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

labour markets
statistics
education
development
health
economics
taxation
trade
environment
migration
competition
investment
entrepreneurship
governance
agriculture
corruption
innovation
social policy
pensions
insurance
gender

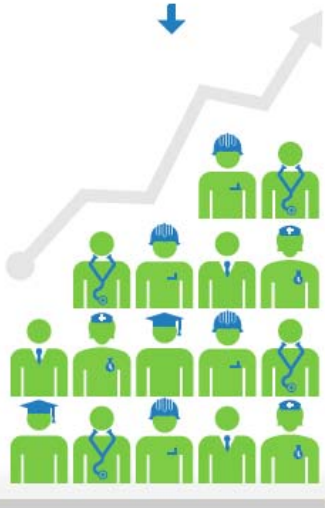
Why do skills matter to countries?

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?

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

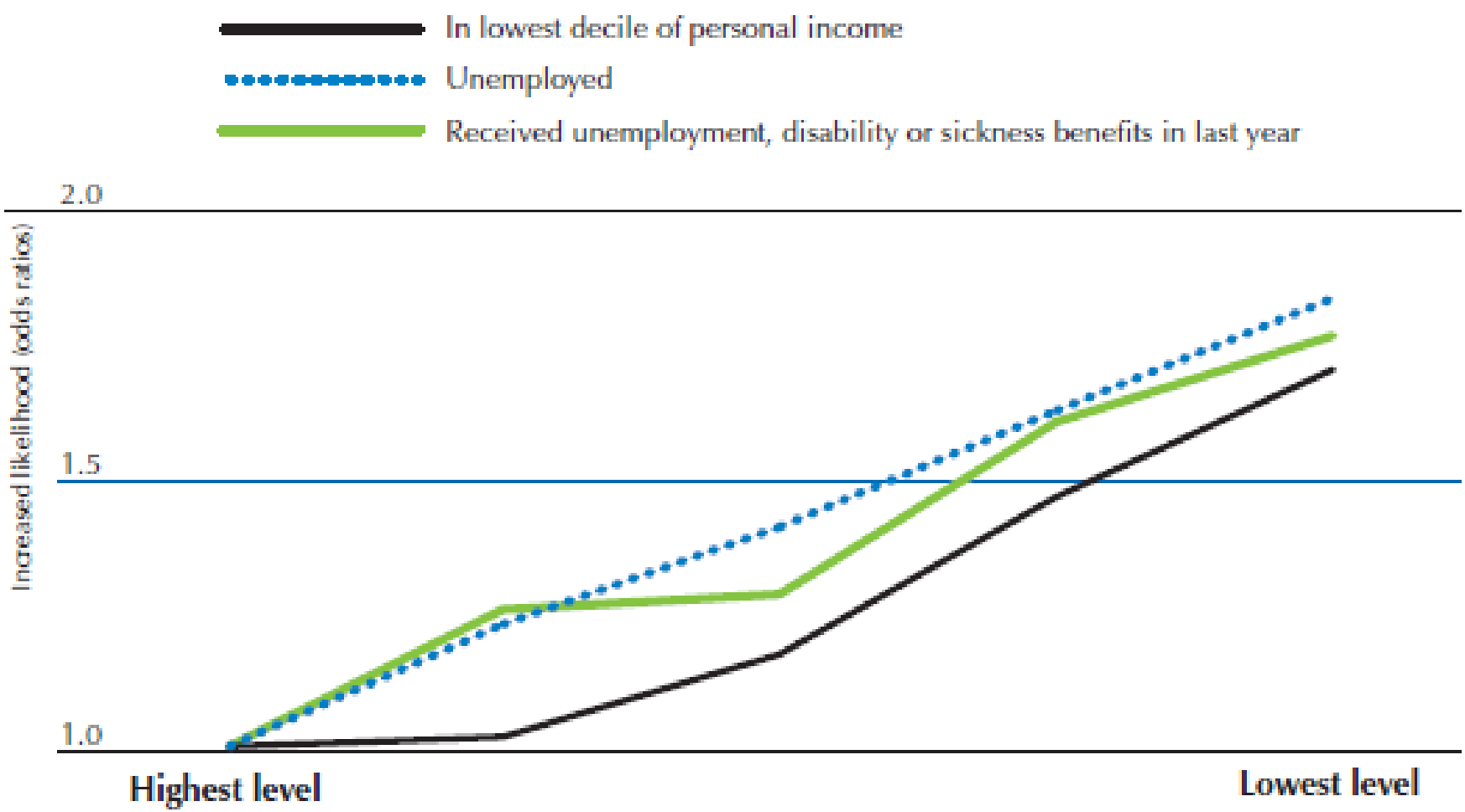
Specific skills

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

Foundation skills and economic disadvantage

Likelihood of experiencing economic disadvantage by foundation skills level

Individuals aged 16 to 65, country average

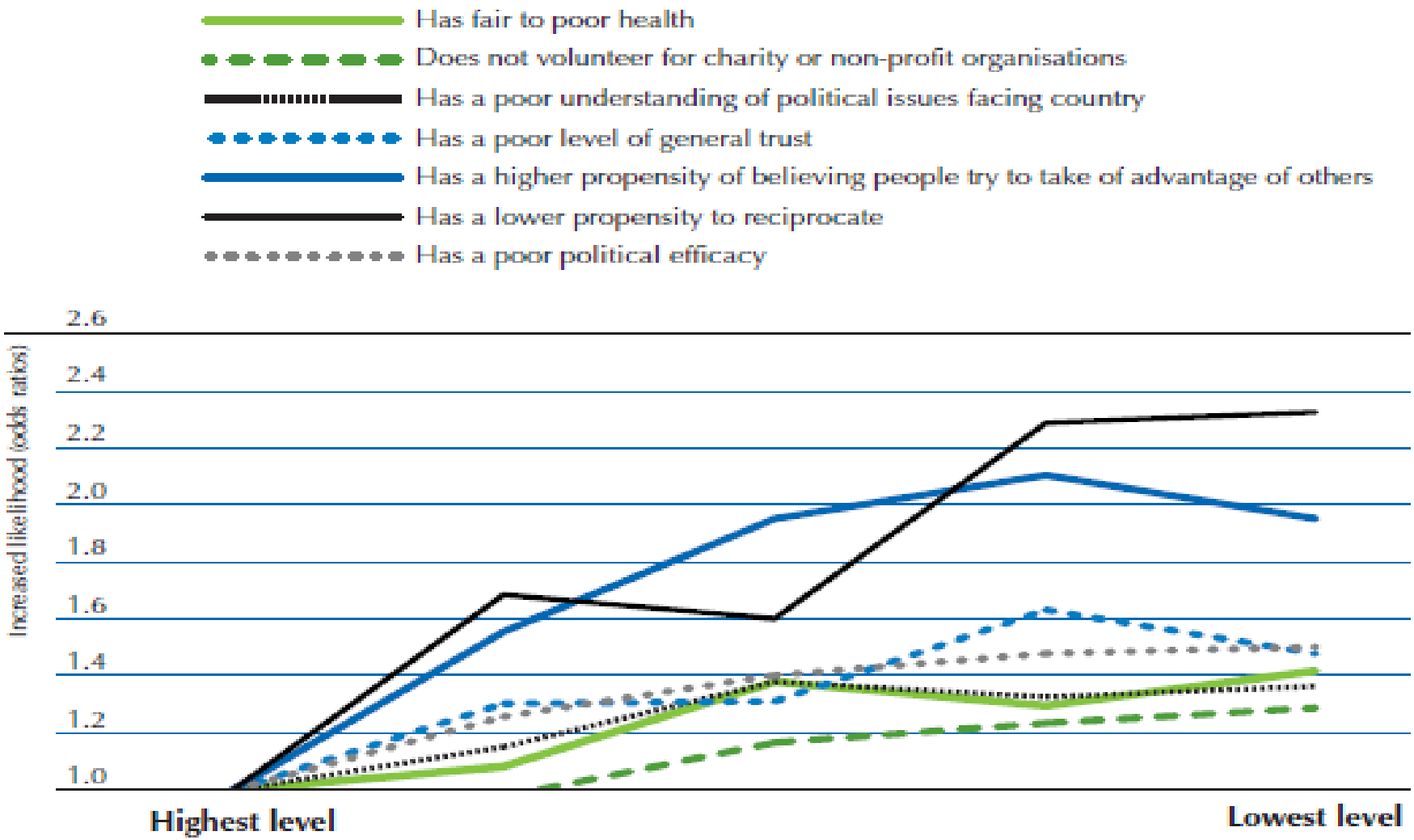


Note: This figure is based on results of the PIAAC field trial. It is not based on representative samples and is therefore only illustrative

