills policies (OECD, 2017^[20]). Consequently, the availability of adequate data and information, for example, concerning future skills needs, current skills policy outcomes and labour market information is important. However, high-quality information only realises its full benefits if it is acknowledged as legitimate by, and disseminated to, all relevant stakeholders, thereby enabling evidence-based policy making.

Increasing inter- and intra-departmental co-ordination

Horizontal co-ordination within Northern Ireland's government relates to co-operation between and within departments and arms-length bodies active in skills policy (e.g. Invest NI and FE colleges). In 2016, many skills policy responsibilities from the former DEL and the Department for Enterprise, Trade and Investment were taken over by the newly created DfE. Responsibilities for skills policy are now spread across five different departments (in addition to DoF), including DfE, DE, DfC, and DAERA, as set out in Table 5.1.

Consequently, co-ordination is necessary between departments and arms-length bodies active in skills policies, along with managing the potential and partial overlaps in responsibilities. For example, the provision of career guidance requires co-ordination between the activities of DE (responsible for career education in primary and post-primary school) and DfE (responsible for the Careers Service). Similarly, programmes targeted at job seekers and the unemployed, with responsibilities being located at DfC, also benefit from co-ordination with the Employment and Skills Programmes located in DfE.

Table 5.1. Relevant departments active in skills policy in Northern Ireland

| Department name | Function (with regard to skills) |
|--|--|
| Department for the Economy (DfE) | <ul style="list-style-type: none"> Responsible for Employment and Skills Programmes for citizens and employers (e.g. apprenticeships, youth training, <i>Skills to Succeed</i>, Innovate US, etc.). Responsible for the Careers Service. Responsible for higher education and further education in Northern Ireland. |
| Department of Finance (DoF) | <ul style="list-style-type: none"> Responsible for setting the budget for other Northern Ireland departments. The Northern Ireland Statistics and Research Agency (NISRA), an agency of the DoF, is the principal source of official statistics and social research on Northern Ireland. Oversees public sector procurement for Northern Ireland. |
| Department of Education (DE) | <ul style="list-style-type: none"> Oversees the effective implementation of education policy. Main areas of responsibility are 0-4 provision, primary, post-primary (secondary school level), special education and the youth service. Manages career education and skills policy within primary and post-primary schools. |
| Department for Communities (DfC) | <ul style="list-style-type: none"> Programmes targeted at the unemployed (e.g. Work Experience programme) and policies related to inclusion and social change, looking at areas such as gender equality, disability, sexual orientation and population ageing. |
| Department of Agriculture, Environment and Rural Affairs (DAERA) | <ul style="list-style-type: none"> Responsible for skills policy (HE, FE, industry training) in its areas of policy (e.g. agri-food industry), including the College of Agriculture, Food and Rural Enterprise (CAFRE). |
| Department of Health (DoH) | <ul style="list-style-type: none"> Responsible for skills policy in Health and Social Care (HSC), ensuring a sufficient supply of qualified staff. |

Source: Department for Communities (2020^[39]), "Topics", www.communities-ni.gov.uk/topics; Department for the Economy (2020^[40]), "Employment and skills programmes and Careers Service", www.economy-ni.gov.uk/articles/dfe-programmes; Department of Education (2020^[41]), "Topics", www.education-ni.gov.uk/topics; Department of Finance (2020^[42]), "Topics", www.finance-ni.gov.uk/topics; DAERA (2020^[43]), "Education and research", www.daera-ni.gov.uk/topics/education-and-research.

However, evidence shows that co-ordination across government is not always working optimally in Northern Ireland. Findings from earlier reports (OECD, 2019^[4]; OECD, 2019^[11]), group discussions, workshops as well as interviews with political parties indicate that co-ordination between, as well as within departments, could still be improved. According to participants, as already mentioned in Opportunity 1, resources are not used to the most efficient extent, with duplications of policies and participants switching between them, especially in the area of ESF-funded programmes. Similarly, as part of the previous *Success through Skills* strategy which runs until 2020, several strategies in the field of skills policy were implemented separately, all intended to tackle specific parts or issues within the skills system (Department for Employment and Learning, 2015^[31]). These included, for example, the *Further Education Means Success* strategy of 2016, *Generating our Success – the Northern Ireland strategy for youth training* of 2015, the *Securing our Success: Northern Ireland Strategy of Apprenticeships* of 2014, the *Pathways to Success* NEET strategy of 2012, the *Enabling Success* strategy for economic inactivity of 2015, the *Graduating to Success* higher education strategy of 2015, and the *Preparing for Success* strategy of 2016 for career education and guidance. However, these strategies were not sufficiently co-ordinated, according to some participants. Additionally, a recent evaluation of Northern Ireland's previous skills strategy highlights the co-ordination problems resulting from the various sub-strategies and emphasises the need for a "more collaborative approach across government" (Kieran and Murray, 2020^[33]). Improved inter-departmental co-ordination is therefore needed to ensure a well-aligned implementation and possibly necessary revisions to any potential future overarching skills strategy for Northern Ireland.

Currently, there is no central (i.e. overarching, higher-level) oversight body responsible for co-ordinating skills policy across departments (as well as beyond them) in Northern Ireland. Many participants emphasised the potential benefits of such a co-ordinating body (see also Annex B with outcomes of a pre-workshop survey among participants), which is supported by recent research on Northern Ireland (Skilling, 2019^[32]). As seen in Table 5.2, such a central oversight body could be designed with varying degrees of responsibilities. While pure co-ordination bodies simply aim to facilitate joint planning, delivery and information exchange, policy- or decision-making bodies have clear authority to set national priorities in skills policy making. Box 5.3 presents some international examples of such oversight bodies in the Republic of Ireland and Norway.

Table 5.2. Oversight bodies for skills policy with varying degrees of policy responsibility in Northern Ireland

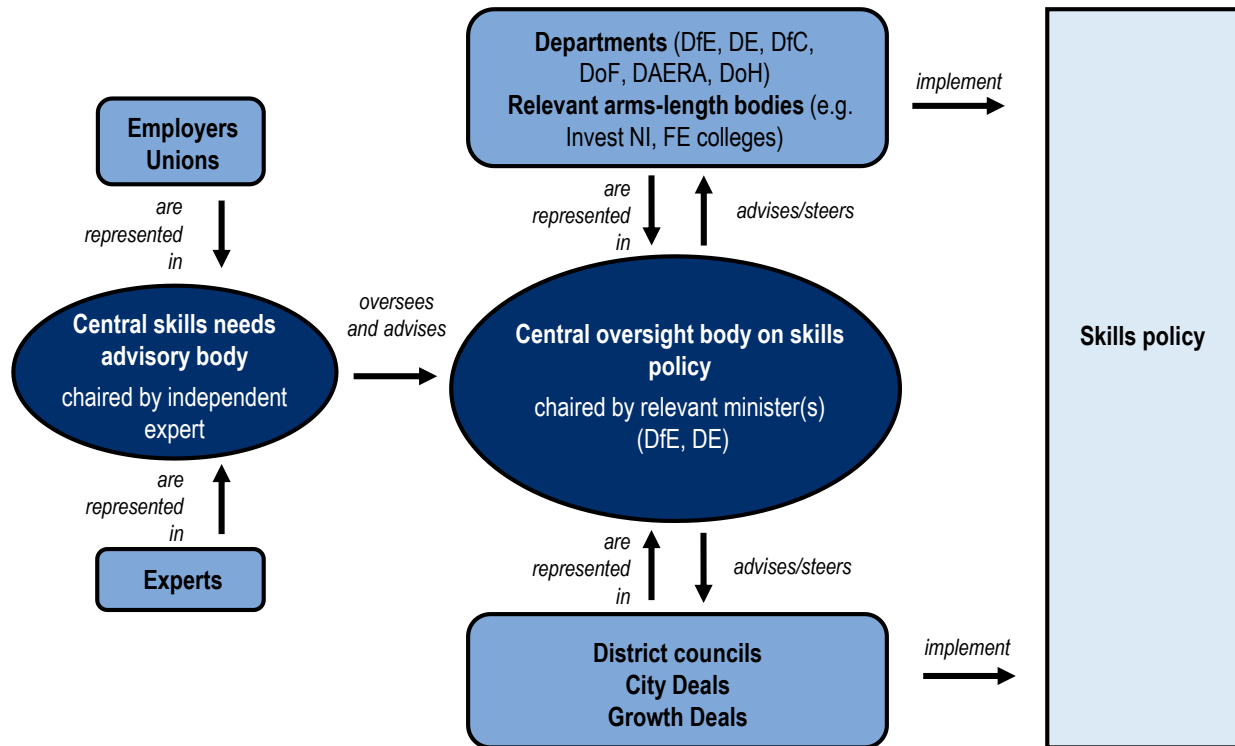
| Types of oversight bodies | Policy responsibility |
|--------------------------------|---|
| Advisory bodies | These focus on including partners and providing advice to the central authorities in charge of skills policies or the relevant ministries. They traditionally include social partners, private or public suppliers of education and training and local development agents. |
| Co-ordination bodies | These focus on developing mechanisms for joint planning or delivery where appropriate. They seek to improve information or to set up better evaluation efforts, rather than simply offering a forum for providers to share information about their activities. |
| Policy-/decision-making bodies | These focus on improving the provision of services, research, information and guidance – in short, they function as a central authority for skills policies. Their role is to establish national priorities to balance education and labour market programmes, vocational and non-vocational programmes, and the relative roles of national and local governments. They also set training priorities for specific groups such as women and immigrants, and for potential new programmes and services. |

Source: OECD (2005^[44]) *Promoting Adult Learning, Education and Training Policy*, <https://doi.org/10.1787/9789264010932-en>; OECD (2019^[45]), *OECD Skills Strategy Poland: Assessment and Recommendations*, <https://doi.org/10.1787/b377fbcc-en>.

Similarly, such oversight bodies can vary with regard to the represented stakeholders, which can range from departments to arms-length bodies and education and training providers, but may even involve representatives of employers/employees, as seen in continental European corporatist countries (Busemeyer and Trampusch, 2012^[7]; OECD, 2019^[6]). The involvement of the latter non-governmental stakeholders, however, is also subject to trade-offs. For example, including too many members might impede the cross-departmental co-ordination function such a council should fulfil. Similarly, a recent evaluation of Northern Ireland's former skills strategy emphasises that co-ordination bodies should be kept small in order to ensure efficient collaboration (Kieran and Murray, 2020^[33]). It might also prove to be too far-reaching for Northern Ireland to include non-public stakeholders, given it does not have a strong tradition of social partnership and tripartite decision making. In addition, issues of legitimacy of decision making in such councils could consequently arise, as business interest associations and labour unions in Northern Ireland have a quite a narrow membership base, and may not be able to legitimately represent the whole of business/labour (for details, see Opportunity 3). A solution to this dilemma could be a separate, central employer/stakeholder engagement body that closely advises the central cross-departmental oversight body, such as a central skills needs advisory body (see Figure 5.9), which is presented in detail in subsequent sections in this chapter under Recommendations 4.8 and 4.10-4.13.

Many stakeholders also emphasised the importance of a potential oversight body being chaired by one or more ministers, in order to ensure political buy-in. While buy-in at a high political level in such oversight bodies is essential, it also has potential downsides, as it might lead to a prioritisation of *politics* over in-depth debates on specific *policies* (OECD, 2019^[6]). In order to resolve this issue, separate sessions of the oversight body can be beneficial; higher-level political decision makers can meet at one level, while lower-level sessions are reserved for in-depth discussions on specific policy issues.

Figure 5.9. Potential structure of new governance arrangements and central oversight body on skills policy in Northern Ireland



Box 5.3. Relevant international examples: Horizontal co-ordination mechanisms

National skills councils: An example from the Republic of Ireland

The Republic of Ireland established its National Skills Council (NSC) in follow up to the National Skills Strategy 2025. This infrastructure and regional co-ordination mechanism address both horizontal and vertical governance mechanisms, as well as stakeholder engagement. The NSC is chaired by the minister for education and skills and is made up of officials and private sector organisations, firms and agencies. Insofar as government departments are concerned, there are representatives from the Department of Social Protection, the Department of Jobs, Enterprise and Innovation and the Department of Public Expenditure and Reform. Including non-governmental stakeholders, the National Skills Council has 20 members in total. The mandate is to advise on the prioritisation of identified skills needs and how to deliver on these needs, as well as to promote and report on the delivery by education and training providers of the priorities mentioned above. It also oversees research in the field of skills policy.

