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# Quality Education Counts for Skills and Growth

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# Quality Education Counts for Skills and Growth

## **The quality and relevance of education are paramount to achieve economic growth.**

International research shows that the subject matter learned and skillset developed in the classroom is the foundation for future success in the work place, and serves as a superior predictor of economic growth compared with the number of years of school<sup>1</sup>. One recent study, using a database of comparable test scores for over 50 countries, finds that a single standard deviation difference in tests scores between countries equates to roughly 2 percentage points in annual long-term GDP growth<sup>2</sup>. These findings hold true across high-income, middle-income, and low-income countries and all geographical regions. Despite significant investments in formal education, economic growth in the region has slowed in recent years and there is a need for improved labor productivity.

## **Achieving sustained economic growth through enhanced productivity requires quality education that prepares students for the labor market.**

The labor market, together with the economic landscape of the Caribbean, is changing fast. Falling trade barriers, shifts in global production patterns and technological change have fundamentally altered the nature of production in all areas of economies. In so doing, they have radically modified the structure of occupations and skills, and thus the demands on education. In the Caribbean, the

manufacturing and agriculture sectors, which have historically been the main drivers of economic growth and employment, are quickly giving way to services. Today, the services sector (comprised of tourism, financial services and government) is the largest source of employment, accounting for 80 percent of the workforce in OECS countries<sup>3</sup> and a comparable level in other Caribbean countries<sup>4</sup>.

## **Caribbean countries have taken significant strides to increase enrollment in primary and secondary education and have allocated considerable public resources to the education sector.**

For many years the focus of the international education community was on ensuring access to and duration of studies. Caribbean countries perform well on these dimensions. Since 1960 the average years of educational attainment of the adult population has increased from 4.3 to 10.3, a rate today that is comparable with the South American average and approaching the average of OECD countries. Many of the Caribbean countries have achieved near universal enrollment at the primary and secondary level (such as Aruba, Belize, Barbados, Grenada, and Guyana). Access to higher education remains low with less than fifteen percent of secondary school graduates going on to post-secondary education.

<sup>1</sup>See: World Bank (2007). Education Quality and Economic Growth; and World Bank (2013). Education to Increase Productivity, Growth, and Social Development in the OECS.

<sup>2</sup>Hanushek, E. A., & Woessmann, L. (2007). The role of education quality for economic growth. Policy Research Working Paper Series 4122

<sup>3</sup>The Organization of Eastern Caribbean States (OECS) consists of seven member countries (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines) and two associate members (Anguilla and the British Virgin Islands).

<sup>4</sup>Blom and Hobbs (2008) in World Bank (2011). Skills Strategy Options for the OECS.

