

The value of higher education

An international perspective

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What is the OECD and how does it work?

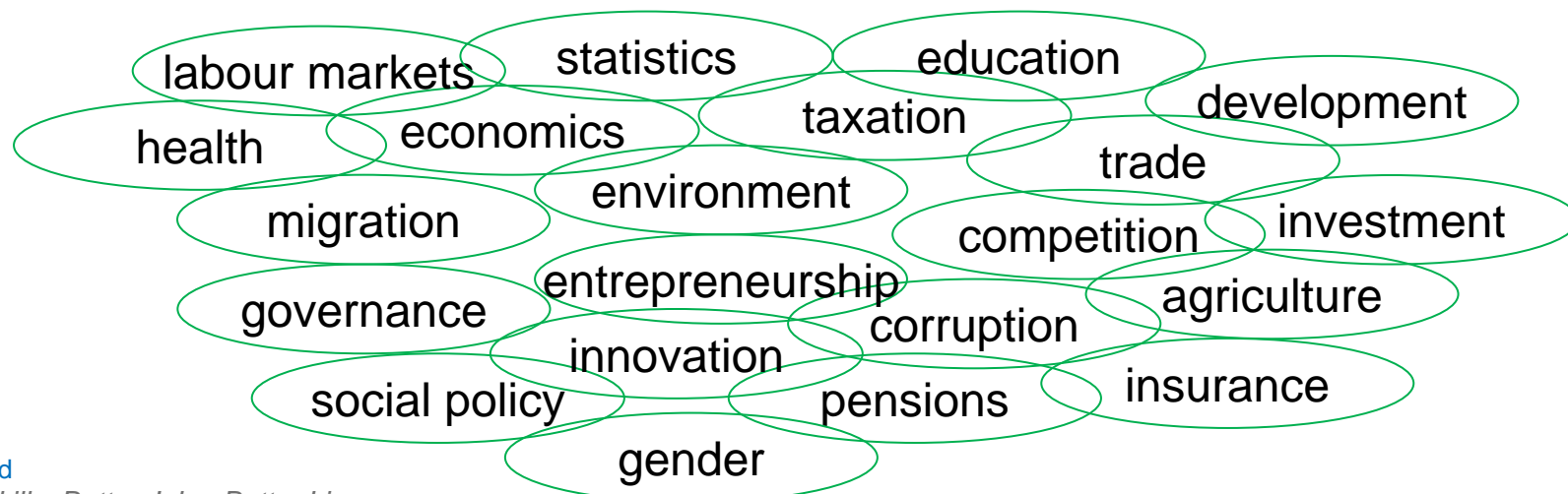


What is OECD

- ✓ International organisation
- ✓ 34 member countries (and EU)
- ✓ Established over 50 years ago
- ✓ Mission: to promote better policies for better lives

How we work

- ✓ Produce comparative data and evidence
- ✓ Compare policy experiences across countries to draw together lessons and policy options for countries
- ✓ Link together policies across different sectors to achieve better outcomes
- ✓ Engage governments and a wide range of stakeholders





Why do skills matter to countries?

Building the right skills can help countries improve economic prosperity and social cohesion





Why do skills matter to people?

By contributing to social outcomes such as health, civil and social engagement.



By supporting improvement in productivity and growth.



By supporting high levels of employment in good quality jobs.



How is this achieved?





How can we improve skills and their use?

By strengthening skills systems

Designing and implementing an evidence-based national skills strategy.



Funding skills through public and private sources and designing effective incentives for employers and individuals.

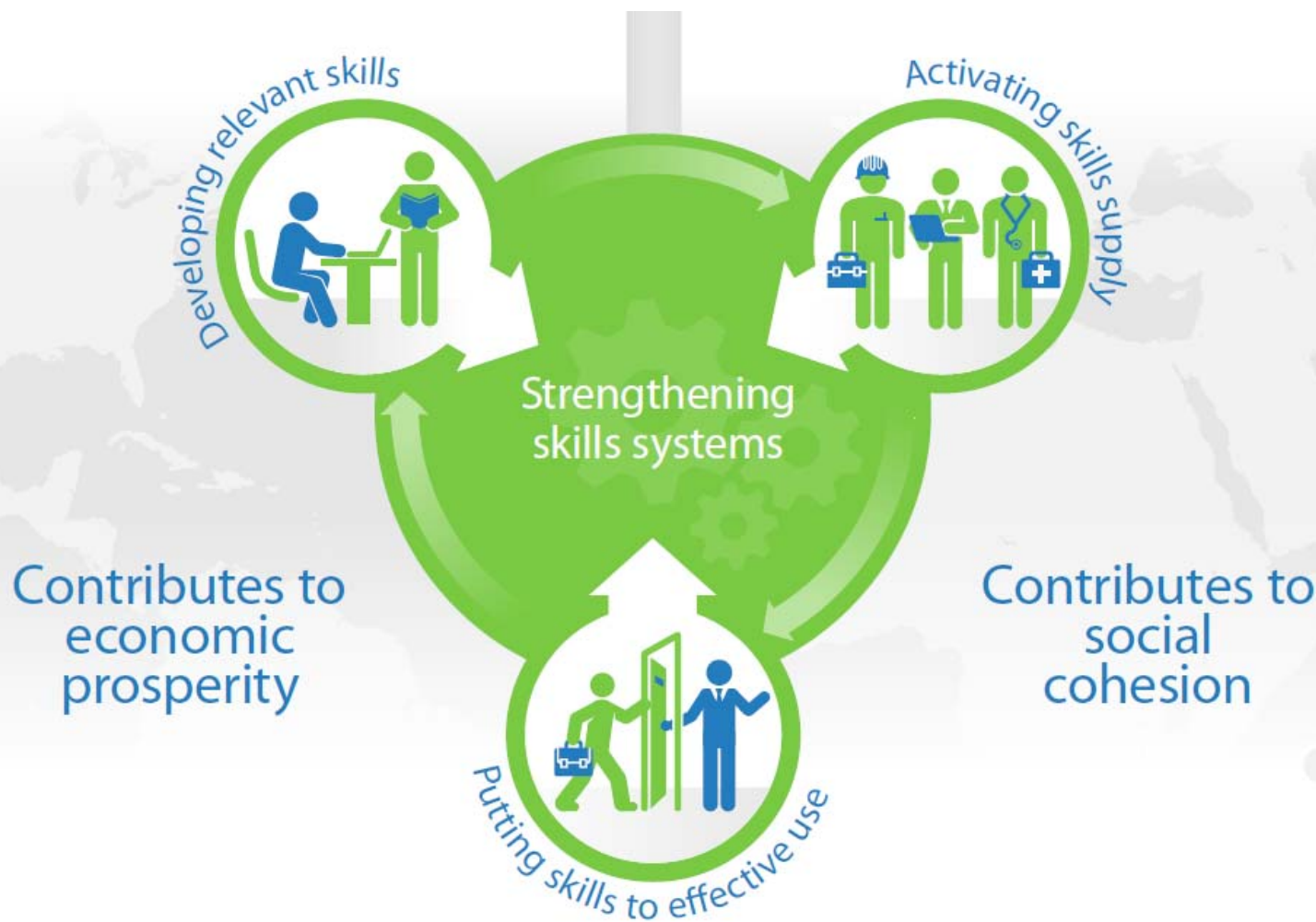


Providing good information for the public, businesses and policy makers.





OECD Skills Strategy





How does a country maximise its skills?

