

# Skills for Logistics



*“Skills for Logistics is the Sector Skills Council for the UK's freight logistics industries. We are licensed by Government to tackle the skills and productivity needs of employers in our sector.”*

## The Value of Skills

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Right Skills, Right Place, Right Time



# Why is it important to know about the value of skills?

- Skills can be valuable in helping us secure a more prosperous and inclusive society
- Therefore its is important that individuals and organisations know about their value
- The evidence on the value of skills is critical to informing and supporting Governments and their agencies, policies and actions to raise individual aspiration and employer ambition



- *‘Skills are expected to be a driver of future growth for many parts of the economy’*
- Skills development and training has a value to:
  - Economy
  - Businesses
  - Individuals

Source: Spilsbury and Giles, 2010. *Ambition 2020: World Class Skills and Jobs for the UK*. UKCES



- Wealth of research on relationship between skills and economic growth
  - Leitch Report (2006)
    - Increase in skills over last 10 years, increased GDP by £30 to £50 billion
  - Barro (1991, 1997)
    - 1% increase in school enrolment rate generates economic growth of up to 3%
  - Bell et al (2005)
    - A fifth of UK economy's growth, between 1975-2002, was due to improvements in workforce skills



- There are also wider benefits to society
  - Health
    - If 10% of women in UK with no qualifications gain a level 1, the reduction in rates of depression associated with this could be up to £34million a year (Feinstein et al, 2008)
  - Crime
    - More highly educated a man is, the less likely he is to commit a crime (Feinstein et al 2008)
    - £1bn per year could be saved in reduced crime costs through a 16% increase in those educated to degree level (Feinstein et al 2008)
  - Poverty
    - The possession of higher skills is associated with a lower risk of poverty
    - Higher skills could contribute to reduction in child poverty (Dickerson & Lindley 2008)



- Stock of skills in workforce and organisation performance
- Role and benefits of employer provided training to the firm



- Workforce skills and business performance
  - Need to have an appropriate stock of skills to support business activities
  - Productivity
    - Increasing the level of skills in a firm raises company productivity (Galinado-Rueda and Haskel, 2005)
    - Increasing the number of training days per employee by 1%, increases productivity by 3% (Barrett & O'Connell, 2001)
    - Trained worker is on average 23% higher in productivity than an untrained worker (Konings & Vanormelingen, 2010)



- Role and benefits of employer provided training to the firm
  - Survival
    - Those that train are two and half times more likely to survive then those that do not train (Collier et al, 2007)
  - Added Value
    - The trained worker is on average 23% higher in productivity than an untrained worker, but wages for those receiving training increased by 12%
    - Therefore productivity gains from training are approximately twice the gain in wages received by employees (Konings and Vanormelingen 2010)





## Productivity effects of training relative to wage effects

Study	Country	Productivity effects relative to wages
Barron et al (1999)	USA	2 times
Groot (1999)	Netherlands	4 – 5 times
Dearden et al (2000)	UK	2 times
Conti (2001)	Italy	3 – 4 times
Ballott et al (2004)	France	3.5 times
Ballott et al (2004)	Sweden	3 times
Konings and Vanormelingen (2010)	Belgium	2 times

Source: Hansson (2008) with Konings and Vanormelingen (2010)