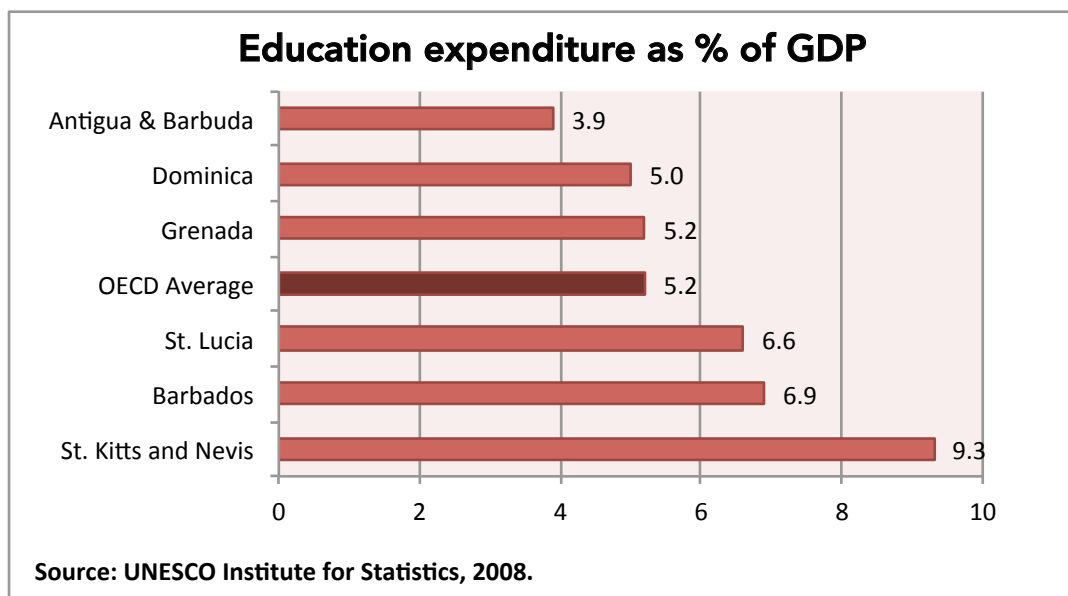
Average Educational Attainment of the Adult Population, 1960-2010						
	1960	1970	1980	1990	2000	2010
Barbados	5.5	9.5	9.9	10.0	9.6	10.5
Cuba	5.0	7.8	9.9	11.8	10.3	13.1
Dominican Republic	3.3	4.6	6.1	7.7	7.8	9.0
Haiti	1.2	1.8	3.0	5.4	6.4	6.3
Jamaica	4.3	5.5	7.8	8.8	10.9	12.0
Trinidad and Tobago	6.6	7.5	8.1	9.7	10.7	11.1
Belize	8.8	8.2	8.9	9.8	8.9	10.1
Caribbean Average	4.3	6.1	7.5	8.9	9.3	10.3
South American Average	4.5	5.9	7.2	8.3	8.9	10.5
OECD Average	7.7	9.0	10.1	10.8	11.3	12.1

Source: Barro and Lee, 2010 in World Bank 2013 (forthcoming)

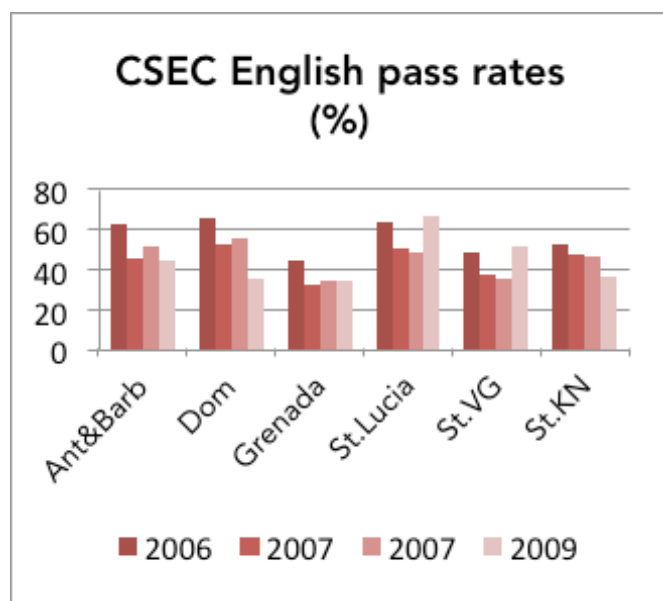
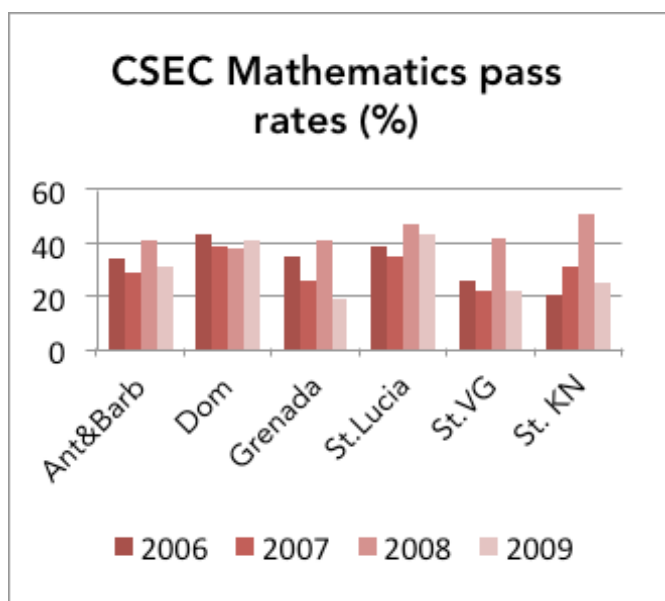
The strong commitment to education is clear when looking at the high level of education expenditure relative to GDP, which compares favorably to the OECD average of 5.2 percent of GDP. St. Kitts and Nevis is amongst the highest relative spenders in the region allocating 9.3 percent of GDP to education. St. Lucia and Barbados spend 6.6 percent and 6.9 percent of GDP on education, respectively. Antigua & Barbuda is at the other end of the spectrum, allocating 3.9 percent of GDP.

