

theLisbonCouncil

making Europe fit for the future

The European Human Capital Index

**Presentation to Lisbon Strategy Workshop
Centre d'Analyse Stratégique
Office of the Prime Minister of France
Paris, 30 January 2007**

Innovation at Work: The European Human Capital Index

by Peer Ederer

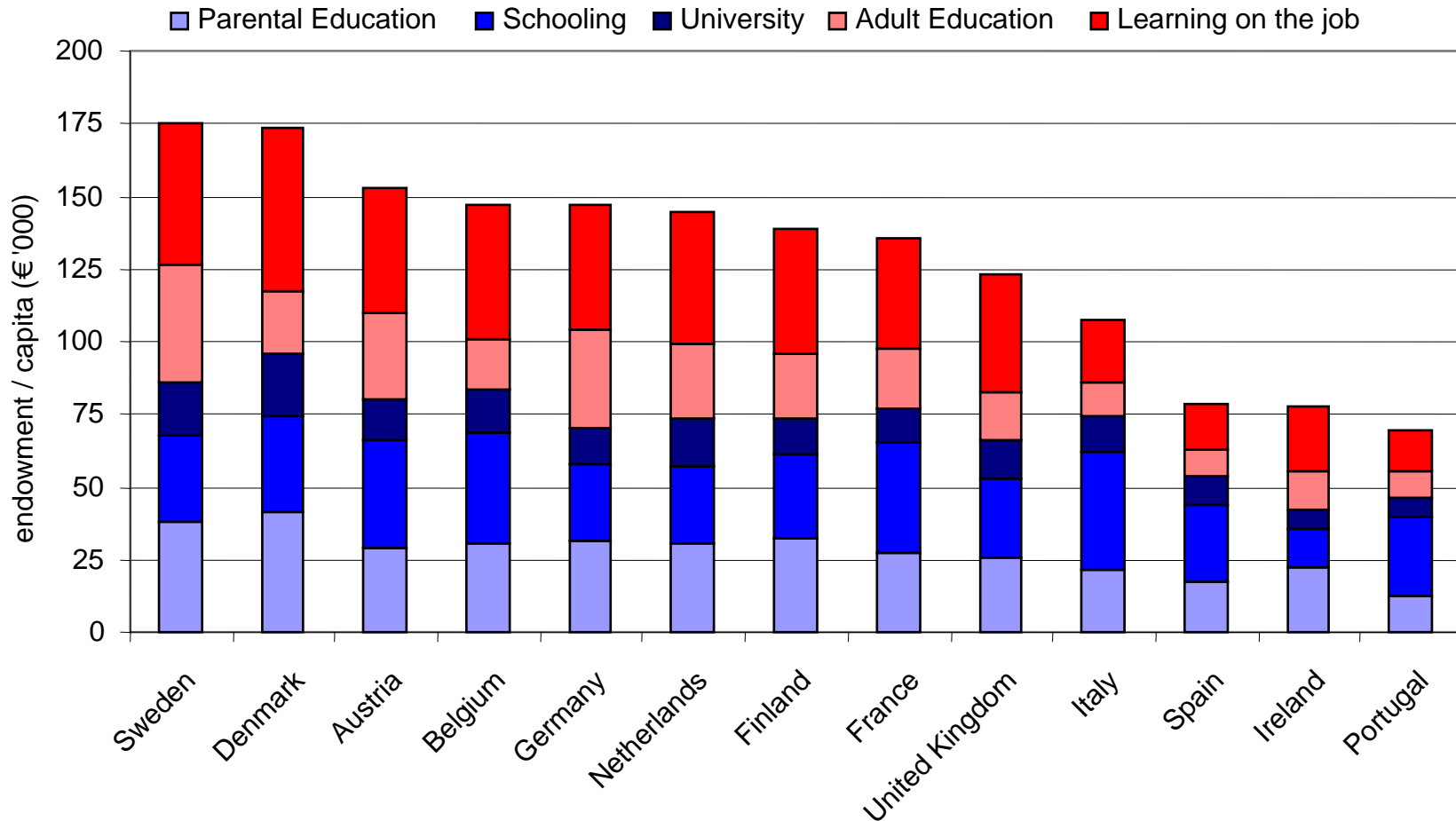
“No one has worked out the impact of knowledge like this before...”