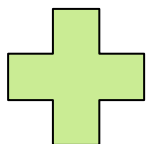
Developing relevant skills

- ✓ Encouraging and enabling people to learn throughout life
- ✓ Fostering international mobility of skilled people to fill skills gaps
- ✓ Promoting cross-border skills policies



Activating skills supply

- ✓ Encouraging people to offer their skills to the labour market
- ✓ Retaining skilled people in the labour market



Putting skills to effective use

- ✓ Creating a better match between people's skills and the requirements of their job
- ✓ Increasing the demand for high-level skills



What do we mean by skills

Foundation skills

- ✓ Literacy
- ✓ Numeracy
- ✓ Problem-solving in technology-rich environments

Generic “soft” skills

- | | |
|---------------------|-----------------------------|
| ✓ Communication | ✓ Initiative |
| ✓ Collaboration | ✓ Resilience |
| ✓ Self-organisation | ✓ Creativity |
| ✓ Perseverance | ✓ Critical thinking |
| ✓ Adaptability | ✓ Flexibility |
| ✓ Ethics and values | ✓ Proactive learning....etc |

Specific skills

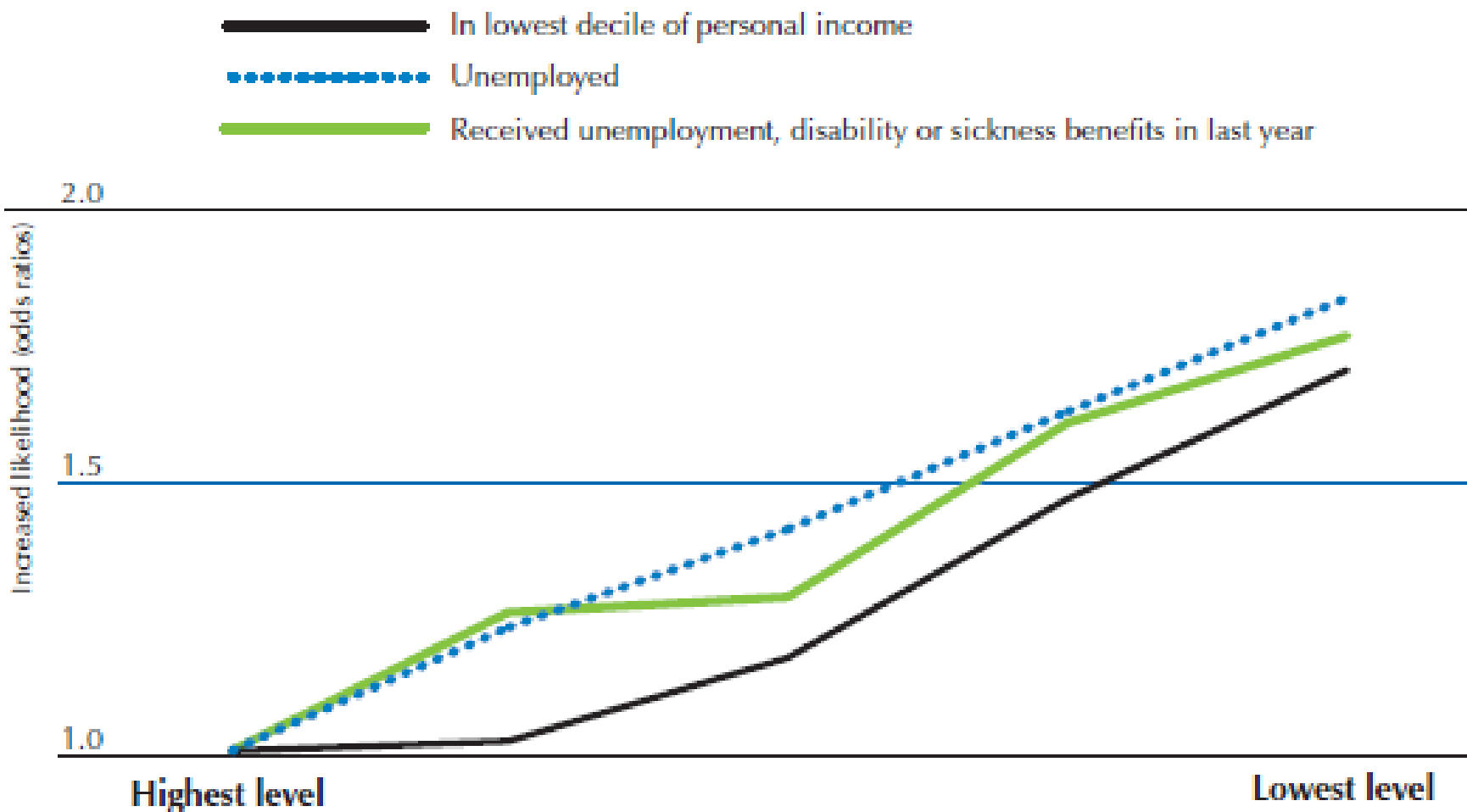
- | | |
|------------------------------|---------------------------|
| ✓ Medical/para-medical | ✓ ICT |
| ✓ Economics | ✓ Accounting |
| ✓ Law | ✓ Building trades |
| ✓ Marketing | ✓ Engineering |
| ✓ Philosophy | ✓ Automotive design |
| ✓ Hospitality and catering | ✓ Creative arts and music |
| ✓ Media and public relations | ✓ History |
| ✓ Research | ✓ Management...etc |



Foundation skills and economic disadvantage

Likelihood of experiencing economic disadvantage by foundation skills level

Individuals aged 16 to 65, country average



Note: This figure is based on results of the PIAAC field trial. It is not based on representative samples and is therefore only illustrative