Foundation skills and social disadvantage

Likelihood of experiencing social disadvantage by foundation skills level

Individuals aged 16 to 65, country average



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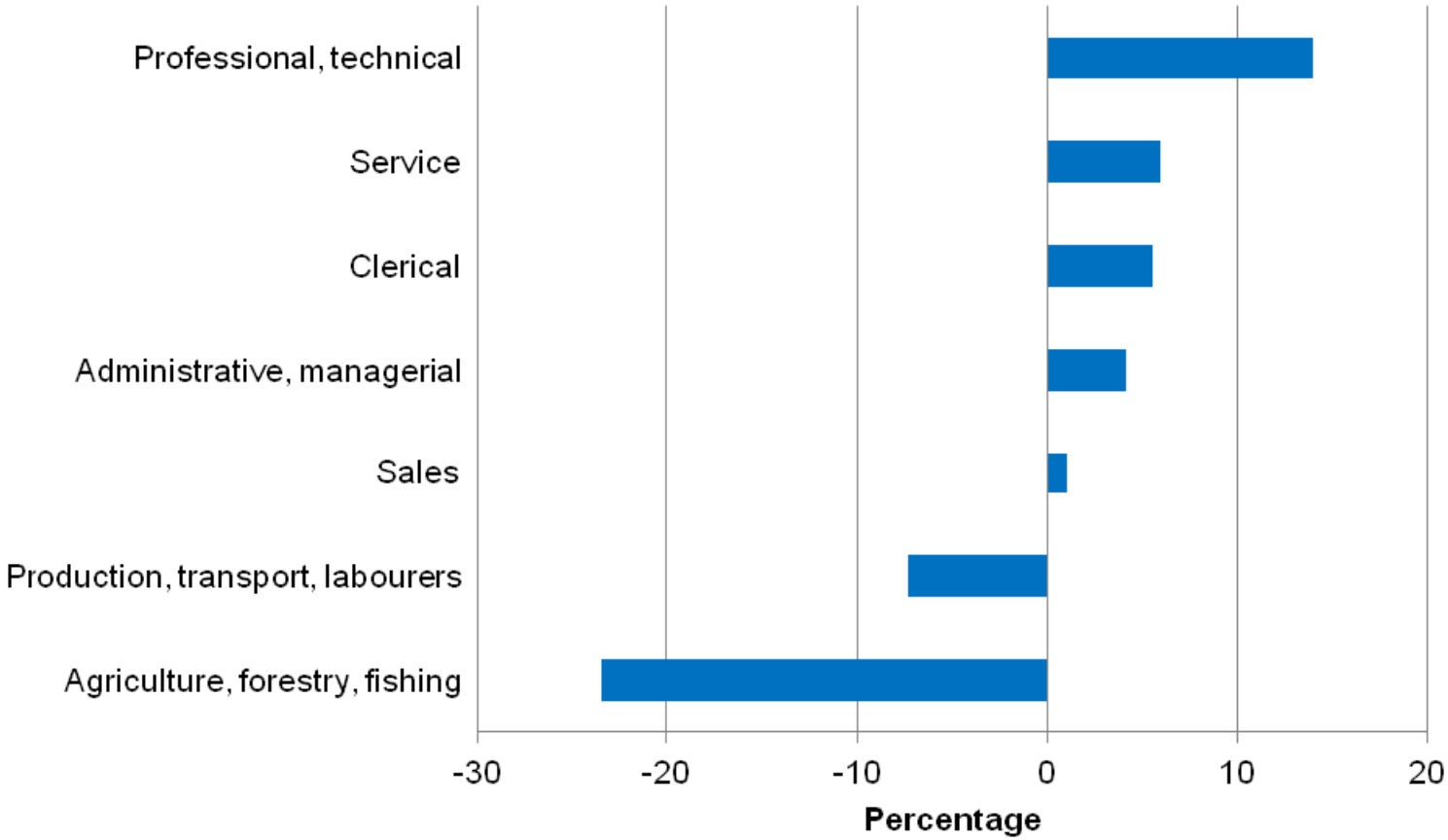
