New paths for human capital development in companies and organizations

contribution to

Human capital, labour market and training: international perspectives

Seminar and Round Table

Barcelona, December 3, 2013

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Education and training systems under pressure

- Challenges outside ETSs
- Challenges inside ETSs

Challenges from outside ETSs

- "consolidation of public finance":
  crisis-year fiscal policies with major cutbacks also in educational expenditure
- changing labour markets

Challenging trends in labour markets (1/3)

- Increasing skill requirements
  - traditional view: strong demand for highly educated labour, decline in demand for low-skilled labour = skill-biased technological change (globalisation, international trade)
    - demands for expansion in secondary and especially in tertiary education
  - new view: strong growth in high-paid jobs ('lovely' or 'good' jobs) and, albeit to a lesser extent, also in low-paid jobs ('lousy' or 'bad' jobs), at the expense of middle-paid jobs ('middling' jobs) = polarisation in job growth (routine-biased ICT, international trade and off-shoring, educational expansion – combination of them?)
    - ambiguous support for pervasive polarisation across European countries
    - polarisation trend in job growth is argued to be limited to changes in the wage structure with no implications for demand in educational terms

Challenging trends in labour markets (2/3)

- Job structure lagging behind educational expansion
  - shows up in mismatch and under-utilisation of skills
    - fairly large body of studies on mismatch, over-skilling and under-skilling, but reported evidence is sensitive to concepts and measurement methods used and to underlying data
  - shows up in "bumping-down", i.e. growing 'segmentation' between university and non-university jobs among new university graduates
    - with labour markets being unable to absorb all new graduates, entrants with a university degree are increasingly filling job openings meant for entrants with a non-university degree (bumping-down); existing evidence is still scarce and highly contradictory; situation of VET graduates vs. non-vocational educated even less researched
  - highly disputed if the reasons are to be found in (increasingly polarised) job structures rather than in educational expansion

Challenging trends in labour markets (3/3)

- 'Bumpy' school-to-work transitions
  (involving risky paths of unemployment & marginalisation)
  - despite shrinking young age cohorts and most young people being better educated than older age cohorts
  - consequences of increasingly polarised job growth for young labour market entrants:
    - Will they face increasing competition from workers shifting down into lower-paid jobs?
    - Will they face increasing difficulties in creating a career away from low-paid (stepping-stone) jobs due to shrinking middle jobs?
    - To what extent do they start in shrinking occupations / jobs /tasks – and what happens to them thereafter?

Challenges inside ETSs

- capacity and willingness to respond to outer challenges, notably changing labour markets and skill demands
  - gap in the 'understanding' of driving forces of educational expansion between demand and supply side of labour market
- learning methods/processes , teaching profession…
  - digital technologies, ICT-supported pedagogies, innovative teaching and learning, etc.
  - strong demographic (ageing) trends in the teaching profession
- VET
  - increasing demands for shifts to work-based learning (quality traineeships, apprenticeships, dual systems, etc.)
- early school leaving, dropouts, completion rates/time…

School-based ETS vs. strong VETs

- Paradox:
  - past two decades, expansion mainly of general education
  - traditional apprenticeship systems have declined in significance (English-speaking world, Middle and Eastern European countries); new apprenticeship programmes successfully established in a few countries only (e.g. AU, DK, DE, NO… SE?)
  - youth U has increased disproportionally in countries with school-based ETS, but remained low in countries with a strong and highly regulated VET (apprenticeship systems)
  - renewed, European-wide interest in apprenticeships
    ⟹ Which are the concrete links with the labour market and the role of different actors (governments, social partners, etc.)?

Strong VETs do not solve all problems (1/2)

- The variation in (official) youth U rates across EU countries is partly due to the way in which main activities are coded (following ILO recommendations) with unemployment and employment activities given highest priority:
  - part-time work: youth U is typically high in countries with large shares of students working part-time while studying
  - education system: youth U tend to be lower and youth employment higher in countries with a strong VET system (apprentices are coded as being employed)
- The traditional way of measuring U rates not unproblematic vis-á-vis youth: should the number of unemployed be related to the age group as a whole instead of its labour force?