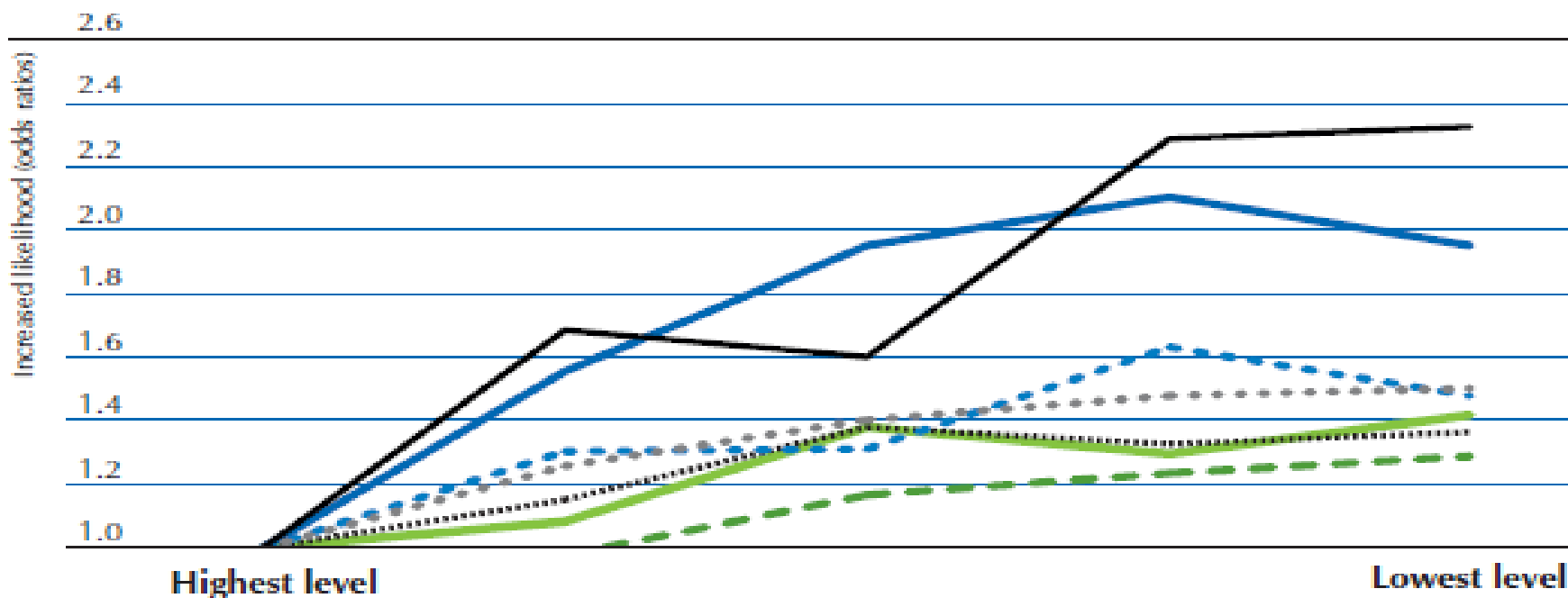


Foundation skills and social disadvantage

Likelihood of experiencing social disadvantage by foundation skills level

Individuals aged 16 to 65, country average

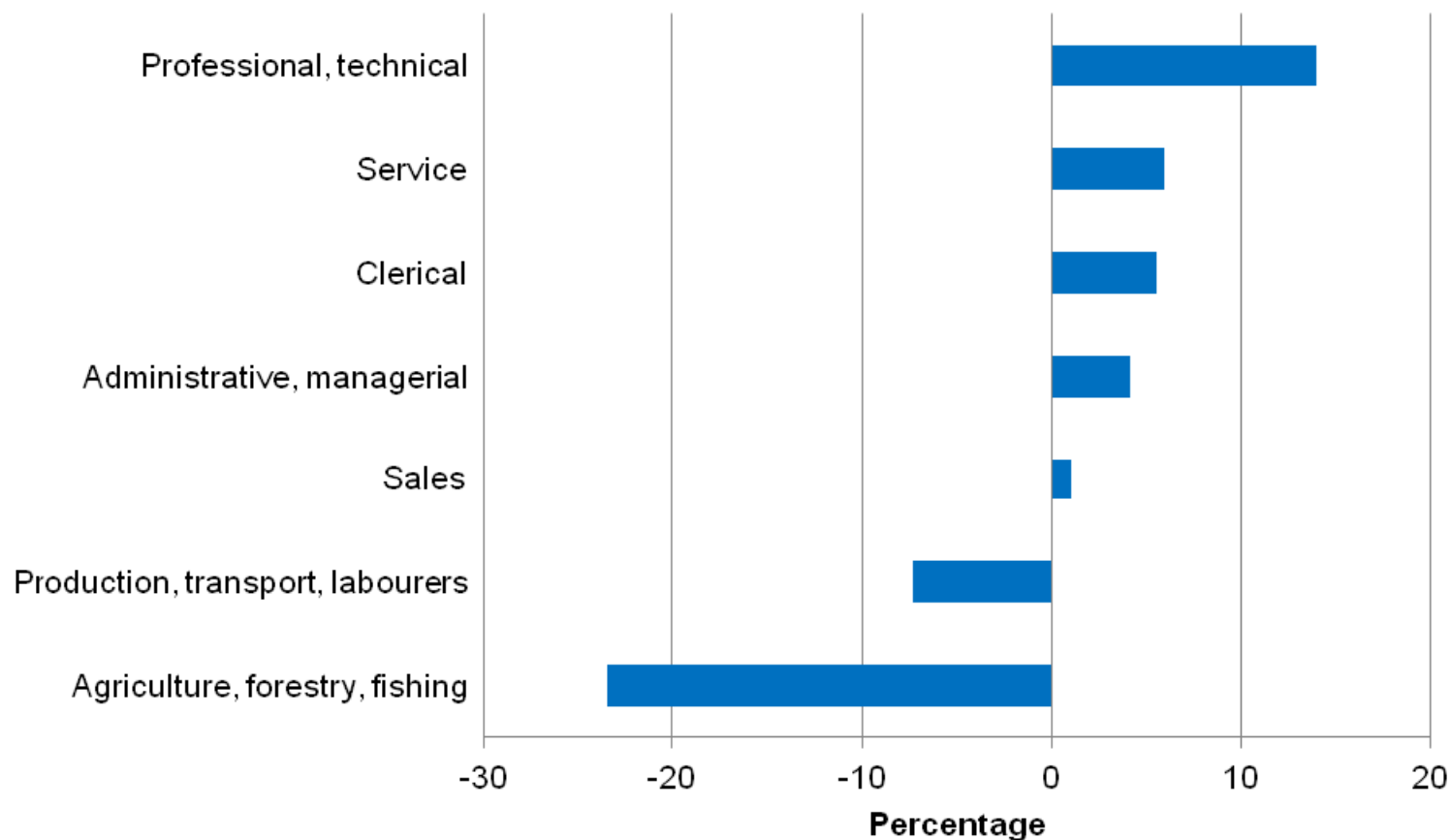
- Has fair to poor health
- - - Does not volunteer for charity or non-profit organisations
- ⋯ Has a poor understanding of political issues facing country
- ⋯ Has a poor level of general trust
- Has a higher propensity of believing people try to take of advantage of others
- Has a lower propensity to reciprocate
- ⋯ Has a poor political efficacy





Changes in occupations

Changes in employment shares, by occupational groups¹ 1960-2009, selected OECD countries²