communication technology and other disciplines deemed critical for success in the work place. Even more worrisome, are the reports of poor student CSEC performance on test items that require critical thinking, analysis or communication. Despite having received up to 11 years of formal education, school leavers often struggle greatly to find employment. This fact is most pronounced amongst the youth cohort - inclusive of 15 to 29 years olds - where the rate of unemployment is double to quadruple that of adults in the region.

Despite the high level of investment, quality of education in the Caribbean remains low. In this dimension, Caribbean countries have significant room for improvement. The average pass rates for standardized tests in core subjects such as English and Mathematics are less than 50 percent, and many students lack basic skills in information and



## Caribbean Secondary Education Certificate (CSEC) Pass Scores, 2006-2009



From a formal education standpoint, these less than satisfactory outcomes point to systemic issues at each level of the education system. Using a systems approach<sup>5</sup> to analyze sector issues, the following emerge as the four key areas in the Caribbean context:

- Early childhood development:** Early childhood education and care interventions are essential to build a foundation in the early years to ensure the full cognitive, socio-emotional, linguistic, and physical development of a child. Access to these interventions varies across the region, with those in rural and lower socio-economic classes least likely to attend. As a result, some children lack the foundational skills when entering the primary school stream.

- Higher education:** Higher education is key to improvement in growth and productivity because it provides high level skills and research to apply to current technologies and develop new technologies, both of which are key to growth. The recent global economic and financial crisis has created urgency to focus on areas for improvement of productivity, and improve competitiveness in the global economy. Tertiary education has a big role to play in addressing this challenge in the Caribbean. Less than 15 percent of students attend post-secondary education in the OECS. Of this group, only a small portion enrolls in programs that

are considered to be in high demand (i.e. Sciences, Engineering, Mathematics).

- Unqualified teachers:** Recent international evidence shows that the quality of teaching is the most important determinant of cognitive achievement. A chronic challenge in the Caribbean is attracting and retaining qualified teachers. This is particularly pronounced in core subject areas. On average, 21 percent of Mathematics and English teachers are unqualified in the subject matter, and this rate is over 80 percent amongst Science teachers in OECS countries.

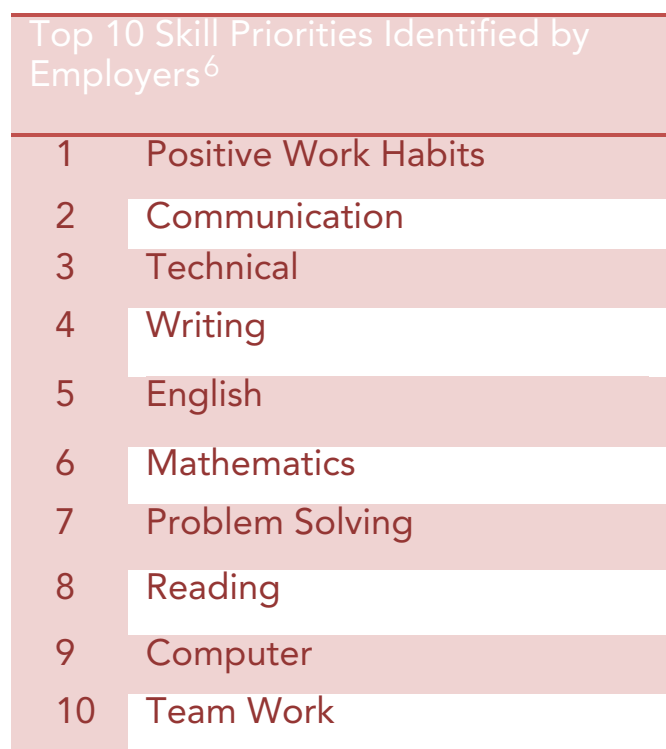
- Poor accountability:** International evidence shows that the level of local autonomy, which empowers schools to make appropriate educational decisions that reflect their local environment and situation, is correlated with quality. Education systems in the Caribbean tend to be very centralized, providing schools with minimal decision-making authority.