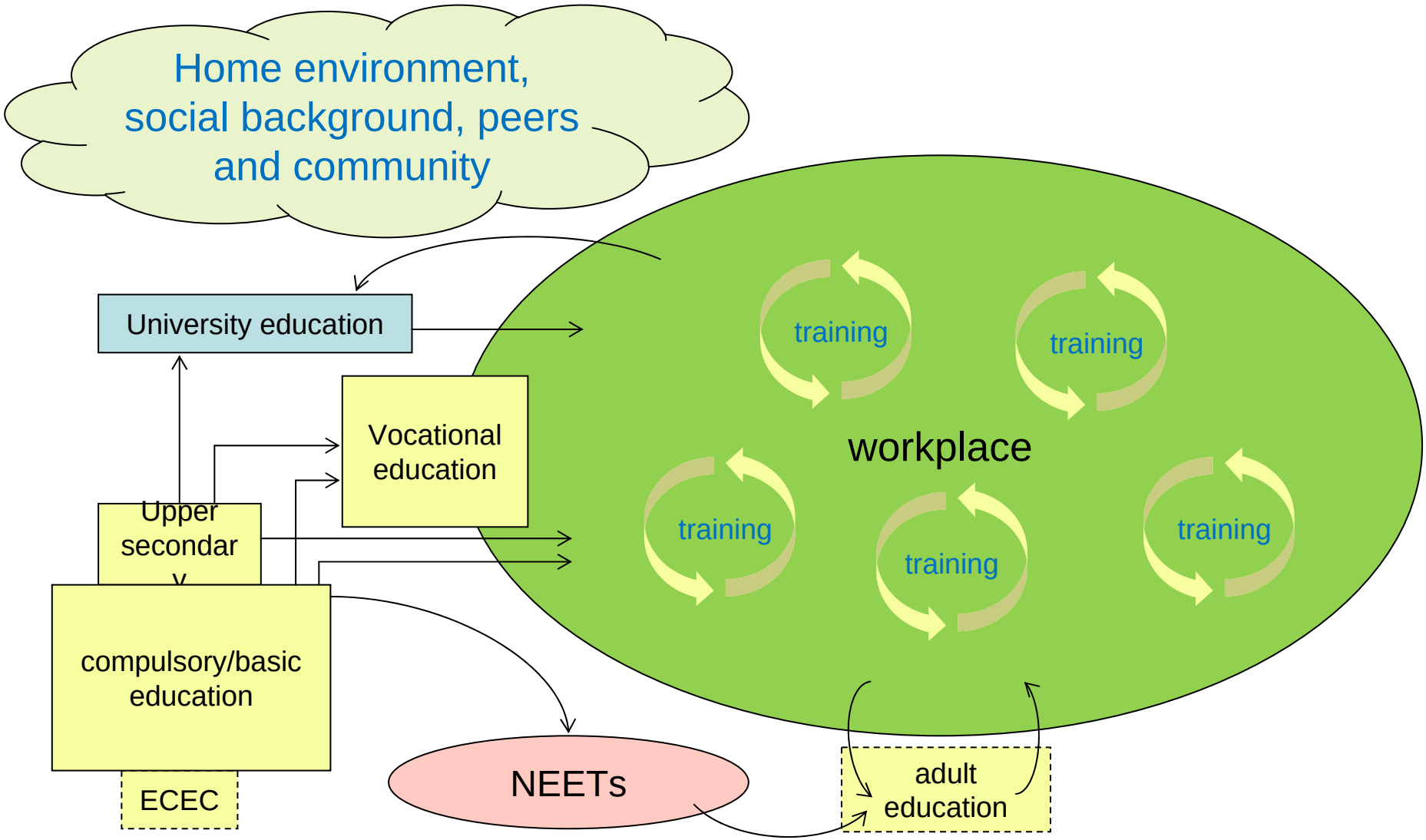
Changes in occupations

Changes in employment shares, by occupational groups[1]
1960-2009, selected OECD countries[2]



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.