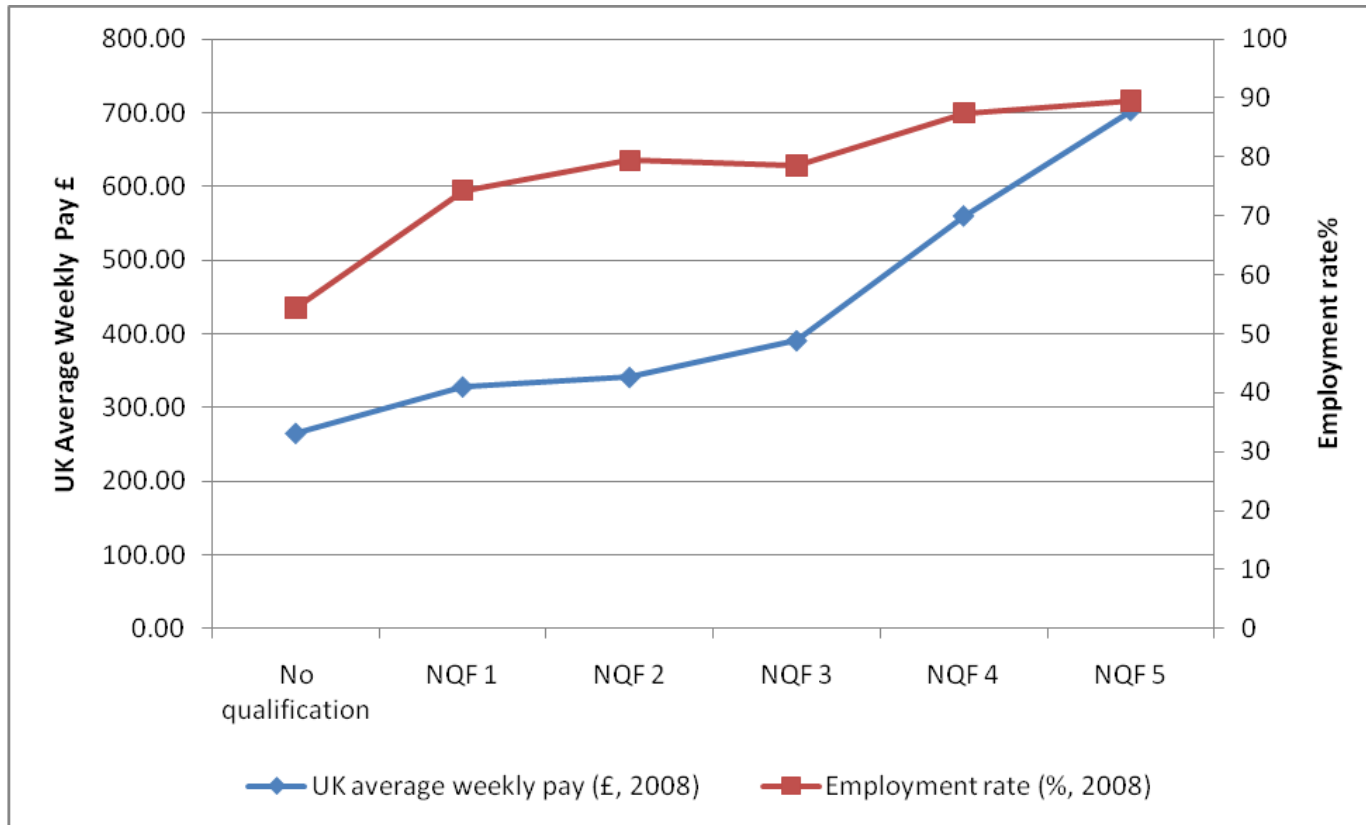


- Employee Commitment
  - Training does not have a large influence on the likelihood of employees leaving the organisation (Green 1997)
  - Employees with 5 or more days of training are more committed than those who had less than 5 days (Dex and Smith 2001)
- The nature and type of training
  - Selecting appropriate, job related training is essential if the bottom line is to benefit
- Apprenticeships
  - Improves business performance
  - Impacts organisational values, behaviours and culture
  - Relevance of skills and reduced skills shortages and gaps



# Value of Skills to Individuals

Average weekly pay and employment rate by qualification level



Source: LFS 2008 in UK Employment and Skills Almanac 2009, UKCES



*'it is important to recognise the benefits of training will vary according to the nature, level and quality of training and skills delivered and the means of delivery'*

Source: Garret, Campbell and Mason (2010). The Value of Skills: An Evidence Review. UKCES