Skills policy councils: An example from Norway

In order to improve governance arrangements in Norway, the Norwegian Strategy for Skills Policy 2017-2021 (Nasjonal Kompetansepolitisk Strategi) included the implementation of the Skills Policy Council. According to its mandate, the council's purpose is to follow up on the strategy and to continue to promote co-operation between the involved stakeholders. The governmental stakeholders include all ministries involved in skills policy (Ministry of Labour and Social Affairs; the Ministry of Local Government and Modernisation; the Ministry of Education and Research; the Ministry of Trade, Industry and Fisheries; the Sami parliament), as well as Skills Norway - an arms-length body specialised in lifelong learning. Including non-governmental stakeholders (e.g. social partners), the Skills Policy Council has 15 members. The council's activities include regular discussions and advice on current

skills policy issues, regular reports on the strategy partners' own policy measures to implement the strategy, as well as potential revisions to the strategy if needed.

In practice, the Skills Policy Council acts as an advisory body to all involved stakeholders, with the goal of co-ordinating and improving existing and new policy measures in the field of (public as well as non-public/social-partner provided) skills policy. The minister of education chairs the council, thereby providing the opportunity for all stakeholders to influence policy making at a very high level. High-level discussions at ministerial level are supplemented by working-level discussions of civil servants, thereby ensuring that skills are on the agenda of decision makers, as well as concrete outputs in terms of policy making are met. Currently, it does not have a decision- or policy-making function and only gives non-binding advice. The council meets three to four times a year in sessions that last around two hours. One main benefit of the Skills Policy Council is that it oversees and applies a holistic approach to a previously very fragmented policy area. It can, therefore, identify overarching challenges and help to develop more comprehensive policy solutions, instead of addressing just specific parts of the system.

Source: OECD (2018^[46]), *Skills Strategy Implementation Guidance for Portugal: Strengthening the Adult-Learning System*, <https://doi.org/10.1787/9789264298705-en>; OECD (2019^[6]), "Strengthening the governance of skills systems", in *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/2a40e30e-en>; Department Of Education and Skills (2020^[47]), "National Skills Council", <https://www.education.ie/en/The-Department/Regulation-of-Lobbying-Act-2015/Groups-Committees-exempted-under-the-Transparency-Code/national-skills-council.html>.

Recommendations for increasing inter- and intra-departmental co-ordination

- 4.5. Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies.** This oversight body should meet regularly. High-level government officials, e.g. relevant minister(s), should chair the central oversight body in order to ensure political buy-in. However, such high-level meetings should be supplemented by lower-level sessions reserved for in-depth discussions on specific policy issues. Figure 5.9 provides an overview of a new potential skills policy governance structure, including this central oversight body.

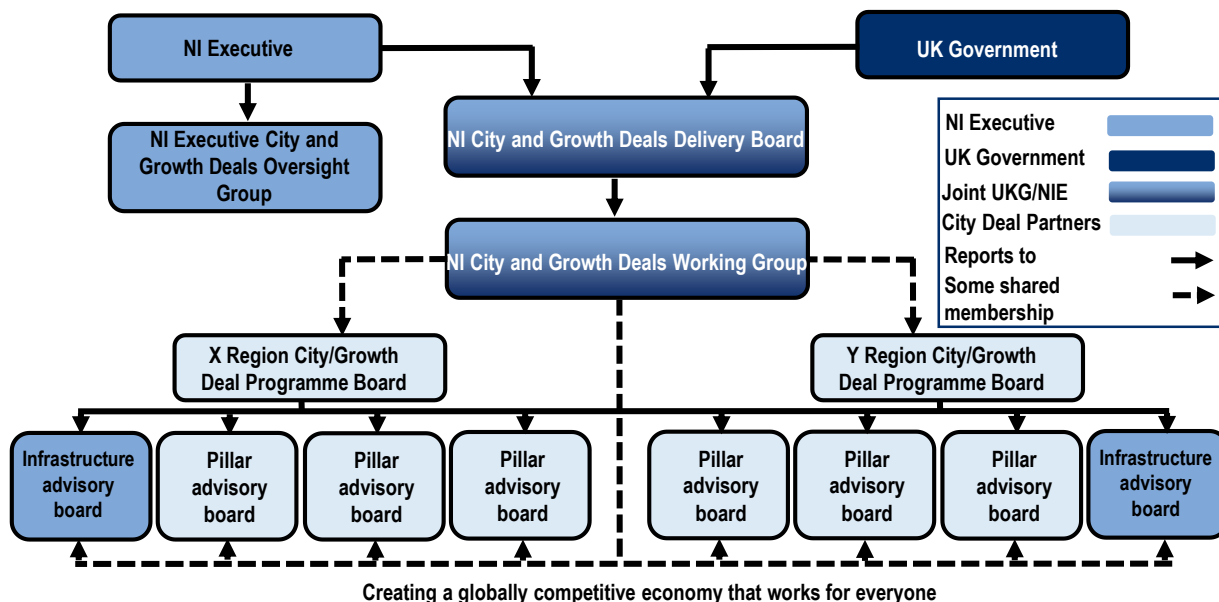
Improving vertical co-ordination and the governance of skills policies on a local level

Northern Ireland's vertical governance structure on skills policy (i.e. for co-operation between different levels of government) has been subject to comprehensive changes in the last decade. First, the reform of local government in 2015 gave local actors new responsibilities in addition to their previously only marginal role in skills policy (i.e. local economic development). Eleven district councils, whose members are elected in Northern Ireland's local elections, are now responsible for community planning, which is defined as a process where the district council, jointly with community-planning partners (e.g. public service providers), improves the well-being of districts via long-term objectives and actions. This includes planning, provision and improvement of public services like education, and consequently, skills policy (Knox and Carmichael, 2015^[10]). While the councils manage this community-planning process, the development and delivery of the plan are conducted jointly by the councils and the planning partners with the respective responsibility for public service provision (e.g. the Education Authority of the DE). For example, as part of the community-planning process, some district councils have initiated consultations regarding schools with local employers on their skills needs (OECD, 2019^[11]).

Second, several new "City Deal" and "Growth Deal" initiatives have been launched in Northern Ireland in recent years. City Deals are an agreement between the UK Government, Northern Ireland's central government and a city and its surrounding area. The agreement matches funding of local (public and private) actors, Northern Ireland and UK governments for City Deal projects (Universities UK, 2016^[48]). Consequently, powers (e.g. to pilot and design certain programmes in the area of employment and skills) are devolved to local areas to implement projects that are grouped into several "pillars" (i.e. according to

policy fields). Each of these pillars is supervised by a specific advisory board with City Deal Partners and members of the Northern Ireland City and Growth Deals Working Group. The latter is comprised of representatives from both the UK Government and Northern Ireland’s central government. Figure 5.10 gives an overview of the current governance arrangements underlying City Deals and Growth Deals.

Figure 5.10. Governance arrangements underlying City Deals and Growth Deals in Northern Ireland



The “Belfast Region City Deal” covers the six district council areas of Antrim and Newtownabbey Borough; Ards and North Down Borough; Belfast City; Lisburn and Castlereagh City; Mid and East Antrim Borough; and Newry, Mourne and Down District, which are all represented in a Joint Council Forum involved in the governance of the City Deal. The “City Deal for the Derry/Londonderry City Region” covers the Derry City and Strabane District Council area. In addition to these two City Deals, Growth Deals for Mid South West and Causeway Coast and Glens have been announced that also match local (public and private) funding and money from Northern Ireland’s central government with funding from the UK Government, thereby covering the remaining district council areas of Northern Ireland that had not yet been covered by a City Deal (UK Government, 2019^[49]; UK Government, 2019^[50]).

These new responsibilities and financial means at a local level are important to adapt skills policy to the needs of local individuals and businesses “on the ground”. However, increased decentralisation of responsibilities can also lead to a risk that different levels of government are working in isolation, leading to policies that are not well aligned and inefficient use of resources. Consequently, it should be ensured that district council initiatives and their community-planning initiatives in skills policy, as well as City and Growth Deals, are aligned with an overarching skills strategy for Northern Ireland. This would ensure that all levels of government are working towards the same long-term goals.

Many participants in the workshops and missions argued that local stakeholders within new bodies are heavily invested in creating comprehensive regional community plans and City/Growth Deal strategies. However, as OECD consultation with stakeholders in Northern Ireland has shown, Northern Ireland’s central government might not be fully informed of the multitude of local activities in skills policies, again leading to a lack of co-ordination and duplication of policies. This can be evidenced, for example, in the variety of different information portals that exist for available apprenticeship positions. Simultaneously, putting skills policy on the agenda of local stakeholders is central. Local levels of government are

responsible for a multitude of issues, among which skills policy might not be considered a high priority for many local decision makers.

Furthermore, the resources used for skills policies are often allocated to projects on the higher end of the skills distribution with high public appeal, for example, visible in the “Innovation and Digital” pillar of the Belfast City Deal (Belfast City Council, 2019^[51]). In contrast, only GBP 30 million of a total planned GBP 500 million is to be spent on the “Employability and Skills” pillar, which also includes (but is not exclusive to) policies aimed at the lower level of the skills distribution and policies affecting those in need. It is essential to align such decisions regarding the distribution of available funds with the overall funding priorities of Northern Ireland’s overarching skills strategy.

In order to tackle these co-ordination challenges, it can be beneficial to ensure representation from district councils as well as City Deal and Growth Deal areas to a central oversight body for skills policy (see the previous section). However, this might have negative consequences for the effectiveness of this oversight body, due to an unwieldy number of representatives. Norway attempts to solve this dilemma by appointing one single representative to sit on the oversight body, who is responsible for all local administrations, and who acts as an intermediary (see Box 5.4). However, one might expect that a single representative may not be able to reconcile the diverging interests (due to variations in size, location, economic structure, etc.) between a large number of subnational units (OECD, 2019^[6]). A potential solution could be to appoint a small number of intermediaries located at the central oversight body, each representing a set of district councils with potentially similar interests.

Box 5.4. Relevant international examples: Vertical co-ordination mechanisms

Regional reform: An example from Norway

Norway recently conducted a regional reform (*regionreform*) that restructured its administrative divisions. It reduced the number of counties from 19 to 11 and gave these regions more responsibilities in the field of skills policy, thereby possibly leading to a trickling down of the topic of skills to the agenda of local governments. As part of that process, every county is also “strongly recommended” to create their own regional skills strategy. The counties (*Fylke*) are represented in the central Skills Policy Council by one single representative of the county council (*Fylkesting*). This representative’s role is to report back to all the heads of the county administrations (chief executives). The inclusion of a county representative (one joint representative representing all counties) within the Skills Policy Council helps to put skills on the agenda of the individual county executives, who often regard other policy areas, such as infrastructure, as their main priority. Regular meetings between the county representative and the individual county executives facilitate this effect. In practice, the county representative’s role is to put skills on the agenda of the county executives, rather than reconciling potentially diverging interests between counties.

Multi-level governance reform: An example from Finland

Finland’s multi-level governance reforms have driven collaboration between local areas and regions on education and training services. The PARAS (*Kunta- ja palvelurakennemuutos*) reform in Finland was a multi-dimensional reform that included municipal mergers, inter-municipal co-operation for service provision (in particular in the areas of healthcare and education), and better governance in urban regions. Legislation introduced quantitative thresholds to be reached for healthcare and education provision. Municipalities or inter-municipalities authorised to provide basic education services had to have at least 50 000 inhabitants. The local authorities involved could agree that the functions of co-management areas would be conducted jointly or by one local authority on behalf of one or more other local governments. Municipalities and urban regions had to submit their reports and implementation plans to central government by the end of August 2007. In 2008, central government evaluated the reform progress, based on supplementary information submitted by municipalities. The

reform was implemented between 2009 and 2012. As decisions were voluntary, each municipality/urban region implemented (or not) its plans at its own pace. The establishment of quantitative thresholds for education services drove collaboration and was supported by a joint project by the Ministry of Education and Culture and education providers to ensure structural and economic support for education and training across regions.