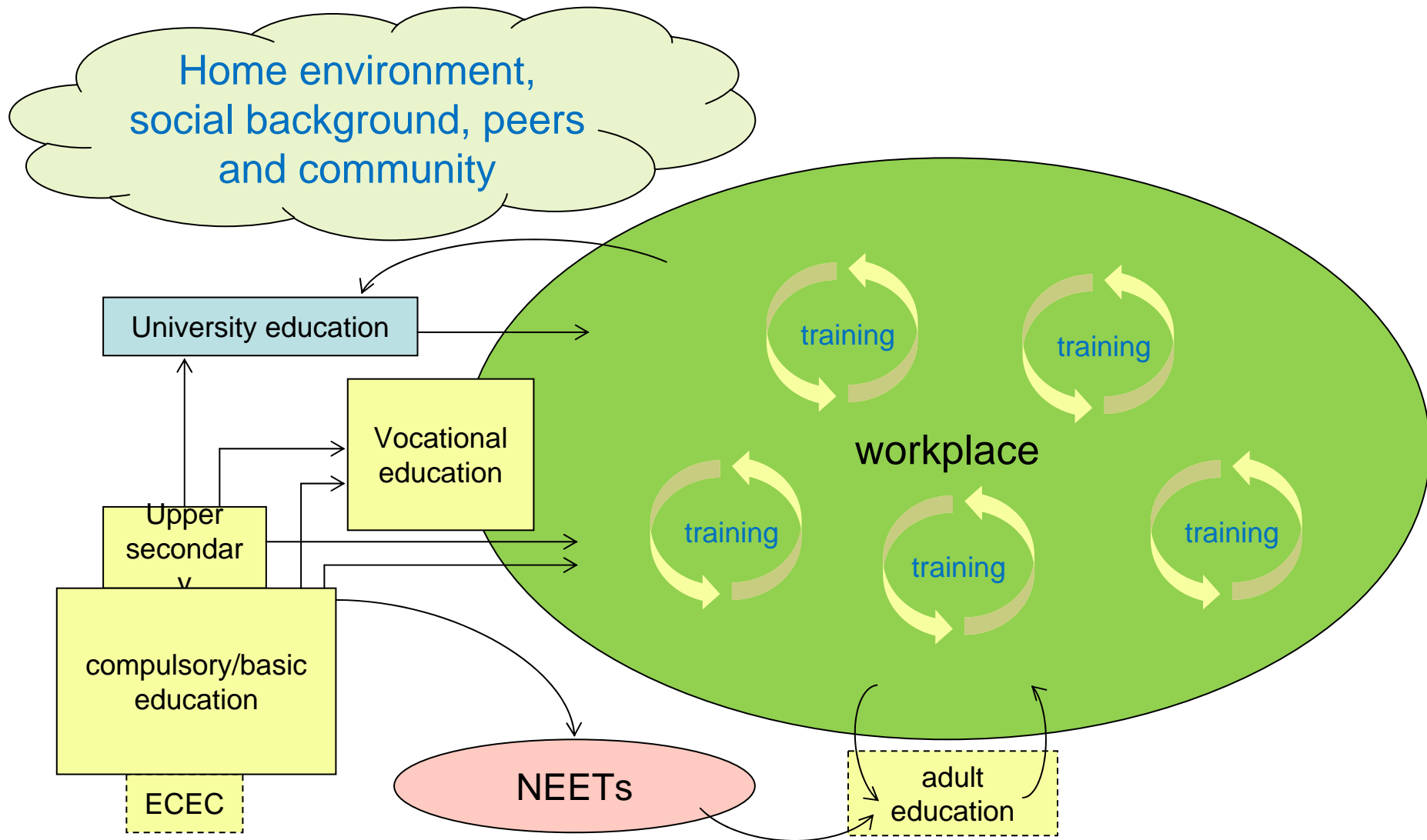


1. International Standard Classification of Occupations (ISCO 1968)

2. Australia, Austria, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and United States.



What about the skills pipeline

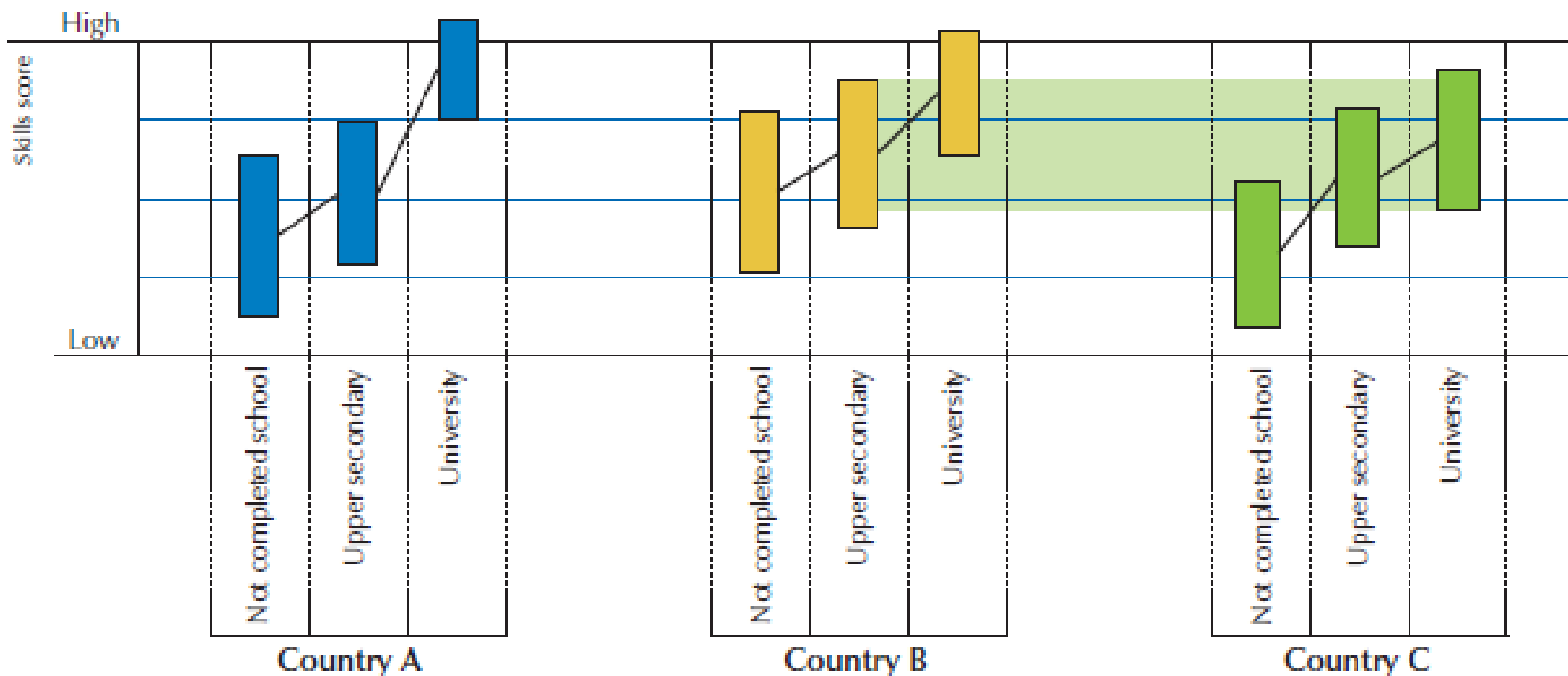




How do skills and education levels compare

Comparing skills against education levels, across countries

Skills scores on a scale of foundation skills, by qualification levels, individuals aged 16 to 65





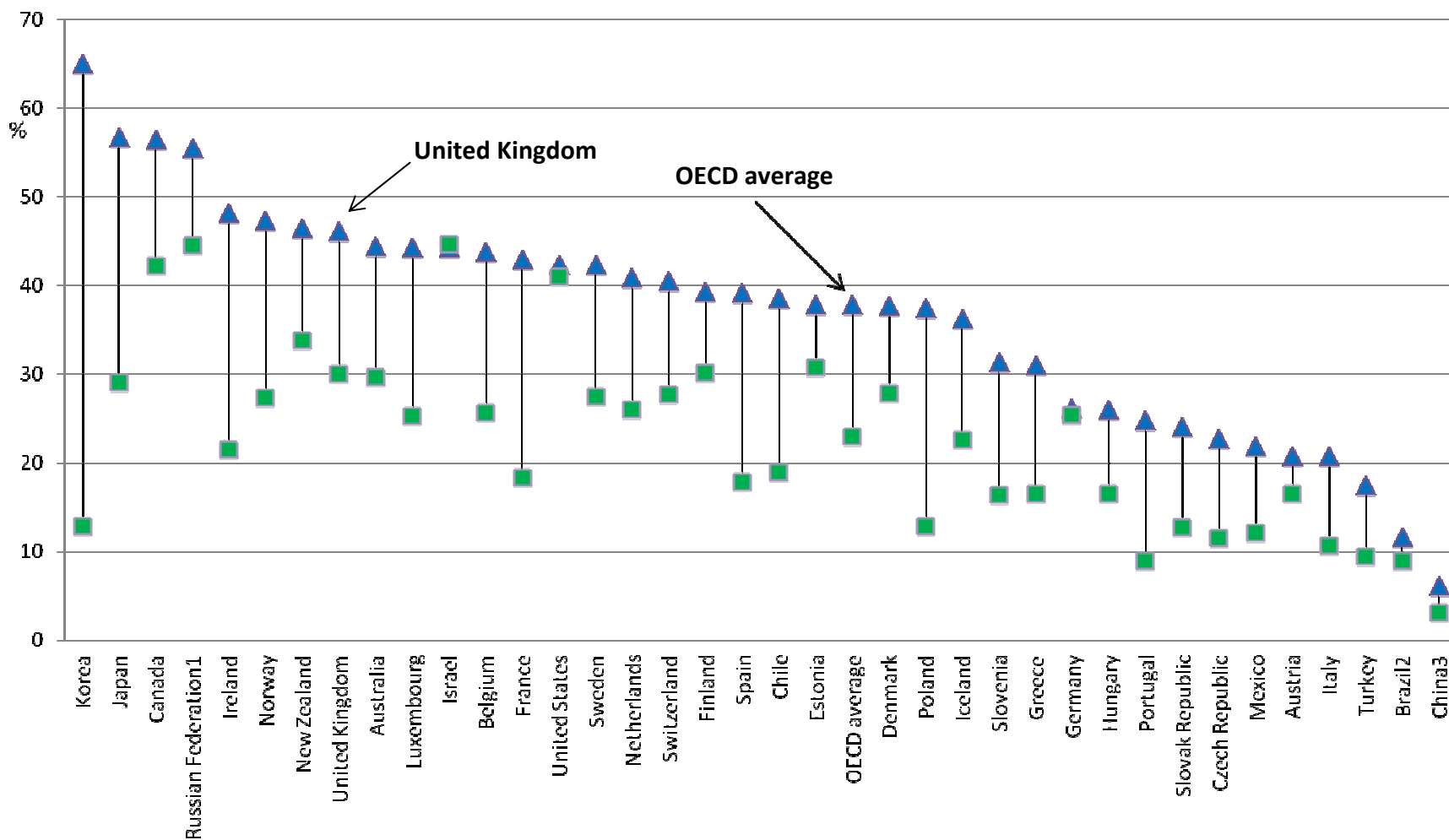
Tertiary educated population

Population that has attained tertiary education (2010)