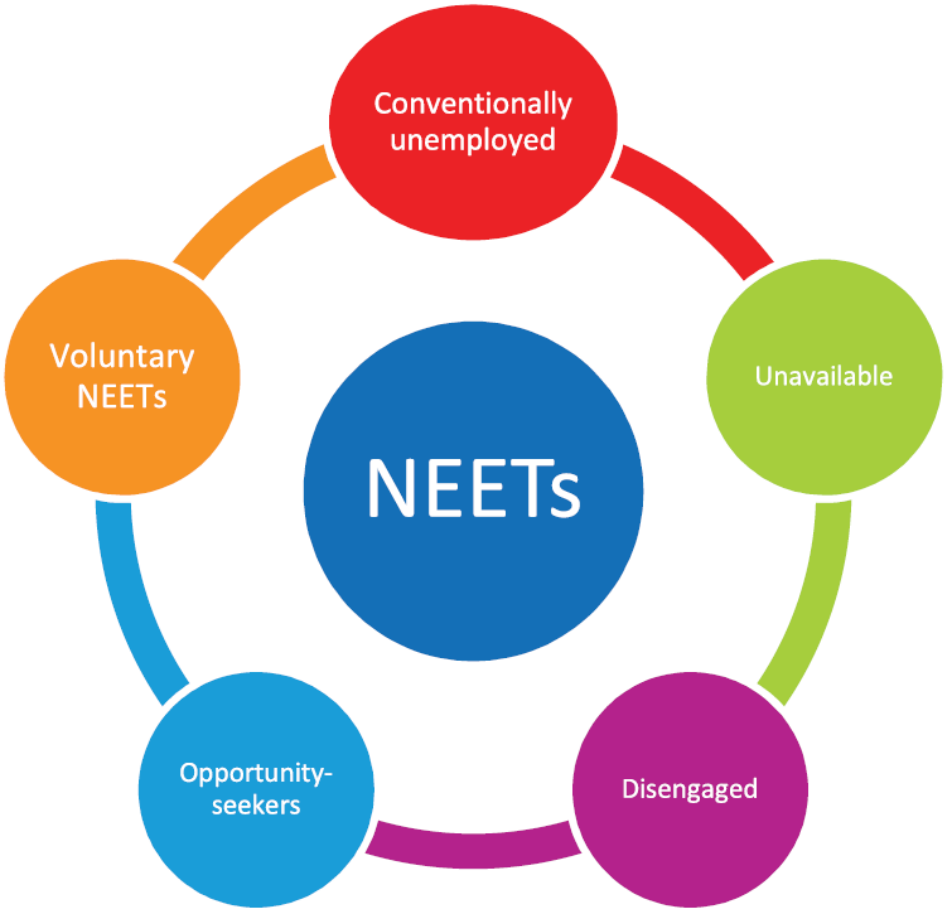
Challenging the official youth U measure

Source: *Calculations presented by Larja (2013) based on Eurostat data*

Strong VETs do not solve all problems (2/2)