A central co-ordinating agency: An example from the Republic of Ireland

In the Republic of Ireland, SOLAS (*An tSeirbhís Oideachais Leanúnaigh agus Scileanna*) was established in 2013 under the Further Education and Training Act as an agency of the Department of Education and Skills. It is responsible for funding, co-ordinating and monitoring further education and training provision. It advances money to Education and Training Boards (ETBs) which in turn administer further education and training on a subnational level, and which are comprised of local authorities, parents-, community- and employer-representatives. Furthermore, it works closely together with the Regional Skills managers representing the Regional Skills Fora that exchange information on skills needs and provision between employers and local authorities and education and training providers (see Opportunity 3).

Source: OECD (2017^[52]), *Multi-level Governance Reforms: Overview of OECD Country Experiences*, <https://doi.org/10.1787/9789264272866-en>; Education and Training Boards Ireland (2015^[53]), "Homepage", <https://www.etbi.ie/>; SOLAS (2020^[54]), "About", <https://www.solas.ie/about/>; OECD (2019^[6]), "Strengthening the governance of skills systems", in *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/2a40e30e-en>.

Recommendations for improving vertical co-ordination and the governance of skills policies on a local level

- 4.6. Increase vertical co-ordination by appointing skills representatives of district council/City Deal/Growth Deal areas and including them in a central oversight body that co-ordinates skills policy at a higher level (see Recommendation 4.5).** In order to avoid possible negative consequences for the effectiveness of this oversight body due to an unwieldy number of representatives, a small number of intermediary representatives could represent a set of district council areas with potentially similar interests. To also include City Deals and Growth Deals in this infrastructure, Northern Ireland could include representatives of the respective Pillar Advisory Boards that are responsible for skills policy at the central oversight body.
- 4.7. Put skills policy on district council stakeholders' agenda by encouraging them to commit themselves to their own local skills strategies in accordance with the priorities of Northern Ireland's overarching skills strategy.** These local skills strategies could be part of the community-planning process of the respective district councils. They should be implemented in conjunction with the respective potential "Regional Skills Hubs" that include employers and other relevant stakeholders (see Recommendation 4.15). In order to raise the importance of skills policy for district-level decision makers, budgetary means for local skills strategies could be ring-fenced. Such a local approach does not necessarily stand in conflict with a more "top-down" economic strategy including skills and innovation policy, as proposed by recent research (Skilling, 2019^[32]), if it is ensured that local strategies are in accordance with Northern Ireland's overarching skills strategy and priorities.

Making full use of and including stakeholders in information systems

While co-ordination across the whole of government is essential for better skills outcomes, it is necessary to ensure that decision makers in these governance arrangements can make informed choices regarding the skills needs of the economy. Supporting information, produced with SAA tools, can be appropriately distributed across governmental (and non-governmental) stakeholders, in order to enable improved, evidence-based policy making.

Northern Ireland currently has a variety of databases available on skills policy. These include databases and forecasts based on econometric modelling, as well as surveys assessing employers' recruitment difficulties. Data are available on a regional as well as sectoral level, and data tracing employment outcomes of graduates over time also exist, in line with OECD recommendations (OECD, 2017^[20]). For example, the UK-wide Employer Skills Survey asks about recruitment difficulties and skills lacking from applicants and employees, as well as anticipated needs in the coming months. The Northern Ireland Skills Barometer was implemented in 2015, and bases its assessment and forecasts of future skills needs and gaps on econometric modelling, and also looks at sectoral skills needs (DEL, 2014^[12]; UUEPC, 2019^[16]). The Northern Ireland Skills Barometer will also soon be applied on a regional level, informing future skills needs by sub-region. Additional databases exist that shed light on graduates and students over time with respect to educational and employment success, for example, the "Further Education Leavers Survey" and "Destination of Leavers from HE" (Department for the Economy, 2019^[55]; HESA, 2020^[56]).

Agencies responsible for generating the databases mentioned above include a multitude of different departments at different governance levels, e.g. NISRA, the Universities and Colleges Admission Service, the UK's Higher Education Statistics Agency and the UK's Office for National Statistics. The Northern Ireland Skills Barometer is undertaken by the UUEPC under the direction of DfE. All interviewed participants acknowledged the high quality and usefulness of the information available on Northern Ireland. However, the large number of actors involved in SAA tools makes data dissemination potentially challenging, and many participants highlighted that the information available on Northern Ireland is not used as effectively as it could be. This holds especially for the rich variety of data sources available besides the Skills Barometer. According to stakeholders, one of the main reasons why existing information is not effectively used is that the available information is not gathered and shared among policy makers and decision makers. Consequently, if data distribution among all interested stakeholders could be optimised, improvements in evidence-based policy making could also be made. This requires a dedicated effort to gather, collect and distribute existing data in a comprehensive and easily understandable way to decision makers (for international examples, see Box 5.5). Furthermore, a certain degree of accountability for decision makers with regard to available evidence can facilitate evidence-based policy making (for details, see Opportunity 3).

The information mentioned above is based on a variety of sources and methodologies, acknowledging that there are "inherent strengths and weaknesses with every type of skill needs data source" (OECD, 2017^[52]). However, earlier reports of the Skills Barometer also included supplementing quantitative data with qualitative evidence through discussions with a variety of stakeholders, including business representatives in Sector Skills Councils. As not only public decision makers can benefit from such information, employer engagement in SAA tools also allows business to benefit from available information. However, due to financial cutbacks and the disappearance of many Sector Skills Councils, business, and private sector involvement in the Skills Barometer and other information sources proves challenging (OECD, 2019^[11]). Also, according to participants, links with other stakeholders in considering more qualitative information could be improved. Box 5.5 offers international examples of government bodies that supplement research with input from stakeholders, including employers and trade unions. In order to ensure high stakeholder engagement, decision makers should be required to provide some form of accountability on how available information is actually used in policy making (OECD, 2019^[6]) (for details, see Opportunity 3).

Box 5.5. Relevant international examples: Integrated information systems

A system for labour market and skills forecasting: An example from Estonia

Estonia introduced two laws in 2015 to improve the governance of skills anticipation. The new arrangement established that the System of Labour Market Monitoring and Future Skills Forecasting (Oskuste Arendamise koordineerimisüsteem, OSKA) provides skill forecasts in five sectors every year. Based on quantitative forecasts and qualitative insights developed by sectoral expert panels, the OSKA Co-ordination Council publishes a yearly analysis of labour market trends and skills needs. Representatives from employers and trade unions are involved in the co-ordination council that oversees OSKA, alongside ministries and the Estonian unemployment insurance fund (11 members in total). Education providers are also involved in sectoral expert panels, while experts from universities and professional associations sit on the OSKA Panel of Advisers (a body guiding methodological discussion and reflection). The whole system is administered and developed by the Estonian Qualifications Authority (Kutsekoda) and is co-funded by the ESF. The OSKA council publishes the main findings by sector on a portal (<https://oska.kutsekoda.ee/>), as well as recommendations for policy makers, education institutions and employers.

Future Skills Needs Committee: An example from Norway

The role of the Future Skills Needs Committee (Kompetansebehovsutvalget) in Norway is to “provide the best possible evidence-based assessment of Norway’s future skills needs, as a basis for national and regional planning, and for strategic decision making of both employers and individuals”. More specifically, its tasks involve to “generate and organise the evidence base” on Norway’s future skills needs based on already available data as well as to “stimulate the development of new evidence”. For this purpose, the Future Skills Needs Committee is also able to fund its own research via its budget financed by the Ministry of Education. Concerning the types of data used, the Future Skills Needs Committee is expected to use a variety of both qualitative as well as quantitative data sources. The Future Skills Needs Committee is comprised of representatives from social partners (employers and employees), the involved ministries, as well as experts, and is headed by a renowned economist (19 members, plus 3 in the secretariat). The committee is relatively protected from direct influence at the political level, and can, therefore, act as an independent advisory body.

Source: OECD (2016^[57]), *Getting Skills Right: Assessing and Anticipating Changing Skill Needs*, <http://dx.doi.org/10.1787/9789264252073-en>; OECD (2019^[58]), *Getting Skills Right: Creating Responsive Adult Learning Systems*, www.oecd.org/employment/emp/adult-learning-systems-2019.pdf; OECD (2019^[6]), “Strengthening the governance of skills systems”, in *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/2a40e30e-en>; Norwegian Committee on Skills (2020^[59]), “Future Skills Committee”, <https://kompetansebehovsutvalget.no/utvalgsmedlemmer/>; Estonian Ministry of Education and Research (2020^[60]), “OSKA”, <https://oska.kutsekoda.ee/en/>.

Recommendations for making full use of and including stakeholders in information systems

- 4.8. Re-engage business in skills anticipation and assessment via a central skills needs advisory body.** This central skills needs advisory body should be comprised of experts from academia, business, potentially labour unions and civil society and be headed by a recognised, independent (e.g. non-governmental) expert on skills policy. Based on quantitative and qualitative research from science as well as input from business, it should advise the central oversight body on skills policy (Recommendation 4.5) about the future skills needs of Northern Ireland, as well as assess if skills policy making by Northern Ireland’s government is in accordance with all available evidence. This central skills needs advisory body should be the result of a merger of employer/stakeholder engagement bodies (see Recommendation 4.10).

- 4.9. Ensure distribution of all available evidence to policy makers.** A task force within a potential skills needs advisory body should fulfil the function of gathering and collecting information from external data sources as well as its members, and further distribute this data in a comprehensive and easily understandable way among its members, as well as to decision makers in government.

Opportunity 3: Improving employer engagement in the governance of skills policies

While it is essential for a successful skills system to ensure sufficient funding (Opportunity 1) as well as to spend existing money efficiently and effectively (Opportunity 2), increasing employers' participation in and contribution to the provision and funding of skills policies can substantially relieve pressure on public budgets. As research on skills systems has shown, in order to ensure employer contributions (e.g. to raise their participation in training or apprenticeship schemes), it is beneficial to include employers in the governance of skills policies (Busemeyer and Trampusch, 2012^[7]). Employer involvement in the governance of skills systems can vary according to specific tasks; for example, including the strategic development of the skills system, content definition (e.g. curricula), organisation of training provision, the matching of skills demand and supply, as well as monitoring, examination and certification of qualifications (Emmenegger, Graf and Trampusch, 2019^[24]). Employer involvement in the governance of skills systems also varies according to the degree of involvement. It ranges from giving employers a voice in policy making via simple consultation processes on an ad hoc basis to the delegation of quasi-public functions and decision making on a permanent basis (OECD, 2019^[6]). Furthermore, employer engagement in the governance of skills systems also ensures that the skills provided by the education and training system are close to labour market needs, leading to low youth unemployment (Busemeyer, 2015^[3]).

However, creating such sustainable forms of employer engagement is especially challenging for liberal skills systems like in Northern Ireland, which lack a long-lasting tradition and infrastructure of corporatism, including social partnership and tripartite decision making (Hall and Soskice, 2001^[61]). Central to sustainable, long-term forms of employer engagement is first the existence of some form of encompassing intermediary between business and government that legitimately speaks on behalf of the whole business community (Schmitter and Streeck, 1999^[62]; Streeck and Schmitter, 1985^[23]). In continental European neo-corporatist countries, business interest associations take over this function, which are shaped by far lower membership density and fragmented issue agendas in Northern Ireland, making stakeholder engagement much more challenging (Valler et al., 2004^[63]).

Second, in countries with tripartite and social partner bodies, businesses have incentives to engage due to their direct access to political decision makers and the consequently resulting degree of influence, often even resulting in the above-mentioned "private interest governments" taking over quasi-public function from the state (Streeck and Schmitter, 1985^[23]). However, it might not necessarily be beneficial in Northern Ireland to give employer engagement bodies such wide-ranging responsibilities, due to the above-mentioned problem of a missing institutional infrastructure of encompassing business interest associations. Engagement of trade unions in the governance of skills systems as a counterbalance to business interests is also regarded as essential in creating skills systems with employer participation (e.g. dual apprenticeship), as it makes the respective skills policies attractive for individuals (Busemeyer and Trampusch, 2012^[7]; Emmenegger, Graf and Trampusch, 2019^[24]). This is equally challenging in Northern Ireland, due to the same problems of low membership density of trade unions. Consequently, it has to be ensured that stakeholder engagement bodies concerning both employers and labour are protected from a capture of policies by vested interests.