Percentage, by age group

▲ 25-34 year-olds

■ 55-64 year-olds

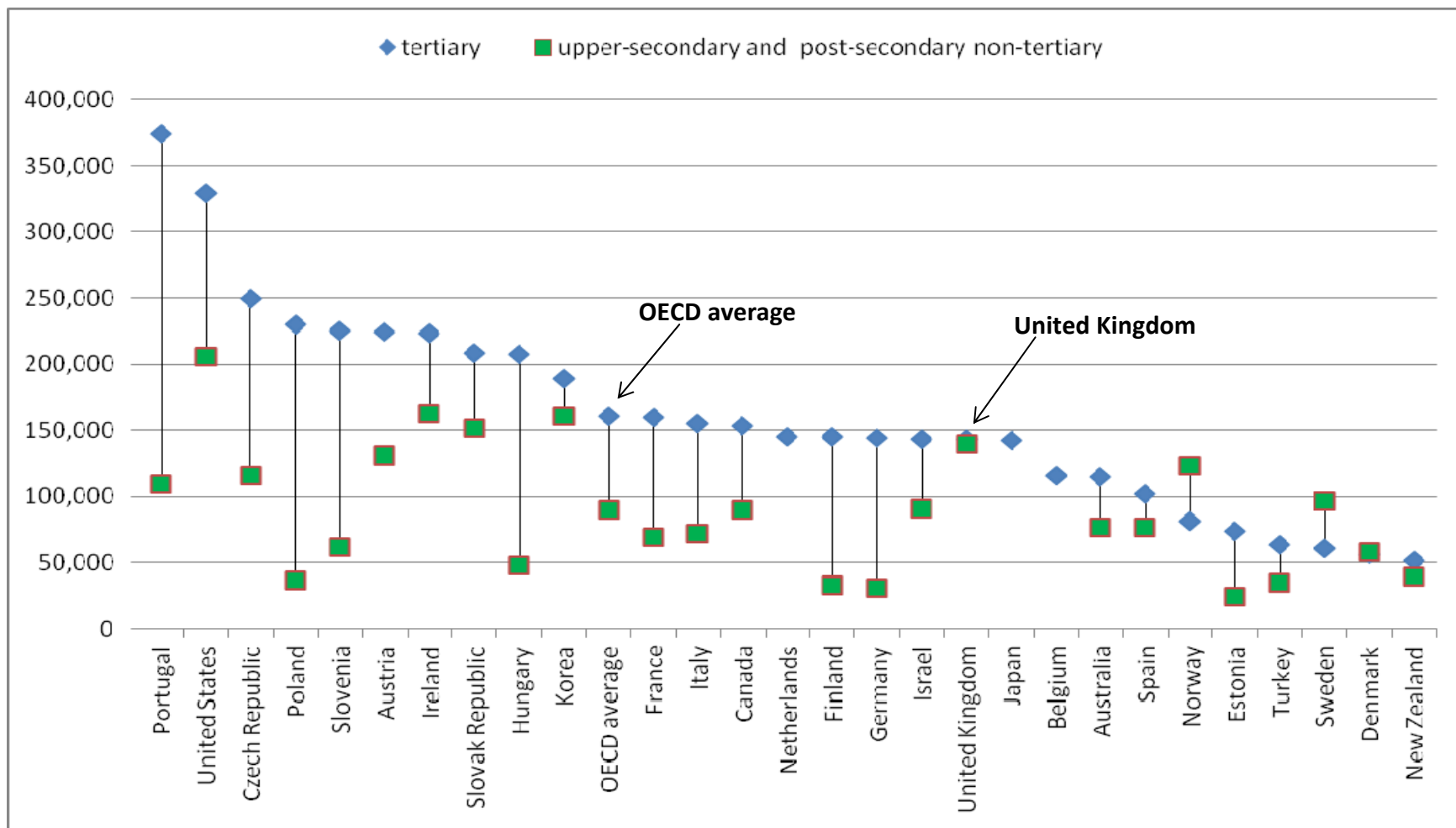




Higher education as an investment

Private net present value

for an individual obtaining tertiary education or upper secondary/post-secondary non-tertiary education as part of initial education (2008 or latest available year, USD PPP)





Estimating private net present value of education

MEN

In equivalent USD converted using PPPs for GDP,
2008 or latest year

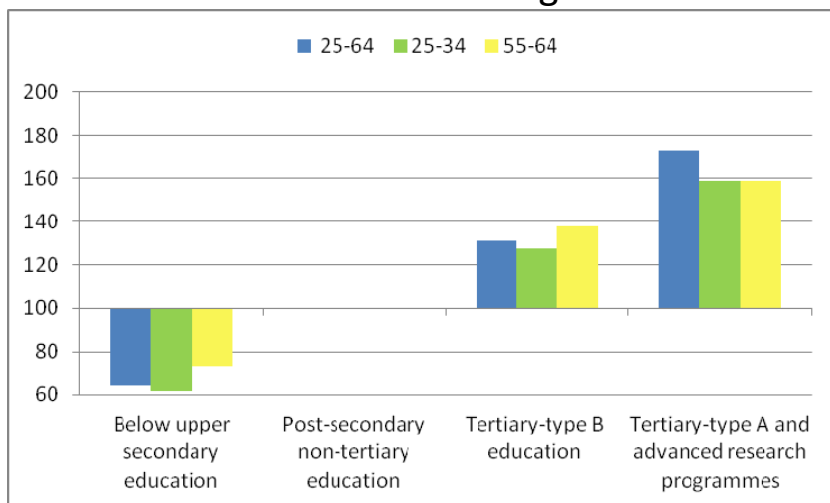
	United Kingdom		OECD	
	upper secondary, post-secondary non-tertiary	tertiary	upper secondary, post-secondary non-tertiary	tertiary
Direct cost	-4,880	-28,704	-1,944	-11,929
Foregone earnings	-33,603	-93,851	-26,817	-44,163
Total costs	-38,483	-122,555	-28,761	-56,093
Gross earnings benefits	218,579	364,136	143,540	340,199
Income tax effect	-50,129	-82,074	-41,315	-105,725
Social contribution effect	-27,713	-37,666	-18,876	-34,897
Transfers effect	-9,149	0	-3,423	-172
Unemployment effect	46,772	19,310	38,884	14,720
Grants effect	-	2,244	-	5,296
Total benefits	178,360	265,949	118,810	217,718
Net present value	139,877	143,394	90,049	161,625



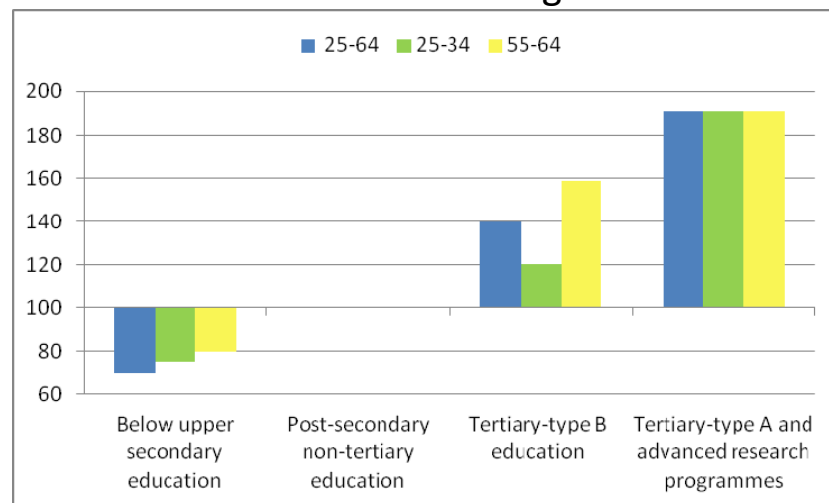
Earnings by level of educational attainment and age

