

HIGHER PRODUCTIVITY

Businesses employing highly skilled people reap the benefits of higher productivity; they are able to pay more so attract high quality employees.

The higher the qualification level
the greater the **IMPACT** on productivity¹

Increasing the number of training days per employee by 1% increases productivity by 3%!³

1 YEAR

An extra year of education raises productivity by up to 8.5% in manufacturing and 12.7% in services⁴

% of population with higher level qualification:



Output of businesses **UP BY 14%**⁷

TRAINING provides significant productivity improvements

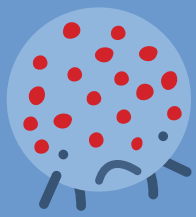


Up to 5 times compared to the employee gain in wages²



A 1% increase in workers with higher level skills realises an increase in economic output of over 0.42%, equating to almost **£6 billion per year!**^{5 & 6}

Higher levels of training have a **POSITIVE CORRELATION** with health and wellbeing



REDUCING SICKNESS ABSENCE⁸

Those with higher level qualifications are less likely to commit crimes, reducing costs for business AND society.



£1 billion per year could be saved by increasing the numbers educated to degree level.⁹

FAIL

Low training companies are twice as likely to fail as those with high levels of training.¹¹

BETTER MANAGED FIRMS HAVE 12% MORE HIGHLY EDUCATED MANAGERS

BUT THE UK LAGS BEHIND

% of managers with a degree:



Increasing the mean proportion of employees receiving training from 10% to 15% would result in 4% increase in **VALUE ADDED** but only 1.5% increase in **SALARY**.¹³

A 4% INCREASE PER EMPLOYEE = **£40 billion** to national GDP¹⁴



STRONGER ECONOMY

COSTS TO BUSINESS: FAQs

How much will it cost my business to support a member of staff to gain a degree?

It needn't cost you anything. However, businesses that have provided financial support have found retention of staff is stronger and productivity is higher.

Is there any other form of financial support available for my staff?

Provided they do not already have a degree they can apply for a student loan as a part-time student (see studentfinanceengland.co.uk/part-time-study). It is also worth checking with Universities and Colleges as they sometimes have support available in the form of bursaries and grants.

When would student loans have to be repaid?

Repayments would commence after completion of the course and would only commence being paid back when the individual was earning over £21,000. Repayments after graduation are less than £1/day for an employee on £25k – so why not commit to funding them while they stay in your employment?

REDUCED COSTS



References:

1. Galinado-Rueda and Haskel (2005) page 47 in the Value of Skills
2. The Value of Skills, An Evidence Review, UKCES, 2010, page 71
3. Barrett and O'Connell, 2001 – page 40 The Value of Skills
4. Lynch & Black, page 38 in The Value of Skills
5. Jenkins reported in Blundell, 1999, page 9 The Value of Skills
6. National accounts – GDP
7. Galinado-Rueda and Haskel (page 39 in The Value of Skills)
8. The Value of Skills, An Evidence Review, UKCES, 2010, page 26
9. Feinstein et al. 2008 page 27 of The Value of Skills
10. Haskel et al 1994 in Bassi and McMurrer, 2006 – page 46 The Value of Skills
11. Collier et al 2005; 2007 page 40 The Value of Skills
12. Bloom et al 2007, page 62 of The Value of Skills
13. Dearden, Reed and Van Reenen 2000, page 40 in The Value of Skills
14. The Value of Skills, An Evidence Review, UKCES, 2010, page 12