The Economist, October 2006

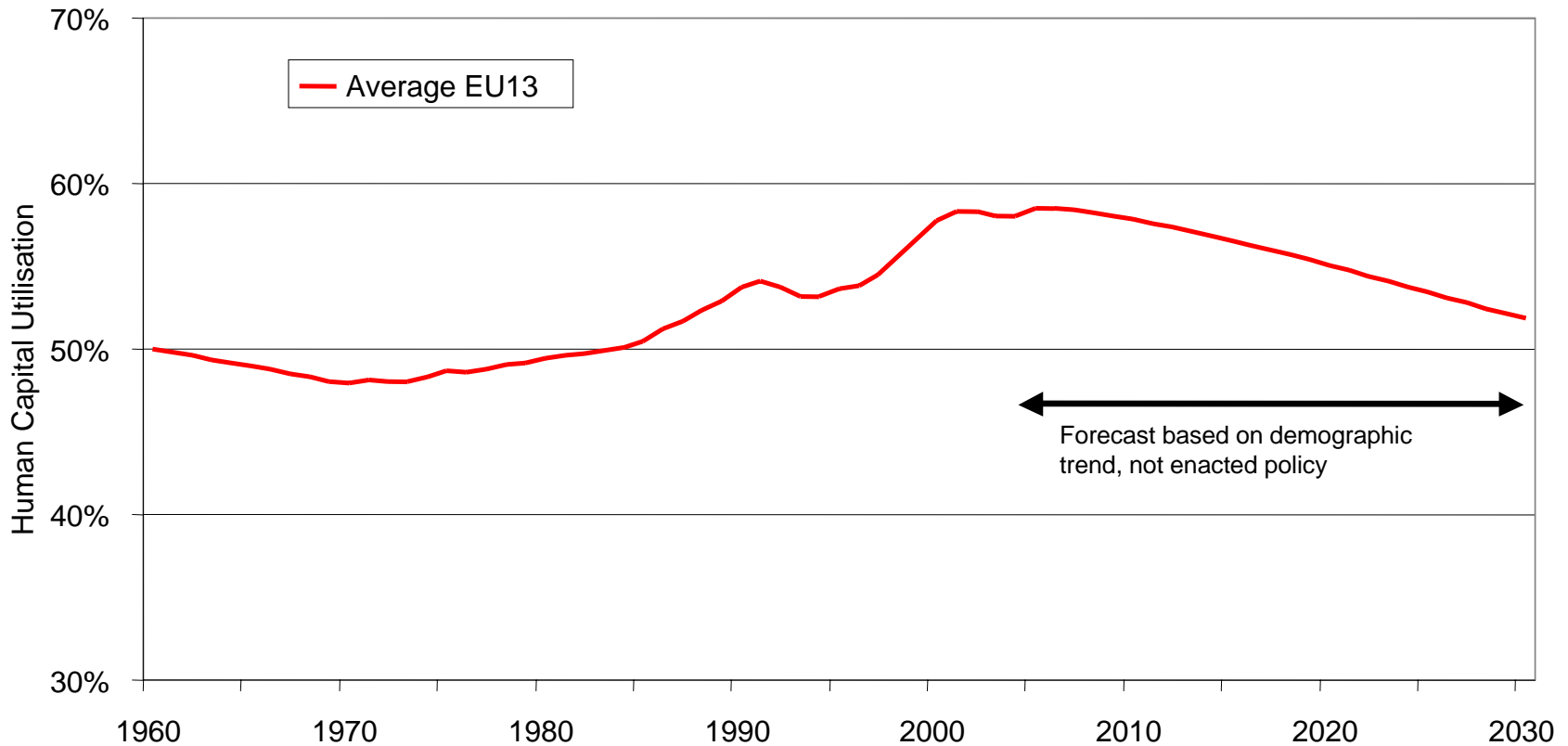
Main Messages

- ❑ Europe has an innovation gap – in 2020 we will need 30% more human capital to meet global growth rates of 3-5% p.a.
- ❑ Human capital investment and management differ widely across Europe: countries on the periphery are in the lead leaving the traditional heavyweights behind
- ❑ The leading countries show that high investment and good management of human capital are compatible with a European notion of solidarity
- ❑ Europe's hope is not the young but the old: more than 50% of human capital stems from adult education and learning on the job
- ❑ Growth comes from investing not cost cutting – this is as true for human capital investing as for financial investing