Cultural constraints are also regarded as essential in creating an environment of co-operation necessary for joint business involvement in training (Streeck, 2007^[64]). In other words, cultural norms, which make training to some extent "socially obligatory" for companies, help to overcome short-term economic interests of business, and motivate employer participation in skills policies. Dedicated governance arrangements might be necessary to create such an environment in liberal skills systems, whose business community is

shaped by a culture of competition over co-operation between business (O’Sullivan, 2000^[65]; Streeck, 1997^[66]), and consequently, poaching over collective training.

One possibility is to compensate for such a lack of cultural constraints by introducing, for example, training funds that create financial incentives for business to participate (see Chapter 3). However, research has shown that it is also possible to create such a culture of employer engagement in liberal skills systems like Northern Ireland if it starts “on the ground” at lower levels of government, thereby first fostering co-operation between a limited number of involved employers (Fortwengel and Jackson, 2016^[67]; Baccaro et al., 2018^[68]) to increase their training participation in apprenticeships and youth training or uptake of adult learning offers. This is especially central for the economy of Northern Ireland, which is shaped by SMEs that might struggle to provide training on their own. Such a local approach does not stand in conflict with a more “top-down” economic strategy including skills and innovation policy, as proposed by recent research (Skilling, 2019^[32]), as deliberate and strategic choices by the government can be made regarding those economic sectors that should be prioritised. Consequently, Northern Ireland should ensure that employers are engaged in skills policy via well-functioning governance bodies.

Restructuring stakeholder engagement bodies

In order to realise the full benefits of employer engagement in Northern Ireland, businesses need to have clear incentives to engage. Simultaneously, however, there must also be adequate steering by the government in order to compensate for the lack of encompassing business interest associations. This employer engagement at higher levels of government (i.e. business engaging with departments of Northern Ireland’s central government) could be achieved by restructuring currently existing employer engagement bodies, thereby simplifying overly complex governance structures.

In recent years, Northern Ireland has made significant reforms to attempt to involve employers in governance bodies of skills policies. This led to the rapid growth of a large variety of governance arrangements, as many of the sub-strategies of the 2011 *Success through Skills* strategy involved the creation of (one or more) issue-specific employer engagement bodies. For example, for apprenticeships and youth training, a Strategic Advisory Forum, as well as Sectoral Partnerships, were created as part of the *Securing our Success Strategy on Apprenticeships* as well as the *Generating our Success Strategy for Youth Training* (DEL, 2014^[12]; DEL, 2015^[13]). The Strategic Advisory Forum includes employers, government, trade unions, training providers and youth representatives, and advises government at a strategic level, specifically on the issue of apprenticeships and youth training. Similar to existing tripartite or social partner governance structures in countries with dual apprenticeship systems, Northern Ireland delegated certain quasi-public functions to Sectoral Partnerships, in order to increase employer participation in the provision, and consequently, funding of skills policies. The Sectoral Partnerships contain industry representatives and curriculum experts who determine the curriculum (including overarching outcomes for work-based learning and the qualifications to be delivered).

Other examples of newer bodies include the Career Advisory Forum set up under the *Preparing for Success 2015-2020 Strategy for Careers Education and Guidance*, and the NEET Advisory Group that was set up under the *Pathways to Success Strategy* for those young people who are NEET (Department for Employment and Learning, 2012^[69]; DEL; DE, 2016^[70]). The Career Advisory Forum consists of representatives from business, education and other key stakeholders to advise the government on career guidance, bringing education closer to labour market needs, and supporting local stakeholder involvement concerning service users, education providers and business. The NEET Advisory Group consists of government representatives, health trusts, business and representatives from voluntary and community sector organisations.

However, a number of older employer engagement bodies were also introduced previously, but without establishing any long-term modes of co-operation. These include, for example, Sectoral Action Groups on future skills needs (DEL, 2006^[15]). Furthermore, as a response to the Independent Review of Economic

Policy commissioned by the former Department of Enterprise, Trade and Investment, the Economic Advisory Group was set up in 2010. It is a group of experts including researchers and employers that advises the department on policy development and strategic thinking concerning Northern Ireland's economy (Department for the Economy, 2020^[71]), but with rather limited activity in recent years, according to stakeholders. Sector Skills Councils and Sector Training Councils are also older, independent employer-led organisations that aim to reduce skills shortages (via promoting participating in training), improving learning standards and advising on skills, education and training needs. Funding from central government has drastically declined in an attempt to make these sectoral bodies self-sustainable. However, this has only worked for a minority of sectors, for example, in “Food and Drink Sector Skills” (OECD, 2019^[11]). On a UK-wide level, also the UK Commission for Employment and Skills (including business, trade unions, and experts) was only active from 2008 to 2017, and consequently did not establish long-term co-operation (albeit some of its activities have been continued and transferred to other institutions).

This list of stakeholder engagement bodies is in no way exhaustive but already points towards some of the main problems with Northern Ireland's complex landscape of employer engagement bodies. According to stakeholders, one issue is that employer engagement up until now was mostly conducted in an ad hoc, issue-specific and only short- to mid-term manner. This lack of an institutionalised, long-term form of employer engagement might have also contributed to the fact that business organisations until now partially lack expertise in skills policy (as highlighted by some stakeholders). It is therefore questionable if employers should be involved in very specific and narrowly defined governance bodies. In any case, setting up such bodies consequently requires much more time and effort in Northern Ireland, compared to many continental European countries.

Many of the employer engagement bodies have relatively narrow issue agendas (e.g. NEETs, career guidance), and simultaneously have overlapping membership of business representatives in many of these bodies. According to stakeholders, the recent rapid growth of all these bodies has led to fundamental confusion and frustration among the business community concerning which issues can be tackled by which of the respective advisory bodies. As a consequence, the specific roles and responsibilities of these bodies are not clearly delineated, including for the well-established employer engagement bodies. Such clarity is, however, an important condition for well-functioning employer engagement bodies (OECD, 2019^[6]). Stakeholders also emphasised that there exists no high-level, overarching employer engagement body that oversees this complex landscape of issue-specific employer engagement bodies.

According to stakeholders, one reason for this very fragmented landscape of multiple employer engagement bodies working in parallel is the limited whole-of-government co-ordination between and within departments (see also Opportunity 2), each of whom set up their own, specific employer engagement groups without any clear overarching governance structure in mind. In short, limited whole-of-government co-ordination leads to inefficient employer engagement. Any attempt to restructure the currently very complex employer engagement governance structure must, therefore, be conducted jointly by all involved departments, in order to build upon and change the already existing infrastructure, instead of creating additional parallel structures.

Another well-acknowledged problem in the literature is the limited representativeness of business interest associations in Northern Ireland, leading to limited legitimacy to speak for the whole of business (Valler et al., 2004^[63]). Stakeholders have emphasised that representatives and leaders from elite and leading firms that have a respected voice in their sectors and clusters might be one way to substitute for lack of encompassing business interest associations, and lack of expertise among many employers. However, focus on leading firms can also lead to an over-emphasis of the interests of large firms over SMEs. Stronger steering from experts can, therefore, help to counterbalance the dominance of some business groups (see, for example, Box 5.6). Such steering might also help mitigate similar problems of interest representation of trade unions (if they are included in respective stakeholder engagement bodies), which are also characterised by narrow constituencies in Northern Ireland, potentially leading to a lack of

legitimacy and/or expertise. Furthermore, for the reasons mentioned above of a limited tradition of long-term, stable employer engagement and missing encompassing business interest associations, it is not necessarily beneficial for Northern Ireland to give employers wide-ranging responsibilities, decision-making powers and quasi-public functions as in “private interest governments”. Moreover, giving employers decision-making powers in tripartite-style governance bodies with both private actors as well as all involved departments might also lead to bloated governance arrangements (see also Opportunity 2). In order to avoid sluggish proceedings and decision-making processes within these bodies, it can be beneficial to rely on separate employer engagement bodies that regularly advise and meet with their public partners in government. But as these quasi-public functions and direct decision-making powers act as incentives for business to stay involved in employer engagement bodies, Northern Ireland needs to find other ways to compensate for these incentives. One possibility is to implement mechanisms that ensure that it is clear for business how its advice is used and how it influences policy making, as well as why its particular advice may not have been implemented (OECD, 2019^[6]).

Box 5.6. Relevant international example: Advisory body combining employer engagement and expert advice

Social and economic councils: An example from the Netherlands

The Social and Economic Council of the Netherlands (SER) advises the Dutch Government and Parliament on key points of social and economic policy. It also undertakes activities arising from governance tasks and self-regulatory matters and functions as a platform for discussions of social and economic issues. The council consists of independent Crown-appointed members (including academia), employers and employees (33 members in total). SER has set up a large number of committees and working parties to carry out its tasks and prepare its advisory reports. Established in law by the Social and Economic Council Act (Wet op de Sociaal-Economische Raad), the SER is the main advisory body to the Dutch Government and Parliament on national and international, social and economic policy. The SER is financed by industry and is wholly independent of the government. It represents the interests of trade unions and industry, advising the government (upon request or at its own initiative) on all major social and economic issues. The SER also has an administrative role. In addition, it helps the government enforce the Works Councils Act (Wet op de ondernemingsraden).

Source: OECD (2019^[4]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/9789264313835-en>; Netherlands Social and Economic Council (2020^[72]), “What is the SER”, <https://www.ser.nl/en/SER/About-the-SER/What-is-the-SER>.

Recommendations for restructuring stakeholder engagement bodies

- 4.10. Improve governance structures by assessing potential mergers and making responsibilities of employer engagement bodies clear.** All departments involved in skills policy (e.g. via the central oversight body – see Recommendation 4.5) should first assess the current structure of employer engagement bodies in Northern Ireland. Second, possible overlaps between these bodies should be removed either via clearly demarcating responsibilities between bodies or by merging engagement bodies with similar tasks and/or overlapping memberships.
- 4.11. As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise the government on the skills policy.** The process mentioned above of restructuring employer engagement bodies should have the twin goal of creating an overarching stakeholder engagement body that regularly advises government at the strategic level, as set out in Figure 5.9. All departments involved in skills policy (e.g. via the central oversight body – see Recommendation 4.5) should assess how such a central skills needs advisory body could emerge from the already existing infrastructure and could oversee and co-ordinate potentially remaining employer engagement bodies on issue-specific/sectoral topics, instead of creating new parallel structures. For example, the already existing Economic Advisory Group could be the basis

of such a central skills needs advisory body. In any case, the central skills needs advisory body should be comprised of well-respected, leading business actors, potentially trade unions and complemented by independent experts from research (see Recommendation 4.12).

- 4.12. Ensure sufficient steering of the central skills needs advisory body by including independent experts and researchers.** The central skills needs advisory body (see Recommendation 4.8) should also include independent experts, e.g. from academia. This supplements and potentially back employers' preferences for policy making with all available research on skills needs. Furthermore, independent experts and researchers should be able to steer the recommendations given by the central skills needs advisory body to a certain extent in order to counter and mitigate problems connected to a lack of tradition in employer and trade union engagement (i.e. narrow membership in business interest associations and trade unions, potential lack of expertise, dominance of large elite employers over SMEs).
- 4.13. Ensure accountability of policy makers towards advice given by the central skills needs advisory body.** In order to create clear incentives to participate, business must be convinced that their voice is actually heard. This includes regular meetings between the proposed central skills needs advisory body (see Recommendation 4.8) and the (public) central oversight body for skills policy chaired by the relevant minister(s) (see Recommendation 4.5). Furthermore, maximum transparency on how stakeholders' advice is used should be ensured; for example with mandatory, written responses from government to any advice from the central skills needs advisory body (OECD, 2019^[6]).

Improving governance arrangements for involving employers at lower levels of government

Stakeholder engagement at the local level should comprise improvements to local governance structures in order to create/facilitate employer participation in skills policies. Northern Ireland's business landscape is shaped by patterns typical of Anglo-American countries. Participants considered that many employers struggle to retain their workforce after investing in their training. Consequently, employers' fear of poaching (losing their former apprentices/trainees/employees to other companies after training them) is one of the main reasons employers refrain from increasing their expenditure on skills policies.