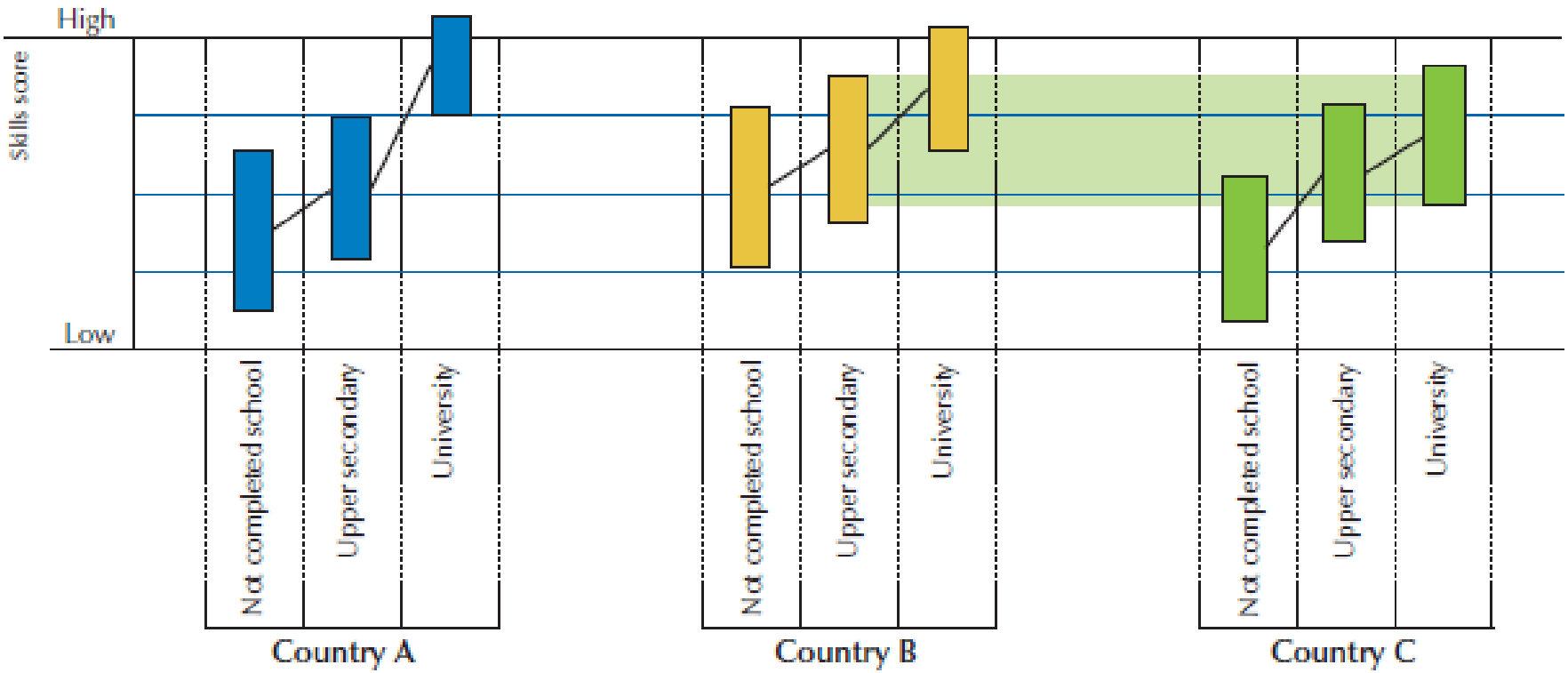
What about the skills pipeline



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