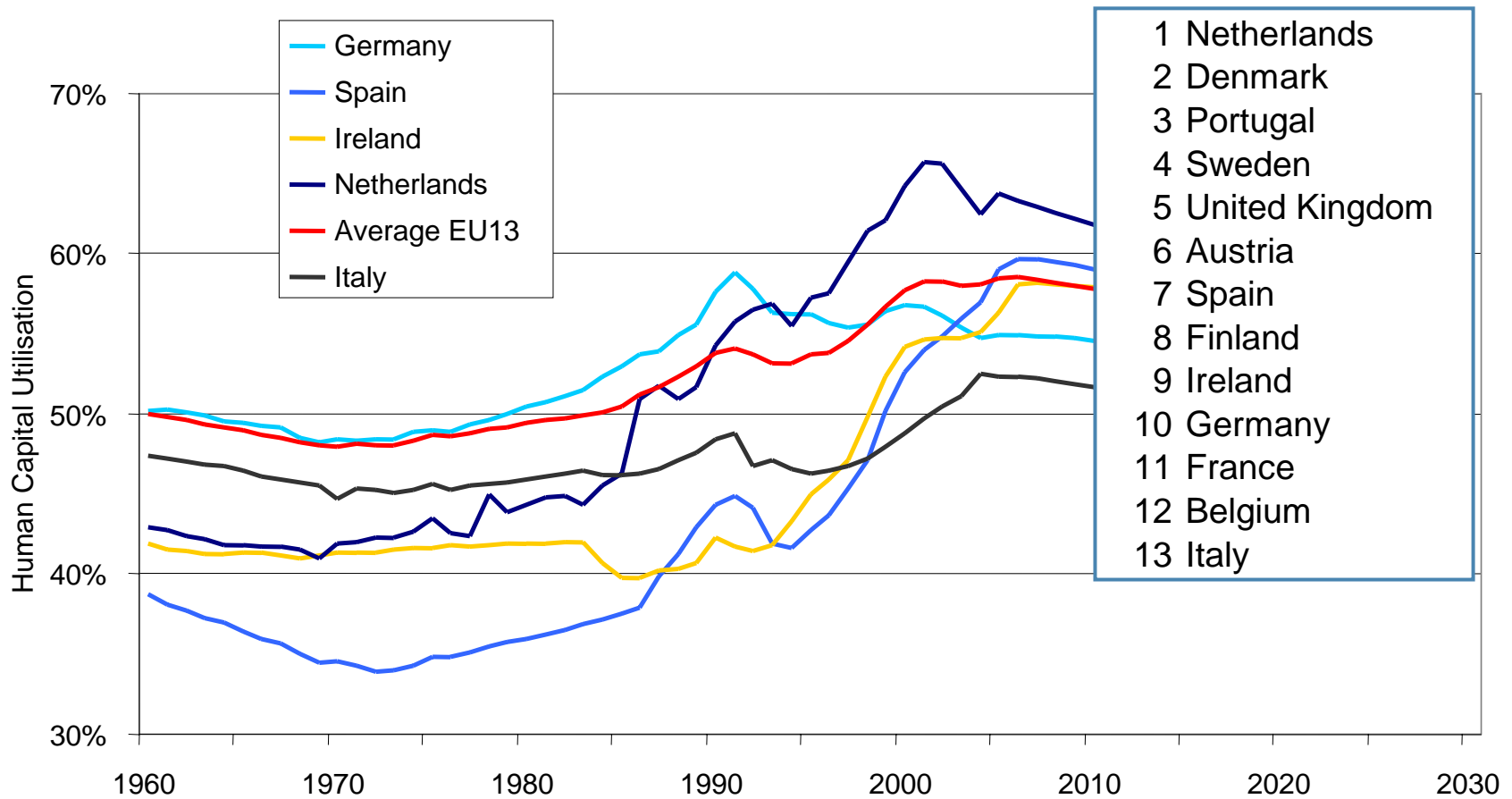
1. Human Capital Endowment



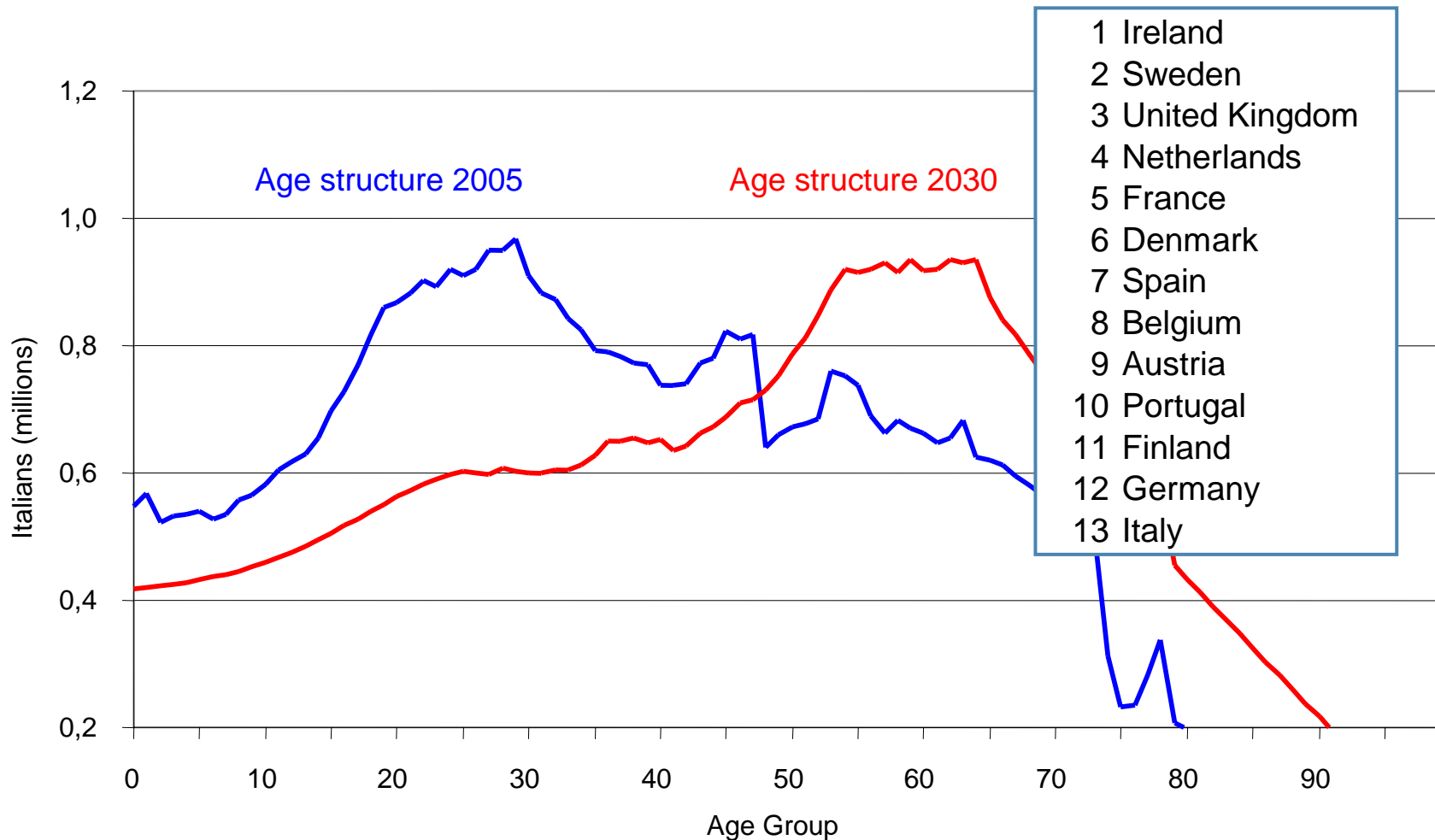
2. Human Capital Utilisation



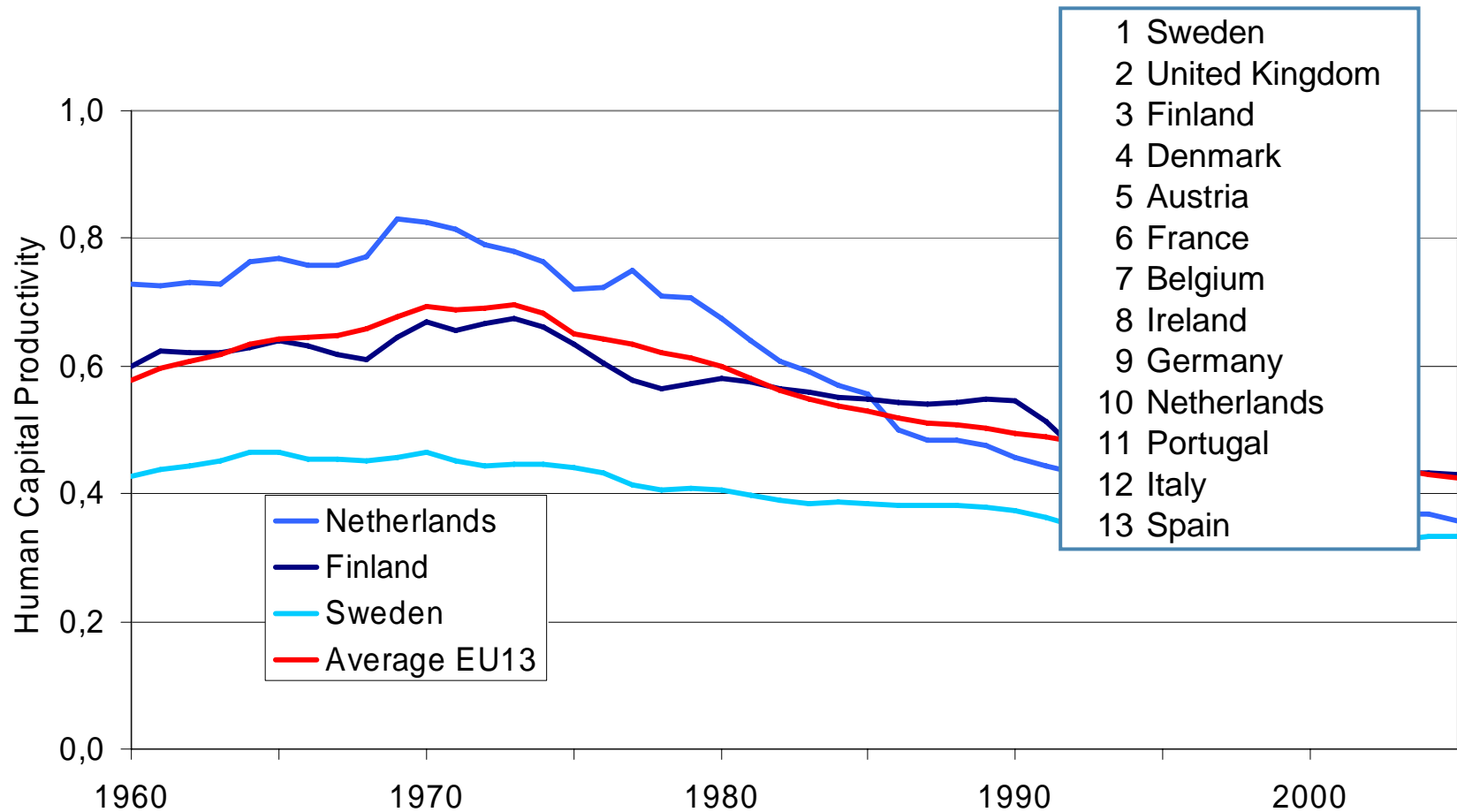
2. Human Capital Utilisation



3. Impact of Demography



4. Human Capital Productivity



What is the Innovation Gap in Europe?

Innovation and growth are a function of **BROAD BASED** investments into skills and education – from cradle to grave

New technologies, new ideas and new business models will only pay off if **ALL** European workers can

- ❑ absorb and master them
- ❑ make productive use of them and
- ❑ generate business value from them by creating products which the global customer is willing to pay for

The innovation and growth gap is fundamentally an investment gap in human capital across all sections of society