In many countries with strong employer participation in skills policies, a common economic culture among employers acts as a "constraint" that makes poaching socially unacceptable, while at the same time making training socially obligatory (Streeck, 1997^[66]). Other research (Kuhn, Schweri and Wolter, 2019^[73]) has empirically shown that training incidence is higher in communities that are "characterized by a stronger norm towards the private provision of training". Creating a culture of employer engagement and therefore, employer co-operation in training, rather than competition for potential employees, is an important building block to increase employer participation in skills policies. Albeit challenging, research has shown that it can indeed be possible to create such a culture when starting "on the ground" at lower levels of government, first fostering co-operation between a limited number of involved employers. For example, previous research (Fortwengel and Jackson, 2016^[67]) has demonstrated a US example of how training networks between a limited number of firms (albeit including many subsidiaries of continental European companies) can increase training participation, and stabilise retention rates through a shared common code of conduct. This includes a non-binding agreement to refrain from poaching, shared pay scales to limit wage competition after training, or joint recruiting of apprentices.

There are different models of such training networks, including their funding models (subsidised or not) as well as their training models, some of which are set out in Box 5.7. With regard to apprenticeship training, other research (Leemann and Imdorf, 2015^[74]) has argued that if apprentices are employed at the training network, rather than at individual training firms, it will reduce "employers' fear of being at a competitive disadvantage [due to solely bearing training costs] and a potential victim of poaching, which makes them more willing to engage in training" in the first place. However, this mechanism does not work for forms of

training that concern already hired employees. Some forms of training networks can also help to facilitate training within companies that do not have the resources (administratively, financially as well as in terms of training opportunities on the shop floor) to train, e.g. especially SMEs that dominate Northern Ireland's economy. In such models, trainees cycle through companies as part of their training courses, with training at each company reflecting its distinct capacities, and the whole network is governed by a larger lead-company or training provider that takes over many administrative and legal tasks (Leemann and Imdorf, 2015^[74]).

Research (Culpepper, 2003^[75]) has highlighted the importance of SMEs in facilitating more collective forms of training, and proposes targeting measures at firms where effects on training participation are potentially the largest. In order to identify such candidate firms, the knowledge of elite business actors and or sectoral business organisations can be central in Northern Ireland. However, such choices of appropriate target firms could also be aligned with a “top-down” economic strategy for Northern Ireland, including skills and innovation policy, as proposed by recent research (Skilling, 2019^[32]), with government strategically selecting which economic sectors to focus on. Drawing on experience from training networks in the United States, other research (Bernhardt, Dresser and Rogers, 2002^[76]) has recommended focusing on selected sectors with high demand for skilled workers and high union coverage, thereby pushing up training incentives for employees through granting labour more influence in the governance of training. Similarly, it would also be possible to focus on sectors with especially organised and representative business interest associations. Especially well-organised business interest associations might have the best information on potential candidate firms (i.e. they know the firms where effects of such networks on training participation might be the largest). Consequently, discriminating between different types of companies regarding their eligibility or the extent of subsidisation for such training networks can be beneficial.

In order to increase employer participation in skills policies, information exchange regarding available subsidies and training programmes is central. For example, awareness-raising initiatives and technical assistance for business can be one mechanism to increase employer participation in skills policies (see Chapters 3 and 4). In Northern Ireland, both the 2014 Apprenticeship Strategy as well as the 2015 Youth Training Strategy proposed the introduction of a central service seeking and managing opportunities for work-based learning across Northern Ireland's economy, thereby running promotion campaigns as well as a “full end-to-end service”, including advice and guidance on how to participate in apprenticeships and youth training, outlining the range of support available, including incentives, advertising vacancies and offering ongoing support (DEL, 2014^[12]; DEL, 2015^[13]). According to these strategies, industry consultants with extensive knowledge of local economic environments, local councils and other key organisations should have supported this central service on the ground. However, this central service supported by industry consultants was never implemented. Formerly, Sector Skill Councils and Sector Training Councils gave employers a voice in apprenticeship and training policies and tried to motivate employer participation more locally, but are no longer functional in many sectors (OECD, 2019^[11]).

However, such direct contact with individual firms was regarded as essential by participants. Consequently, new institutions that bring together local government, employers and potentially other stakeholders should take up these functions, as seen in the similar Regional Skills Fora in the Republic of Ireland or the Mid-Ulster Skills Forum in Northern Ireland (see Box 5.7). Such bodies could consequently set common goals (as seen in the local skills strategies mentioned in Opportunity 2) and exchange information concerning available programmes among local businesses. With their potentially extensive knowledge of the local business communities, such potential “regional skills hubs” can then also target and promote specific policies, including offers of potential local training funds (see Chapter 3), at individual businesses, for example, those most in need or that have the potential to benefit the most from the respective policies. This can include the training networks mentioned above, but also policies for promoting high-performance work practices (HPWP) (including management and leadership capabilities) among SMEs (as suggested in Chapter 4), or policies for strengthening the provision of adult learning to low-skilled learners in the workplace (as suggested in Chapter 3).

Box 5.7. Relevant national and international examples: Different models of facilitating employer engagement at lower levels of government

Vocational training networks: An example from Switzerland

In Switzerland, the government established vocational training networks (*Lehrbetriebsverbände*) through the 2004 Act on VET (vocational education and training). These are networks of two or more training firms that share apprentices, with training organised across several firms on a rotating basis. The aim is to allow firms that lack the capacity and resources to provide the full training of an apprentice to be engaged and to lower the financial and administrative burden on individual firms. One of the firms in the association has overall responsibility for the training of the apprentice, signs the apprenticeship contract and represents the association externally. The confederation subsidises networks with initial funding during the first three years for marketing, administrative and other costs necessary to set up the joint training programme. After this initial support, training associations are supposed to be financially independent. The canton of Zürich also finances its networks via means of a cantonal training fund where non-training companies are required to contribute. An evaluation (Resultate Evaluation Lehrbetriebsverbände, OPET, Bern) found that most firms participating in training networks would not have engaged in training otherwise.

Mid Ulster Skills Forum: An example from Northern Ireland

The Mid Ulster Skills Forum in Northern Ireland is a local initiative by 30 local businesses, colleges/universities and industry sectoral bodies formed in 2017. It is private-sector led and the first of its kind in Northern Ireland. The forum created an Action Plan (2018-2021) that presents several priorities and actions, including supporting the development of future-proof skills and capabilities to enhance business performance, raising the quality and quantity of apprenticeships and reducing annual rates of staff turnover among business (i.e. limiting poaching).

Skillnet and Regional Skills Fora: Examples from the Republic of Ireland

Skillnet is the Republic of Ireland's national publicly funded agency dedicated to workforce development. It seeks to increase companies' participation in enterprise training by operating enterprise-led learning networks in different economic sectors and regions, as well as by offering various other services. Skillnet currently supports over 15 000 companies nationwide and provides learning experiences to over 50 000 trainees, with businesses and Skillnet Ireland providing around half of the funding each. Furthermore, Skillnet is supported by a National Training Fund/Levy.

The process of determining training needs and co-ordinating the delivery of training is primarily owned by the enterprise groups engaged with Skillnet Ireland. Through 65 Skillnet learning networks, Skillnet Ireland allocates funding to groups of companies in the same industry sector or region and with similar training needs so that they can deliver subsidised training for their teams. Skillnet's learning networks also enables cohesive enterprise networking and the flexibility to respond to ever-changing skills demands through formal and informal learning. As part of the National Skills Strategy to 2025, the Republic of Ireland also introduced nine Regional Skills Fora and respective Regional Skills Fora Managers. They are single points of contact for employers in the region and are in charge of promoting regular collaboration between employers and the education and training system at the regional level. They help employers understand and access the full range of services offered by the education and training system. They also help the government respond to local skills needs and better co-ordinate policies between different levels of government, thereby also informing national funding decisions.

Source: Kuczera, M. and S. Jeon (2019^[21]), *Vocational Education and Training in Sweden*, <https://doi.org/10.1787/g2g9fac5-en>; Mid Ulster Skills Forum and Mid Ulster District Council (2018^[77]), *Skills Report and Action Plan 2018-2021*, [https://www.midulstercouncil.org/getmedia/fbca2ca4-b60f-4aae-8d66-075414945074/MUDC-Skills-Report-Action-Plan-2018-2021-\(Full-Report\).pdf.aspx](https://www.midulstercouncil.org/getmedia/fbca2ca4-b60f-4aae-8d66-075414945074/MUDC-Skills-Report-Action-Plan-2018-2021-(Full-Report).pdf.aspx); OECD (2019^[78]), *OECD Skills Strategy Latvia: Assessment and Recommendations*, <https://doi.org/10.1787/74fe3bf8-en>.

Recommendations for improving governance arrangements for involving employers at lower levels of government

- 4.14. Improve employer engagement by encouraging the creation of local, collaborative training networks among employers.** Such training networks can share training responsibilities and collaborative recruiting and establish a common code of conduct that creates trust among employers (e.g. no poaching, commitment to raising training participation). The government of Northern Ireland should provide financial support to such networks, with the possibility of focusing strategically on certain sectors in line with an overall skills strategy. The reach and composition of these training networks can be variable according to the respective needs of business (similar to the Skillnet's learning network approach), meaning that there could be one or multiple networks per district, but also cross-district networks, and multi- as well as single-sector networks.
- 4.15. Create an infrastructure of regional skills hubs at district councils that increase information exchange and co-ordination between employers, education and training providers and (local) government.** In such regional skills hubs, these stakeholders set common goals for regional skills policy, for example, the local skills strategies (see Recommendation 4.7). By involving experienced local representatives of the business community with knowledge of potential local training opportunities and needs, these hubs can effectively promote skills policies among the business community (e.g. for example by launching awareness-raising initiatives as mentioned in Chapters 3 and 4) and facilitate businesses' access to the range of services in skills policies offered in Northern Ireland. Consequently, the hubs could also target policies for improving HPWP and adult learning for low-skilled learners at those most in need (see Chapters 3 and 4), or help to channel funding for training networks (see Recommendation 4.14) to companies or sectors where effects on training participation are potentially the largest.

Overview and discussion of recommendations

Improving the governance of skills policies is crucial for ensuring effective skills policies and creating a sustainable skills system, as policies in the three priority areas (discussed in this report) will only realise their full potential if accompanied by supportive governance arrangements. Three opportunities have been selected indicating where governance arrangements of Northern Ireland's skills system can be strengthened:

1. Making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland's skills system.
2. Increasing co-ordination and information distribution across the whole of government.
3. Improving employer engagement in the governance of skills policies.

This chapter presented a total of 15 recommendations in order to seize these opportunities in the area of governance. This selection is based on input from literature, desk research, discussions with the Northern Ireland Project Team, and broad engagement with a large variety of stakeholders, including two workshops in Belfast, two meetings in Derry/Londonderry, a meeting in Dungannon, and various related meetings and group discussions.

In these recommendations, a number of common areas could be identified and various recommendations are inter-related. A starting point for improving governance arrangements is to commit all relevant decision makers and ministers (including the first minister and deputy first minister) to a binding, cross-departmental Skills Strategy for Northern Ireland in order to formulate strategic goals and ensure sustainable funding arrangements for the future development of Northern Ireland's skills system (Recommendation 4.1). However, in order to achieve such strategic goals as part of the proposed skills strategy, Northern Ireland should also implement sustainable funding models and budgeting processes that enable multi-year

planning beyond the short-term, traditional annual budgeting cycle (4.2). One development that might impact the future implementation of such a skills strategy is the UK's exit from the EU. In order to respond to the potential impact of the UK's exit on the funding of Northern Ireland's skills system, Northern Ireland should assess the restructuring of existing ESF programmes (4.3), and partially shift funding for these programmes to their own budgets due to the uncertainty regarding a potential Shared Prosperity Fund (4.4).

However, goals as part of a common Skills Strategy for Northern Ireland can only be effectively achieved through co-ordination across the whole of government, which should be ensured first of all through a new central oversight body with representatives from all relevant departments and arms-length bodies (4.5). In order to expand this whole-of-government co-ordination also between different levels of government, district council representatives could be included in this central oversight body (4.6). Furthermore, district councils could also commit themselves to their own local skills strategies in accordance with the priorities of Northern Ireland's overall skills strategy (4.7).