**Quickly evolving skills demands require new responses from training and education systems alike.** Addressing the skills gap is a priority. The sectoral shift experienced by Caribbean countries, together with the digitization of business processes and production technology, has rendered many repetitive, manual jobs obsolete, while increasing the profile for jobs that require non-routine skills. Coupled with the increasingly competitive

<sup>5</sup>For more on a systems approach to education analysis and reform, see World Bank, Education Strategy 2020

landscape, the foremost implication of this shift is the demand for employees with vastly different skillsets. Employer surveys in the region show a high demand for skills that increase trainability of employees. These skills are acquired, developed, and honed in the education system from ECD through secondary school. These are in large part appropriate workplace skills; non-routine skills such as team work and problem solving; and including a strong grounding in numeracy, literacy, and social skills. In some countries, such as Grenada, enterprise surveys have shown that the lack of appropriate skills by workers is a fundamental constraint on business. Along with the direct economic costs to private firms and society, the misalignment of skills will, if unaddressed, continue to hinder economic growth and lead to higher unemployment and higher migration rates for highly skilled individuals.

**A multi-pronged approach between the public and private sector is required to achieve effective and high quality skill development.** Contributions from both the public and private sector are critical to foster and sustain skill development at the different stages of a worker’s career. The formal education system is best placed to provide the foundational cognitive, non-routine, and soft skills that employees require to excel in the labor market.



As work places continue to be transformed, employees will require constant skill upgrading. All types of businesses and organizations are tasked with recruiting employees and upgrading their skills in line with their operational needs. This is a cost that employers must manage in order to be competitive in a global economy. The absence of the required skills and competencies amongst employees has resulted in high costs to employers and under training of employees. The evidence shows that employers would do more training if entry skills were better and costs lower.

**International experience demonstrates that when employers have strong voice in curriculum and school management they will enter into partnerships that lead to significant impact on the employment chances of graduates<sup>7</sup>.** Improved synergies between the public and private sector are key to develop human capital in the Caribbean. The private sector is more attuned to the skills and changing market conditions that affect the Caribbean economies. For these reasons, a more nuanced, participatory approach in which the private and public sector work in collaboration to share knowledge, identify the types of skills, and determine a cost-effective, quality approach through which they can be developed is required. This approach could include employers contributing to the design and enrichment of the curriculum, with integration of career and academic courses and providing work-based learning opportunities for students.

**Enhancing education quality, skills, and labor productivity requires robust data collection systems.** Accurate, comprehensive, and timely data are required to promote effective policy-making. Currently data are insufficient to effectively assess the skills gaps and inform policy makers and private sector partners as they work to enhance the education system. More information is required regarding the depth of the skills mismatch and the factors contributing to it. As the Caribbean economies continue to evolve, accurate employment surveys and administrative data are needed to identify the industries of the future and the skillsets and expertise that will be required to fill these jobs.

<sup>6</sup>Hickling Corporation (2008). Grenada Skills for Inclusive Growth Project: Employer Needs Survey.

<sup>7</sup>World Bank (2011). Skills Strategy Options for the OECS.

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