Index, 100 = average earnings with upper-secondary education

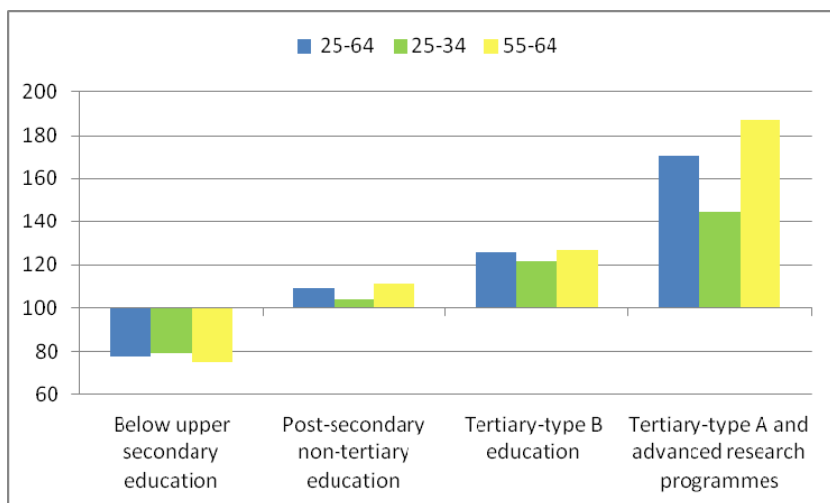
Men – United Kingdom



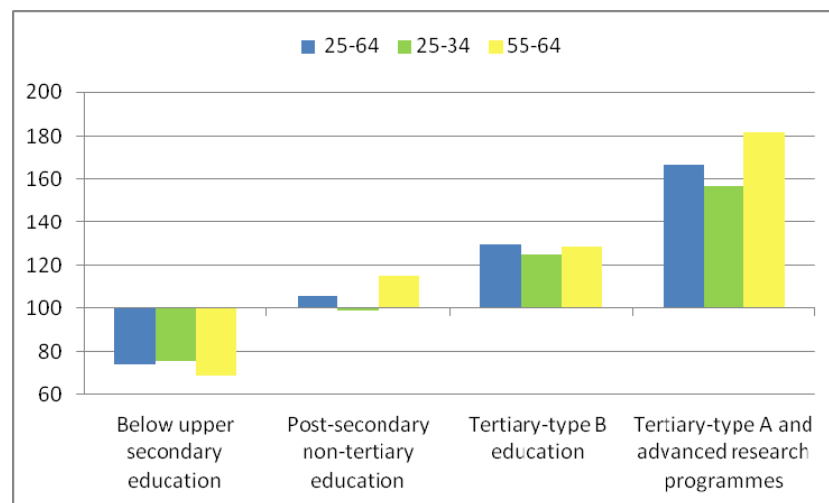
Women – United Kingdom



Men – OECD

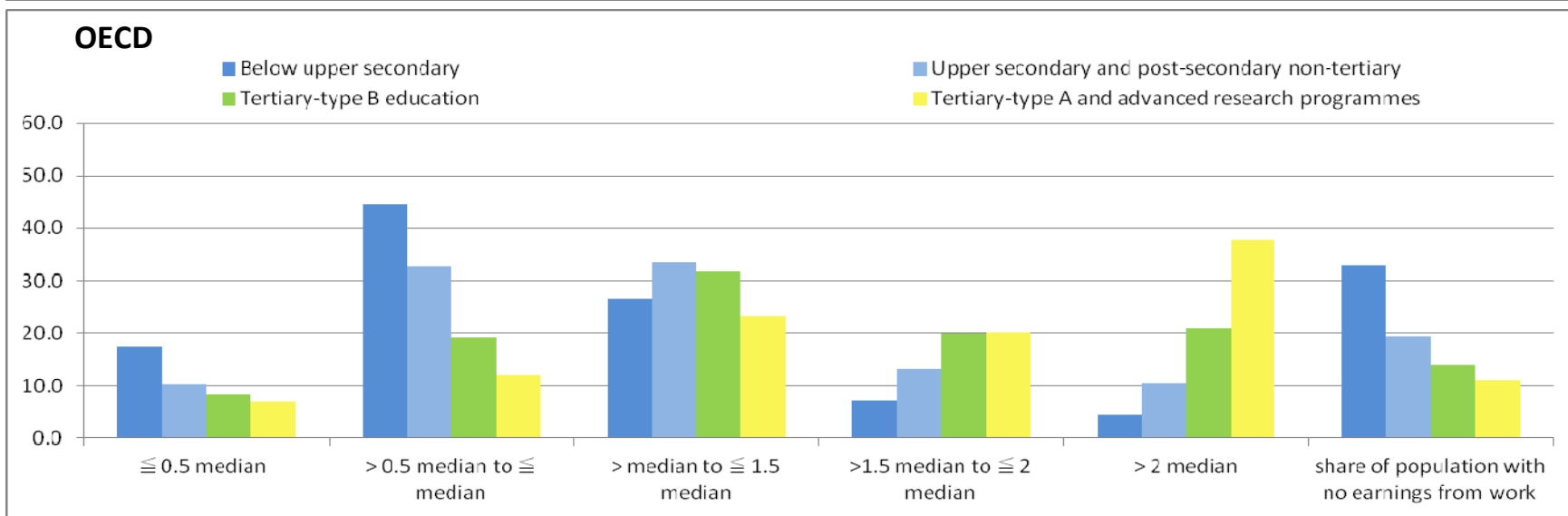
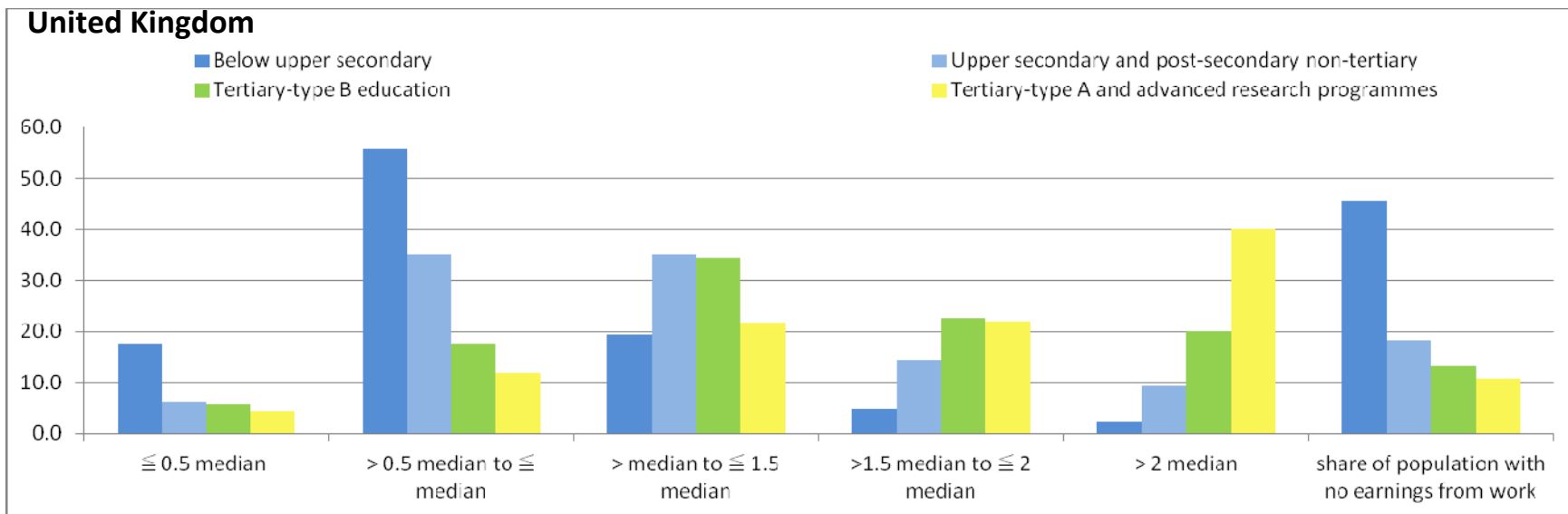