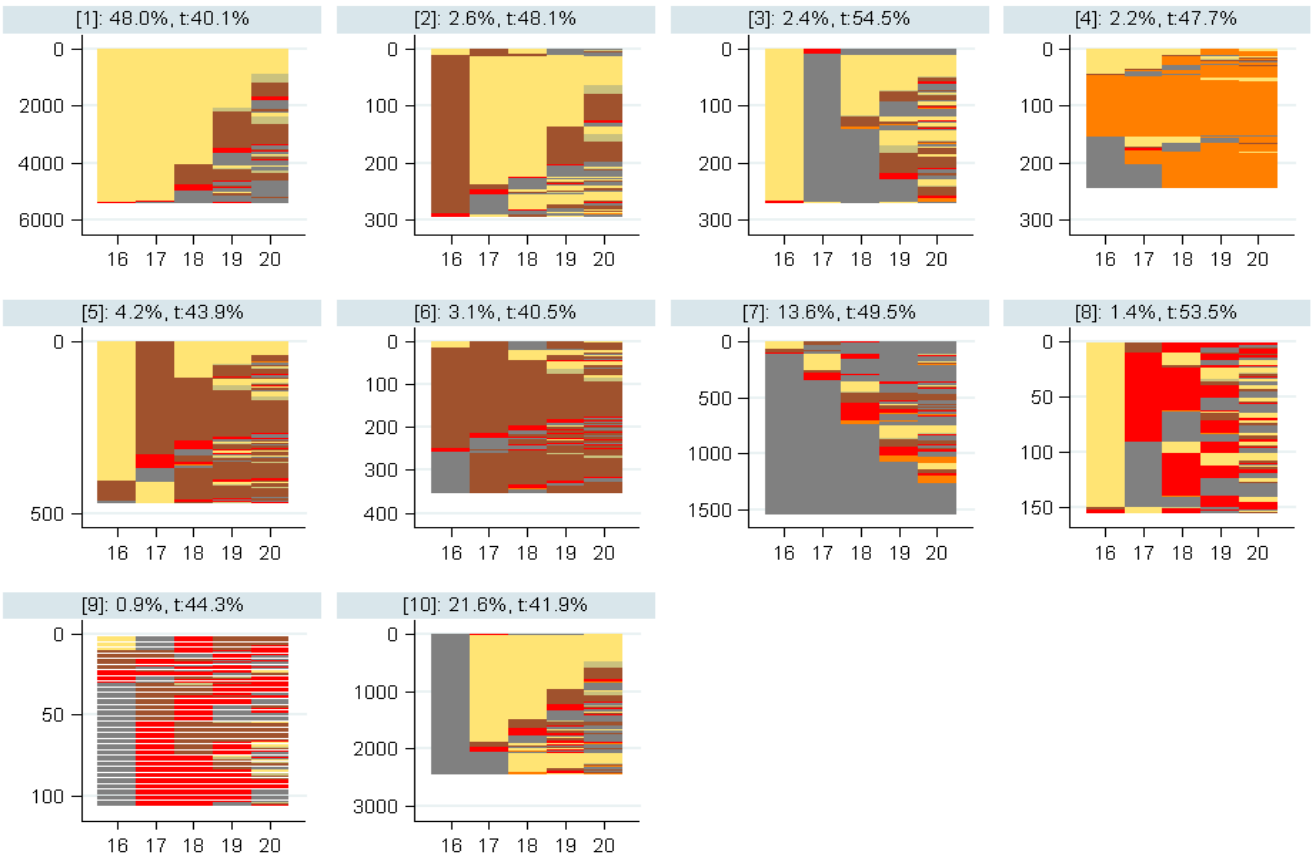
- early school-leaving rates are not consistently among the lowest in strong VET countries
  - DK: 9.1%, DE: 10.5%, AU: 7.6%, NO: 14.8%, SE: 7.5%...FI: 8.9% (Eurostat)
  - on the other hand, differently defined indicators are running in parallel: early school leaving rate (EU), school drop-out rate (OECD), nationally calculated numbers,…
- early school leaving / school drop-out / NEET
  - do not necessarily indicate failure (employment, re-entry into education)
  - static rather than dynamic indicators
- risky early school-leaving trajectories surprisingly similar across the Nordic countries (DK, FI, NO, SE) despite distinct differences in national ETS, notably VET
  - major difference: relative share tends to be slightly lower in DK
  - common underlying negative factors that the ETS fails to counteract effectively

Composition of NEETs is decisive



Source: *NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe.* Eurofound, 2012.

Typical trajectories of Finnish youth with a basic education only (still at the age of 21)



Source: *own calculations within the framework of a joint Nordic project on youth unemployment in the Nordic countries financed by the Nordic Council of Ministers*

Thank you!