Such a central oversight body (4.5), however, should be complemented by both expertise from business (and potentially employee representatives) as well as independent experts, as suggested by involving both in a new central skills needs advisory body (4.8 and 4.11) that supports and advises the central oversight body. The combination of employers and independent experts in one advisory body can mitigate potential problems connected to a lack of tradition in employer engagement (4.12). A certain degree of accountability of political decision makers to scientific information and assessment as well as employer advice given by such a skills needs advisory body must be ensured (4.13). Conversely, the advisory body (and in particular independent experts within it) should also ensure the distribution of all available evidence to policy makers in order to enable evidence-based policy making (4.9).

Furthermore, this central skills needs advisory body could also help improve Northern Ireland's currently very complex infrastructure of employer engagement bodies, some of which could be merged, ultimately creating a foundation for the new central skills needs advisory body (4.10 and 4.11). In order to further strengthen employer engagement in Northern Ireland's skills system, the chapter also proposed to create an infrastructure of regional skills hubs at the district council level (4.15), bringing together employers, education and training providers and (local) government to set common goals, for example, the regional skills strategies (4.7), and promote and target skills programmes at the local business community. For example, local training networks could be created that share training responsibilities and collaborative recruitment, and establish a common code of conduct (4.14).

Based on discussions with the Northern Ireland Project Team, three recommendations have been selected that could be considered to have the highest priority based on potential impact, relevance in the current Northern Ireland context, as well as the overall support for implementation. To strengthen governance of the skills system, the OECD recommends that Northern Ireland:

- Commit all relevant decision makers and ministers (including the first minister and deputy first minister) to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland (4.1).
- Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies (4.5).
- As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise government on skills policy (4.11).

Table 5.3. High-level overview of recommendations to strengthen the governance of skills policies in Northern Ireland

| Policy directions | Recommendations | Responsible parties |
|--|---|---|
| Opportunity 1: Making sustainable funding arrangements and committing to an overarching strategy for Northern Ireland's skills system | | |
| Putting sufficient and balanced funding of skills policies on top of decision makers' agendas | 4.1. Commit all relevant decision makers and ministers to guarantee support and sustainable financial resources to achieve strategic goals as part of a binding, cross-departmental Skills Strategy for Northern Ireland. | <ul style="list-style-type: none"> Government departments First minister and deputy first minister Business stakeholders |
| | 4.2. Ensure sustainable funding models and budgeting processes that enable multi-year planning beyond the short-term, traditional annual budgeting cycle. | <ul style="list-style-type: none"> DoF, DfE, DE, DAERA |
| Responding to the potential impact of the United Kingdom's exit from the EU and the loss of ESF funding | 4.3. Reassess and restructure current ESF-funded programmes across departments in order to avoid possibly inefficient and expensive overlaps of programmes for similar target groups. | <ul style="list-style-type: none"> DE, DfC, DfE |
| | 4.4. Consider shifting previously ESF-funded programmes to departments' own budgets, as opposed to a continued reliance on external funds (e.g. on a potential Shared Prosperity Fund). | <ul style="list-style-type: none"> DoF, DE, DfC, DfE |
| Opportunity 2: Increasing co-ordination and information distribution across the whole of government | | |
| Increasing inter- and intra-departmental co-ordination | 4.5. Increase co-ordination in skills policy (e.g. to implement the proposed skills strategy) by introducing a central oversight body with representatives from all relevant departments and arms-length bodies. | <ul style="list-style-type: none"> Government departments (DfE, DoF, DE, DfC, DAERA) Arms-length bodies active in skills policies |
| Improving vertical co-ordination and the governance of skills policies on a local level | 4.6. Increase vertical co-ordination by appointing skills representatives of district council/City Deal/Growth Deal areas and including them in a central oversight body that co-ordinates skills policy at a higher level. | <ul style="list-style-type: none"> District councils DfE, DoF, DE, DfC, DAERA |
| | 4.7. Put skills policy on district council stakeholders' agendas by encouraging them to commit themselves to their own local skills strategies in accordance with the priorities of Northern Ireland's overarching skills strategy. | <ul style="list-style-type: none"> District councils DfE Potential central oversight body |
| Making full use of and including stakeholders in information systems | 4.8. Re-engage business in skills anticipation and assessment via a central skills needs advisory body. | <ul style="list-style-type: none"> Business stakeholders DfE |
| | 4.9. Ensure distribution of all available evidence to policy makers. | <ul style="list-style-type: none"> DfE Stakeholders in potential central skills needs advisory body |
| Opportunity 3: Improving employer engagement in the governance of skills policies | | |
| Restructuring stakeholder engagement bodies | 4.10. Improve governance structures by assessing potential mergers and making responsibilities of employer engagement bodies clear. | <ul style="list-style-type: none"> DfE, DoF, DE, DfC, DAERA Business stakeholders |
| | 4.11. As a result of mergers of high-level employer engagement bodies, implement a central skills needs advisory body to advise the government on the skills policy. | <ul style="list-style-type: none"> DfE, DoF, DE, DfC, DAERA Business stakeholders |
| | 4.12. Ensure sufficient steering of the central skills needs advisory body by including independent experts and researchers. | <ul style="list-style-type: none"> DfE, DoF, DE, DfC, DAERA Independent experts |
| | 4.13. Ensure accountability of policy makers towards advice given by the central skills needs advisory body. | <ul style="list-style-type: none"> DfE, DoF, DE, DfC, DAERA Independent experts Business stakeholders |
| Improving governance arrangements for involving employers at lower levels of government | 4.14. Improve employer engagement by encouraging the creation of local, collaborative training networks among employers. | <ul style="list-style-type: none"> Business stakeholders at the local level DfE, DfC |
| | 4.15. Create an infrastructure of regional skills hubs at district councils that increase information exchange and co-ordination between employers, education and training providers and (local) government. | <ul style="list-style-type: none"> District councils Business stakeholders at the local level DfE, DfC |

Note: DoF is the Department of Finance; DfE is the Department for the Economy; DE is the Department of Education; DAERA is the Department of Agriculture, Environment and Rural Affairs; DfC is the Department for Communities; CCEA is the Council for the Curriculum, Examinations and Assessment.

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Annex A. Engagement

The OECD Skills Strategy project involved ongoing oversight and input from the National Project Team which was co-ordinated by, and composed of, experts from the Department for the Economy, as outlined in Table A A.1 below.

Table A A.1. National Project Team

| Project Team | |
|---------------------|---|
| Heather Cousins | Deputy Secretary Skills and Education Group, Department for the Economy |
| Graeme Wilkinson | Director of Skills, Department for the Economy |
| Michael Gould | Strategy Portfolio Management, Department for the Economy |
| Raymond Kelly | Skills Strategy Branch, Department for the Economy |
| Roger Arneill | Skills Strategy Branch, Department for the Economy |
| Renee O'Cleary | Skills Strategy Branch, Department for the Economy |
| Ruth Bennett | Skills Strategy Branch, Department for the Economy |
| Adrian McMullan | Skills Strategy Branch, Department for the Economy |
| Julianne Kieran | Analytical Services, Department for the Economy |

Further strategic oversight and guidance was provided by the over-arching Skills Strategy Project Board which was comprised of experts from across the Northern Ireland (United Kingdom) public sector, as set out in Table A A.2 below.

Table A A.2. Skills Strategy Project Board

| Skills Strategy Project Board | |
|--------------------------------------|---|
| James Boyle | Department of Agriculture, Environment and Rural Affairs (DAERA) |
| Emer Morelli | Director, Supply Division, Department of Finance |
| Caroline Gillan | PFG and NICS of the Future, The Executive Office |
| Faustina Graham | Director, Curriculum, Qualifications & Standards, Department of Education |
| Deirdre Ward | Director, Work & Wellbeing, Department for Communities |
| Jim Wilkinson | Director, Apprenticeships, Careers and Vocational Education, Department for the Economy |
| Nick Gibson | Higher Education Division, Department for the Economy |
| Chris Williamson | Workforce Policy Division, Department of Health |
| Deirdre Mackle | Director of Engineering, Department for Communities |
| Beverley Harrison | Director, Further Education, Department for the Economy |
| Keith Forster | Strategic Policy Division, Department for the Economy |
| Niall Casey | Director, Skills and Strategy Solutions, Invest NI |
| Victor Dukelow | Director, EU Exit Trade and Migration, Department for the Economy |
| Shane Murphy | Director, Analytical Services, Department for the Economy |
| David McKeown | Invest NI |
| Nicola Fisher | Analytical Services, Department for the Economy |
| Justin Kerr | EU Exit Division, Department for the Economy |
| Donna Blaney | Further Education Division, Department for the Economy |

Workshop moderators and note-takers

Members of the Project Team and the Department for the Economy acted as moderators and note-takers during the workshops in October 2019 and January 2020.

OECD missions to Northern Ireland

The OECD held four missions to Northern Ireland between June 2019 and January 2020 and met with a broad range of stakeholders, representing departments, government agencies, employer associations, trade unions, education and training providers, research institutions and many more. The OECD would like to thank all participants for their invaluable contributions to the project. The missions included large interactive workshops, in-depth thematic sessions and other meetings.

Mission 1: Kick-off mission (11-12 June 2019)

The main objectives of this mission were to discuss Northern Ireland's main policy priorities, discuss the proposed priority areas for the project, identify potential areas to address within each of these priority areas, and evaluate options and timing for workshops and select key dates for these events. This mission included the following elements:

- **Project team meetings (11/12 June 2019):** Two meetings with the Skills Strategy team of the Department for the Economy to discuss the work plan and the next steps.
- **Technical-level meeting (11 June 2019):** Meeting with representatives from various departments of the government of Northern Ireland to discuss proposed priority areas for the project.
- **Working lunch with business representatives (11 June 2019):** Working lunch with key business representative bodies to discuss their policy priorities and to engage them in the project.
- **Meeting political parties (11 June 2019):** Meeting with political representatives to raise awareness of the project.

Mission 2: Skills Strategy Seminar mission (24-25 September 2019)

In the second mission of the Skills Strategy project, the OECD visited Northern Ireland to discuss the project with the Project Team and the Skills Strategy Project Board. The main objectives of this mission were to officially launch the project, to discuss the proposed priority areas for the project, and to plan the upcoming Assessment Mission. This mission included the following elements:

- **Skills Strategy seminar (24 September 2019):** The official start of the OECD Skills Strategy project in Northern Ireland, beginning with the high-level OECD Skills Strategy Seminar. The seminar convened policy makers and senior officials from all departments of the Northern Ireland Government, except the Department of Justice, in a high-level public event.
- **Technical-level meeting (24 September 2019):** A meeting with the Project Board, to discuss the main skills policy priorities for Northern Ireland, and the scope and main challenges in each of the four priority areas.
- **Project Team meeting (25 September 2019):** A Project Team meeting to discuss the main findings from this mission and to plan the Assessment Mission.

Mission 3: Assessment Mission (15-18 October 2019)

The Assessment Mission was organised to discuss the project and its priorities with the Project Team, and to undertake a series of workshops and group discussions to discuss the OECD's initial assessment of the

skills landscape in Northern Ireland, including our first draft list of opportunities and related recommendations. This mission included the following elements:

- **Group discussions (15 October 2019):** A series of four separate group discussions were convened with a select group of stakeholders (senior officials from relevant departments; educational establishments; employer groups; curriculum experts, etc.). In each of these meetings, OECD representatives introduced the OECD Skills Strategy as a strategic framework. Participants then discussed Northern Ireland's main priority areas through a *tour de table*, with the OECD moderating each discussion.
- **Assessment Workshop (16 October 2019):** The main purpose of this workshop was to collect detailed insights into Northern Ireland's performance and initiatives in each of the four priority areas, from a broad spectrum of relevant stakeholders, ultimately to support the analysis in the OECD's final report. The workshop was also designed to build awareness of the challenges and opportunities in each priority area, and to encourage stakeholders to identify the most important areas for recommendations. Over 100 representatives participated in the workshop, including policy makers; officials from several government departments and public agencies; representatives from across the educational spectrum; curriculum experts; trade unions; representatives from employers; and representatives from the voluntary and community sector.
- **Derry/Londonderry Workshop (17 October 2019):** This workshop followed the same objective and format as the previous day's event in Belfast, albeit on a reduced scale in terms of the number of participants (approximately 50), as well as the time available to consider each opportunity and related recommendations. The discussions followed roughly the same format as the previous day. The majority of participants were from educational establishments; training providers and employer representatives.
- **Meeting with political party representatives (17 October 2019):** The objective of this meeting was to discuss the main skills policy priorities for Northern Ireland, and the scope and main challenges in each of the four priority areas. The purpose of the meeting was to gain an insight into the skills policy priorities from a political perspective, to ascertain whether they were in line with the views being offered by the other stakeholders over the course of the Assessment Mission.
- **Project Team meetings (15/18 October 2019):** Meetings to discuss the (anticipated) outcomes from this Assessment Mission and to subsequently agree the next steps, once those outcomes had been formally identified.