Women – OECD





Distribution of earnings

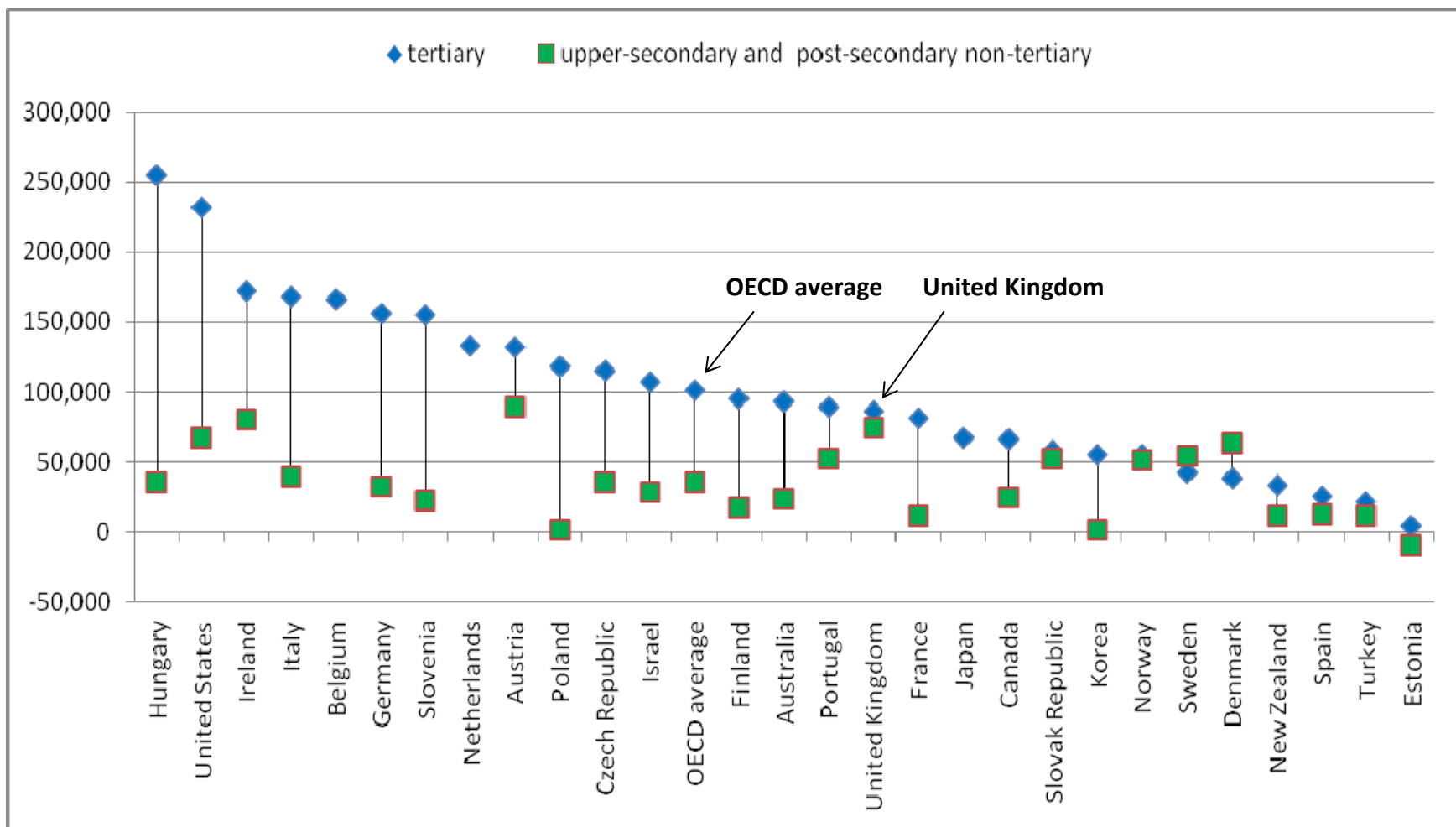




Tertiary education as a public investment

Public net present value

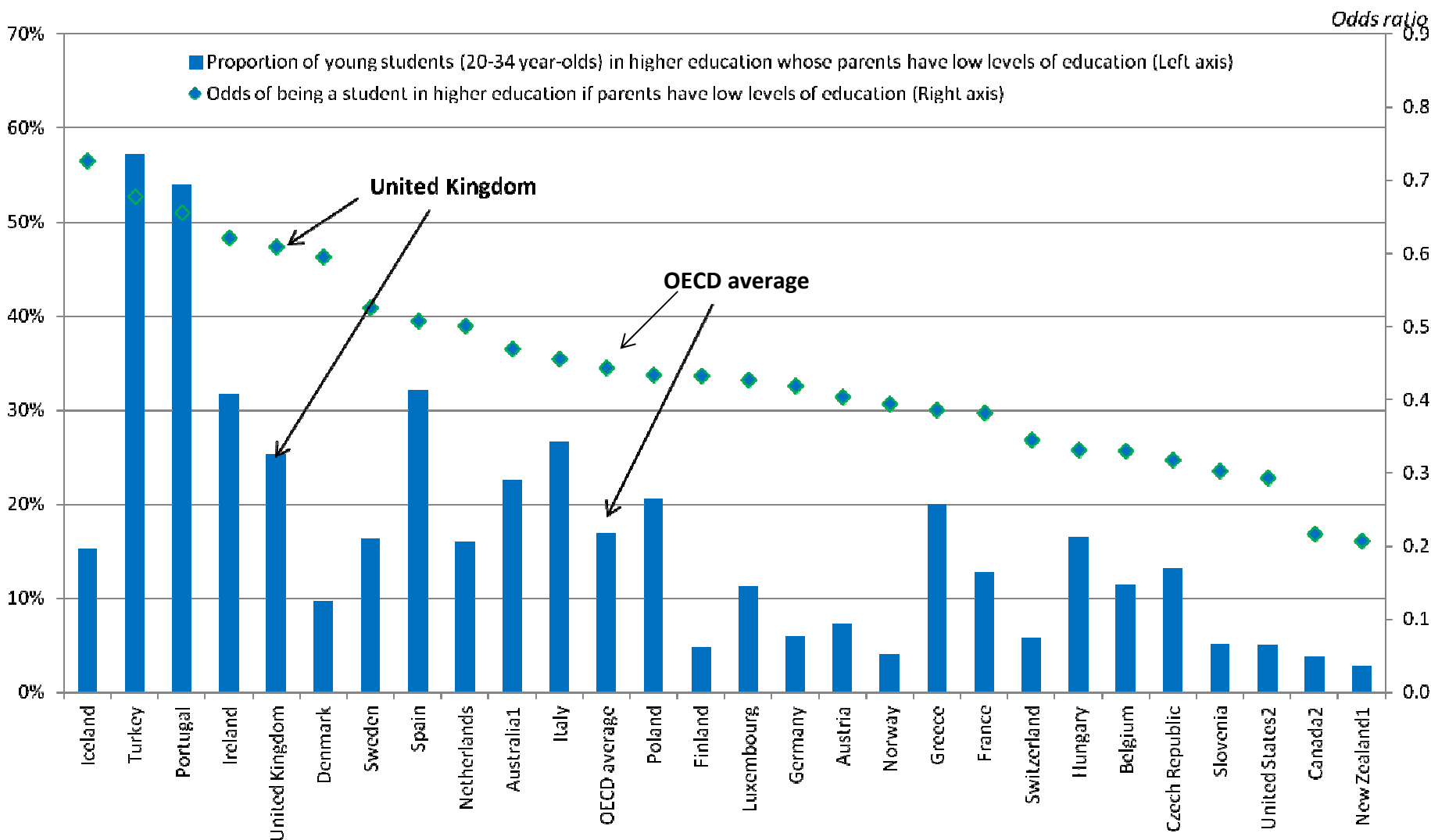
for an individual obtaining tertiary education or upper secondary/post-secondary non-tertiary education as part of initial education (2008 or latest available year, USD PPP)





Equity and social mobility

Participation of students in higher education whose parents have low levels of education