Mission 4: Recommendations Mission (21-24 January 2020)

The Recommendations Mission was organised to discuss the project and its draft recommendations with the Project Team, and to undertake a series of workshops and group discussions to test those draft recommendations. This mission included the following elements:

- **Group discussions (21 January 2020):** Two meetings were held in parallel: one with the Skills Strategy Project Board, and another with representatives of Northern Ireland's political parties. Participants discussed Northern Ireland's priority areas and the OECD's draft recommendations through a *tour de table*.
- **Recommendations Workshop (22 January 2020) Belfast:** The main purpose of this workshop was to collect detailed insights into Northern Ireland's performance in each of the four priority areas from a broad spectrum of relevant stakeholders, ultimately to support, amend, and refine the OECD's draft recommendations. The workshop was also designed to build awareness of the challenges and opportunities in each priority area, and to encourage stakeholders to identify the most important recommendations. Approximately 120 representatives participated in the workshop, including policy makers; officials from several government departments and public

agencies; representatives from across the educational spectrum; curriculum experts; trade unions; representatives from employers; and representatives from the voluntary and community sector.

- **Derry/Londonderry Workshop (23 January 2020):** This workshop followed the same objective and format as the previous day's event in Belfast, albeit on a reduced scale in terms of the number of participants (approximately 40), as well as the time available to consider the draft recommendations. The majority of participants were from educational establishments; training providers; employer representatives; and the local council and their inputs provided a very useful local perspective.
- **Dungannon Workshop (23 January 2020):** This workshop followed a plenary format with approximately 40 participants who were all members of the Mid-Ulster Skills Forum (educational establishments, local councillors and employer representatives). The OECD introduced the main draft recommendations in each priority area, and then moderated discussions in plenary format with the participants.
- **Other meetings (21/23 January 2020):** A meeting was held with Ulster University's Economic Policy Centre to discuss its recent research (as yet unpublished) into the impact of automation on Northern Ireland. The discussion centred on areas of commonality between this research and the OECD's Skills Strategy project work. The OECD also met representatives from the UK Independent Commission on the College of the Future to discuss potential areas of commonality with the Secretariat and two Commissioners of the Independent Commission on the College of the Future.
- **Project team meetings (21/23 January 2020):** In these meetings the OECD set out the intended purpose and itinerary of the mission, clarified the workshop methodologies, presented the outcomes of the mission, and discussed the next steps.

Annex B. Pre-workshop survey outcomes

During this project, we asked participants in workshops on two occasions to complete an online survey. The surveys helped participants to familiarise themselves with the project, its priority areas, and the draft opportunities and recommendations. The outcomes of the surveys were also used as input for discussions in the workshops.

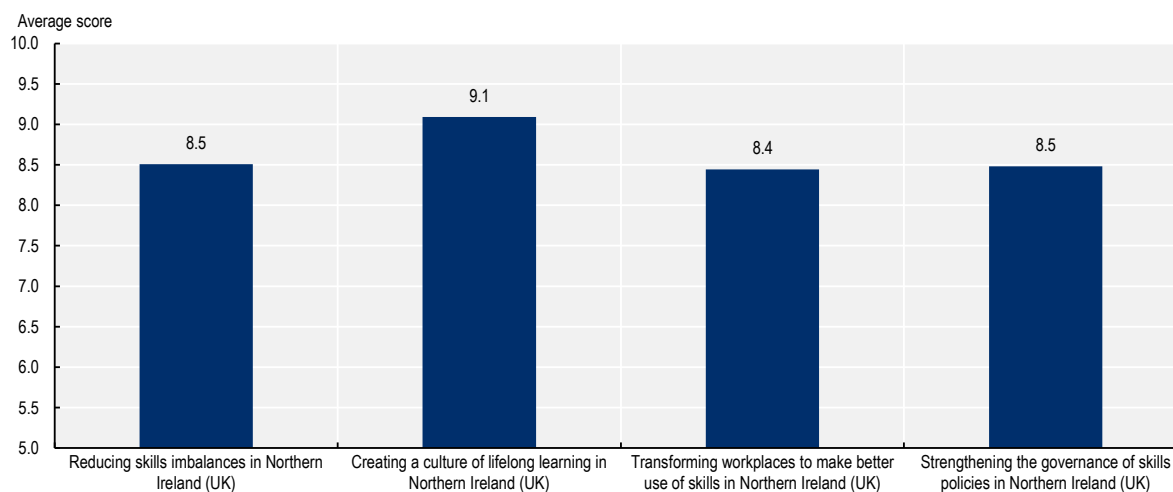
For the Assessment Mission, the survey was completed by 69 respondents, and the focus was on participants' views on the importance of, and opportunities for improvement in, each of the four priority areas. In the Recommendations Mission, the survey was completed by 50 respondents, and the focus was on participants' views on the relative importance for Northern Ireland of the selected opportunities for each priority area, and the draft recommendations within each opportunity.

This annex summarises the main outcomes of these two online surveys.

Importance of priority areas

After the priority areas were selected by the OECD and the Project Team, participants in the Assessment Mission were given the opportunity to express their views on this selection, by scoring their importance for Northern Ireland on a scale of 0 to 10. The 69 respondents gave all priority areas a high average score (see Figure A B.1), ranging from a 8.4 for effectively using skills in workplaces to a 9.1 for creating a culture of lifelong learning.

Figure A B.1. Importance of the four priority areas (scale 1-10) (N=69)



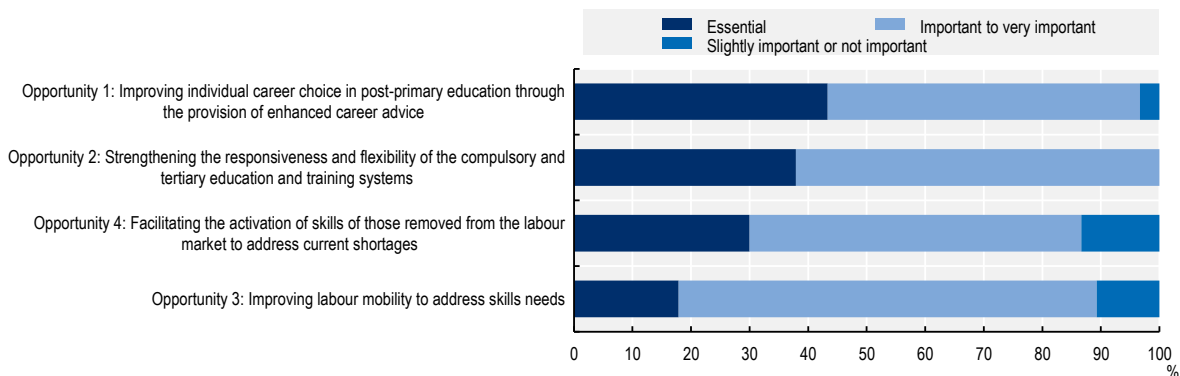
Source: Assessment Mission Survey.

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Priority area 1: Reducing skills imbalances in Northern Ireland

For the Recommendations Mission, four preliminary opportunities were selected to reduce skills imbalances in Northern Ireland. Respondents showed overall strong support for all opportunities (see Figure A B.2). The two opportunities that stood out were improving career advice (43% considered this to be essential for Northern Ireland) and strengthening the responsiveness and flexibility of education and training systems (38% considered this to be essential).

Figure A B.2. Relative importance of preliminary opportunities to reduce skills imbalances (N=50)



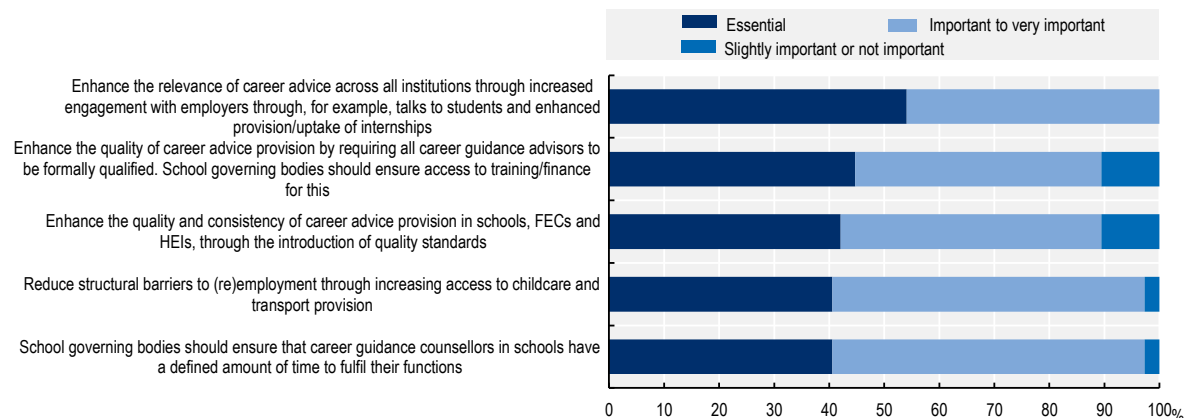
Source: Recommendations Mission Survey.

Note: This list of opportunities was developed before the Recommendations Mission. These findings, combined with outcomes of discussions in this mission, resulted in the final list of opportunities.

StatLink  <https://doi.org/10.1787/888934128061>

Participants in the Recommendations Mission were also asked to indicate the importance of recommendations for the four opportunities. Recommendations for Opportunity 1 on career advice were considered to be especially important – four of the five highest ranked recommendations for the priority area were for this opportunity (see Figure A B.3). In particular, a recommendation on enhancing the relevance of career advice through increased engagement with employers (e.g. by organising talks to students and enhanced provision/uptake of internships) stood out, with 54% considering it to be essential.

Figure A B.3. Top-five recommendations to reduce skills imbalances (N=50)



Source: Recommendations Mission Survey.

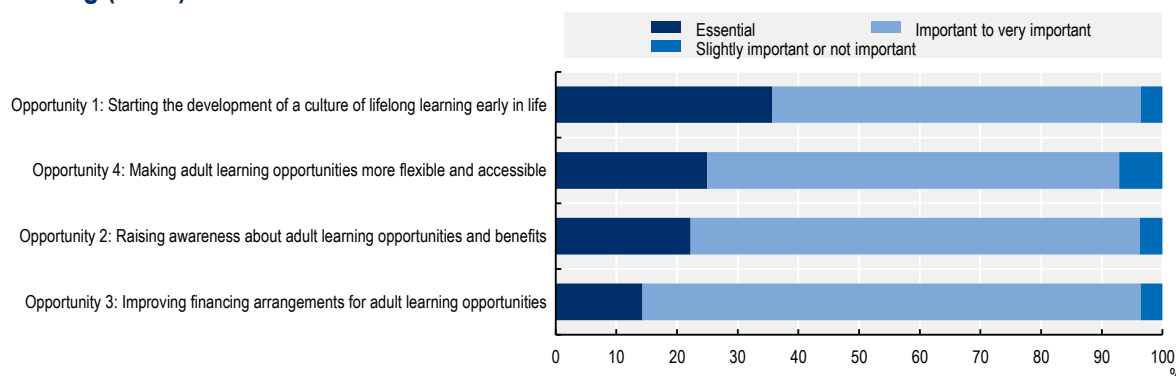
Note: Ranking based on share of respondents indicating recommendation to be "essential".

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Priority area 2: Creating a culture of lifelong learning in Northern Ireland

While the share of respondents that considered the opportunities 'essential' is overall slightly lower than for priority area 1, all four preliminary opportunities were still considered to be at least important by more than 9 out of 10 respondents (see Figure A B.4). The opportunity on starting the development of a culture of lifelong learning early in life especially received strong support – 36% of respondents found it essential.

Figure A B.4. Relative importance of preliminary opportunities to create a culture of lifelong learning (N=50)



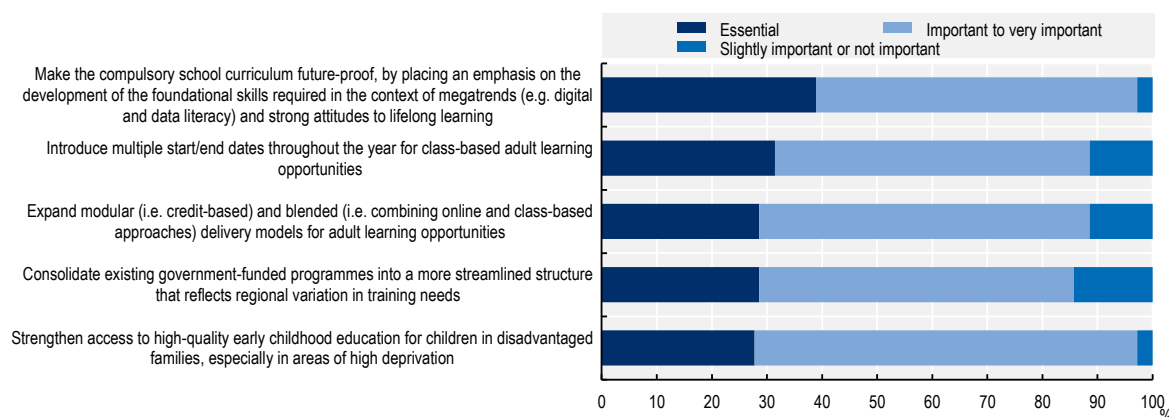
Source: Recommendations Mission Survey.

Note: This list of opportunities was developed before the Recommendations Mission. These findings, combined with outcomes of discussions in this mission, resulted in the final list of opportunities.

StatLink  <https://doi.org/10.1787/888934128099>

The top-five recommendations include recommendations from three opportunities, with only recommendations for improving financing arrangements for adult learning opportunities not making it into the top-five. Overall there was very strong support for all recommendations. A recommendation on making the compulsory school curriculum future-proof, by placing an emphasis on the development of the foundational skills required in the context of megatrends (e.g. digital and data literacy) and strong attitudes to lifelong learning, received most support (39% 'essential').

Figure A B.5. Top-five recommendations to create a culture of lifelong learning (N=50)



Source: Recommendations Mission Survey.

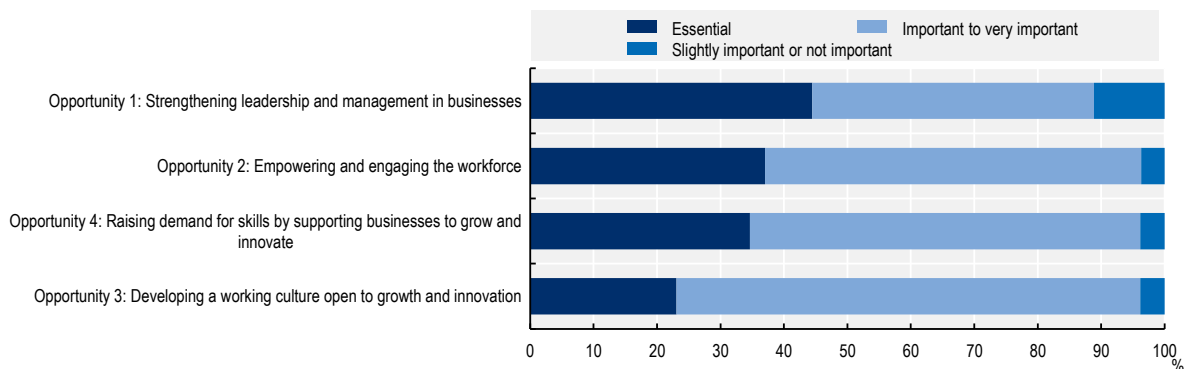
Note: Ranking based on share of respondents indicating recommendation to be "essential".

StatLink  <https://doi.org/10.1787/888934128118>

Priority area 3: Transforming workplaces to make better use of skills in Northern Ireland

Throughout the project, stakeholders expressed most support for opportunities and recommendations linked to leadership and management. Outcomes from the survey for the Recommendations Mission were consistent with this finding – an opportunity to strengthen leadership and management in businesses was given the highest rank in importance, with 44% of respondents considering it to be essential (see Figure A B.6). In addition, opportunities on empowering and engaging the workforce, as well as raising demand for skills received a lot of support.

Figure A B.6. Relative importance of preliminary opportunities to transform workplaces to make better use of skills (N=50)



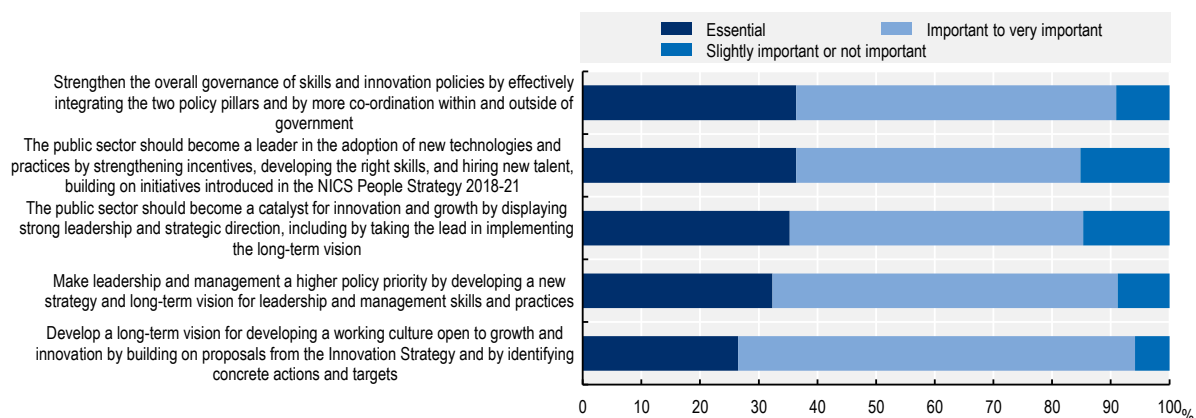
Source: Recommendations Mission Survey.

Note: This list of opportunities was developed before the Recommendations Mission. These findings, combined with outcomes of discussions in this mission, resulted in the final list of opportunities.

StatLink  <https://doi.org/10.1787/888934128137>

Only one recommendation for strengthening management and leadership stood out, which concerned developing a new strategy and long-term vision for management and leadership (see Figure A B.7). Other recommendations that were considered to be especially important concerned strengthening the overall governance of skills and innovation policies, as well as the role for the public sector in changing strengthening skills use, by becoming a leader in the adoption of new technologies.

Figure A B.7. Top-five recommendations to transform workplaces to make better use of skills (N=50)



Source: Recommendations Mission Survey.

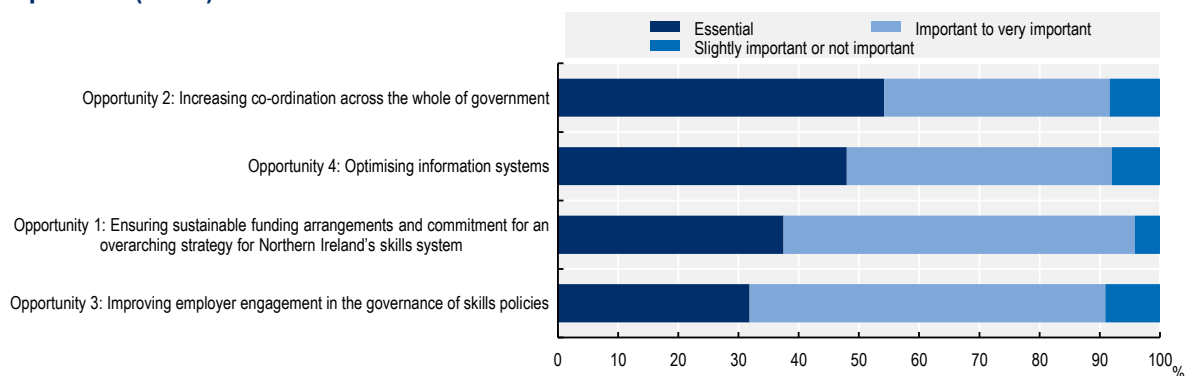
Note: Ranking based on share of respondents indicating recommendation to be "essential".

StatLink  <https://doi.org/10.1787/888934128156>

Priority area 4: Strengthening the governance of skills policies in Northern Ireland

To strengthen the governance of skills policies in Northern Ireland, all opportunities were considered to be essential by a very large share of respondents, with the whole-of-government approach standing out in particular (see Figure A B.8). It should be noted that this result could be driven by the comparatively large share of respondents representing government.

Figure A B.8. Relative importance of preliminary opportunities to strengthen the governance of skills policies (N=50)



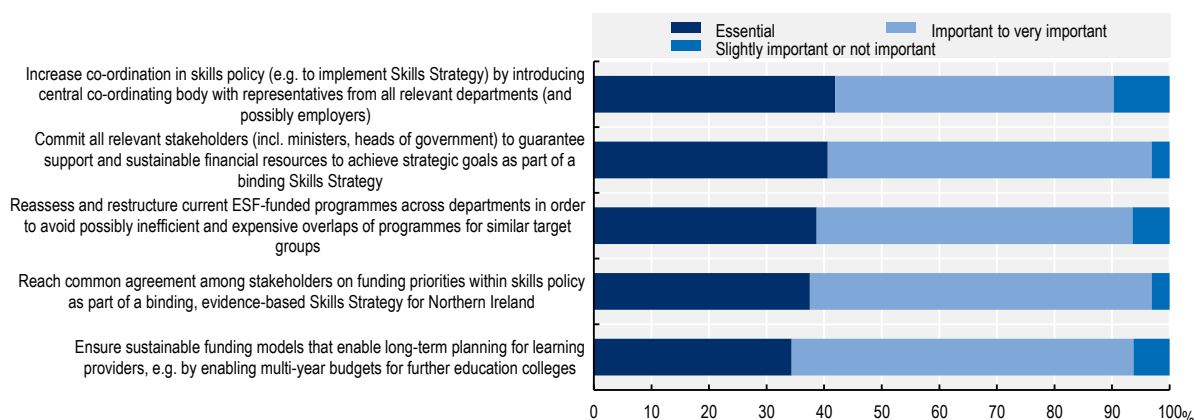
Source: Recommendations Mission Survey.

Note: This list of opportunities was developed before the Recommendations Mission. These findings, combined with outcomes of discussions in this mission, resulted in the final list of opportunities.

StatLink  <https://doi.org/10.1787/888934128175>

Almost all recommendations received very strong support from respondents. Recommendations related to sustainable funding arrangements and the development of an overarching strategy were considered to be especially important – four out of the top-five recommendations were for this opportunity (see Figure A B.9). However, a recommendation for increasing co-ordination across government through a central co-ordinating body stood out, with 42% of respondents considering it to be essential.

Figure A B.9. Top-five recommendations to strengthen the governance of skills policies (N=50)



Source: Recommendations Mission Survey.

Note: Ranking based on share of respondents indicating recommendation to be "essential".

StatLink  <https://doi.org/10.1787/888934128194>

OECD Skills Studies

OECD Skills Strategy Northern Ireland (United Kingdom)

ASSESSMENT AND RECOMMENDATIONS

Skills are the key to shaping a better future and central to the capacity of countries and people to thrive in an increasingly interconnected and rapidly changing world. Megatrends such as globalisation, technological advances, and demographic change are reshaping work and society, generating a growing demand for higher levels and new sets of skills.

OECD Skills Strategy projects provide a strategic and comprehensive approach to assess countries' skills challenges and opportunities and help them build more effective skills systems. The OECD works collaboratively with countries to develop policy responses that are tailored to each country's specific skills needs. The foundation of this approach is the OECD Skills Strategy Framework, which allows for an exploration of what countries can do better to: 1) develop relevant skills over the life course; 2) use skills effectively in work and in society; and 3) strengthen the governance of the skills system.

This report, "OECD Skills Strategy Northern Ireland (United Kingdom): Assessment and Recommendations", identifies opportunities and makes recommendations to reduce skills imbalances, create a culture of lifelong learning, transform workplaces to make better use of skills, and strengthen the governance of skills policies in Northern Ireland.