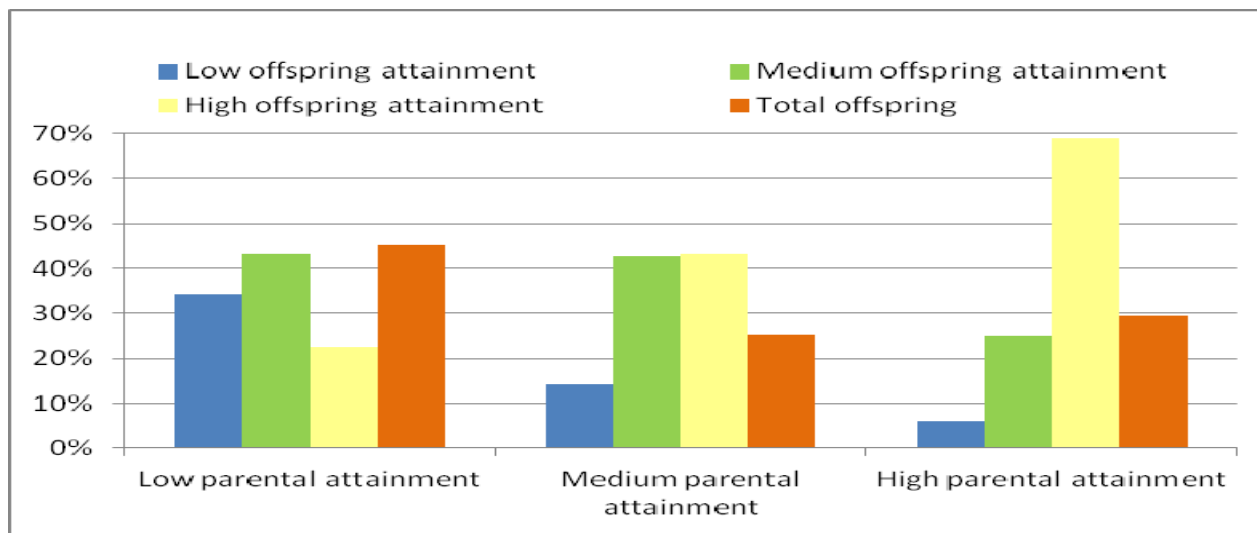




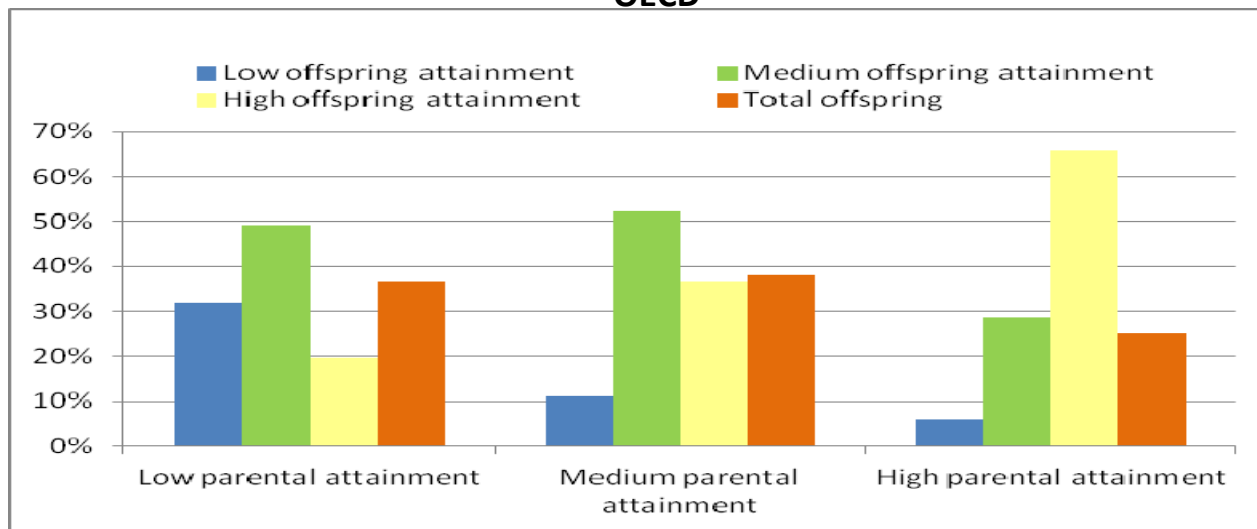
Inter-generational educational mobility

Educational attainment level of 25-34 year-old non-student population (2009)

United Kingdom



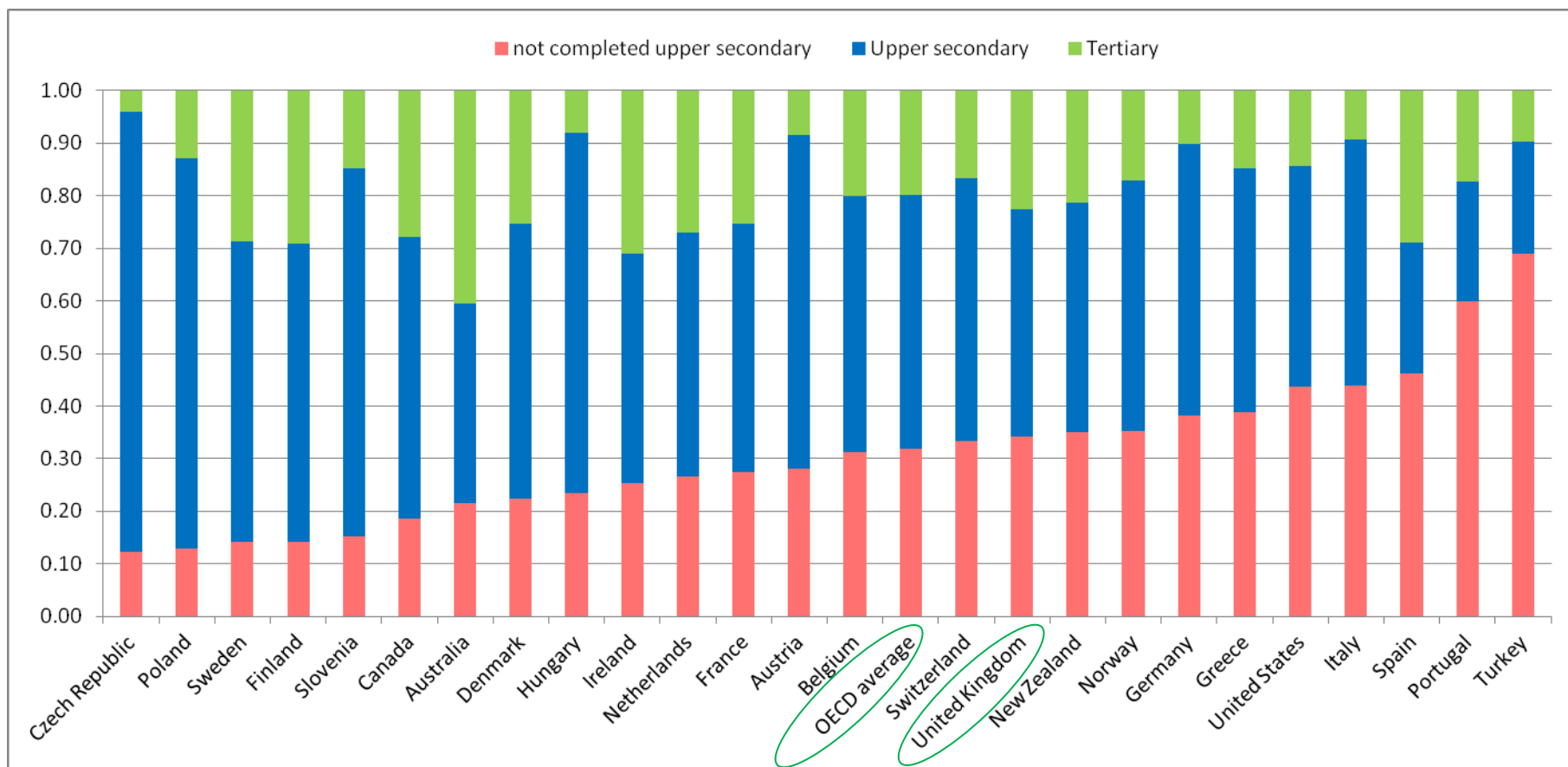
OECD





Upward educational mobility

Educational attainment level of 25-34 year-old non-student population whose parents had not completed upper secondary school (2009)





Some policy implications

Important Caveats

- ✓ No one-size-fits-all – context matters
- ✓ No instant fixes – improvement takes time
- ✓ No magic bullets – need a combination of measures

1

- ✓ Ensure relevant skills for the work environment are developed at every level of the education system
 - Employer engagement in skills development
 - “Soft” skills as well as foundation and specific skills
 - Workplace awareness and workplace experience
 - Data on labour market outcomes



Some policy implications

2

- ✓ Ensure quality learning outcomes at all levels
 - Curricula
 - Pedagogy
 - Quality teaching
 - Effective assessment

3

- ✓ Take an integrated policy approach to learning pathways that combines VET, general education, workplace training and lifelong learning within a broader skills strategy
 - More flexibility for learners
 - More flexibility for providers



Some policy implications

4

- ✓ Provide relevant, timely and reliable career guidance
 - ❑ Transparent data on labour market demand and prospects and evolving skill needs
 - ❑ Reliable information on education pathways for different careers
 - ❑ Accurate and realistic information about what different jobs entail

5

- ✓ Develop relevant, transparent and meaningful qualifications
 - ❑ Based on competencies
 - ❑ Linked to reliable and valid assessments
 - ❑ Recognised by employers
 - ❑ Easily navigable (and the right level of specificity)



Some policy implications

6

- ✓ Recognise that sustainable and inclusive growth needs to focus on the least skilled
 - ❑ Early childhood education and additional support throughout school for disadvantaged or struggling students
 - ❑ Second chance education for disengaged youth and adults
 - ❑ Special attention to transitions to support those at risk

7

- ✓ Coherent financing arrangements that support high quality, inclusive outcomes for economic and social wellbeing



To learn more

For more information, please visit our the OECD website

Education at a Glance: www.oecd.org/education/eag2012

Vocational Education and Training www.oecd.org/education/vet

About the OECD Higher Education Programme: www.oecd.org/edu/imhe

OECD Skills Strategy: skills.oecd

Thank you!