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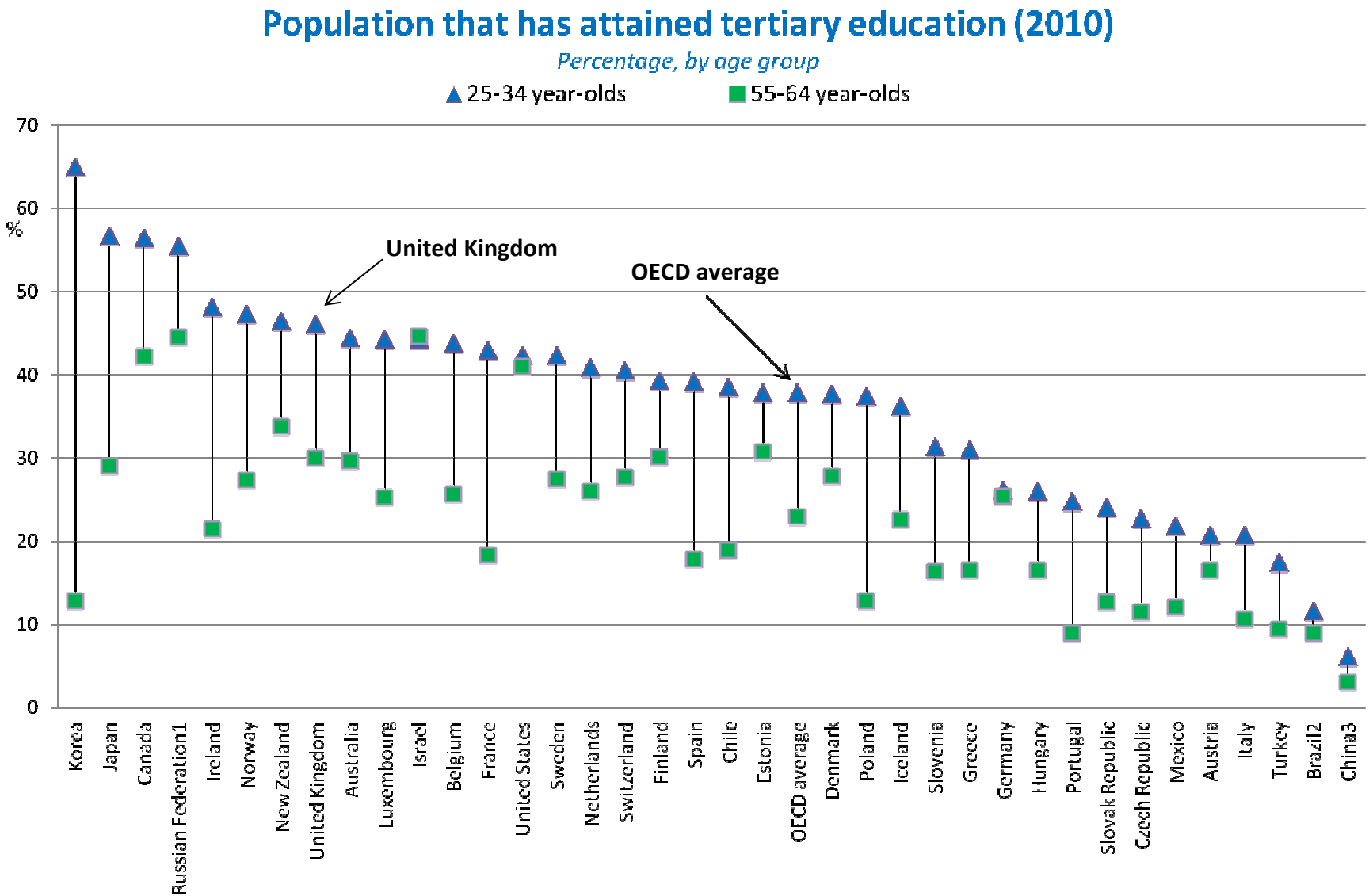
Tertiary educated population

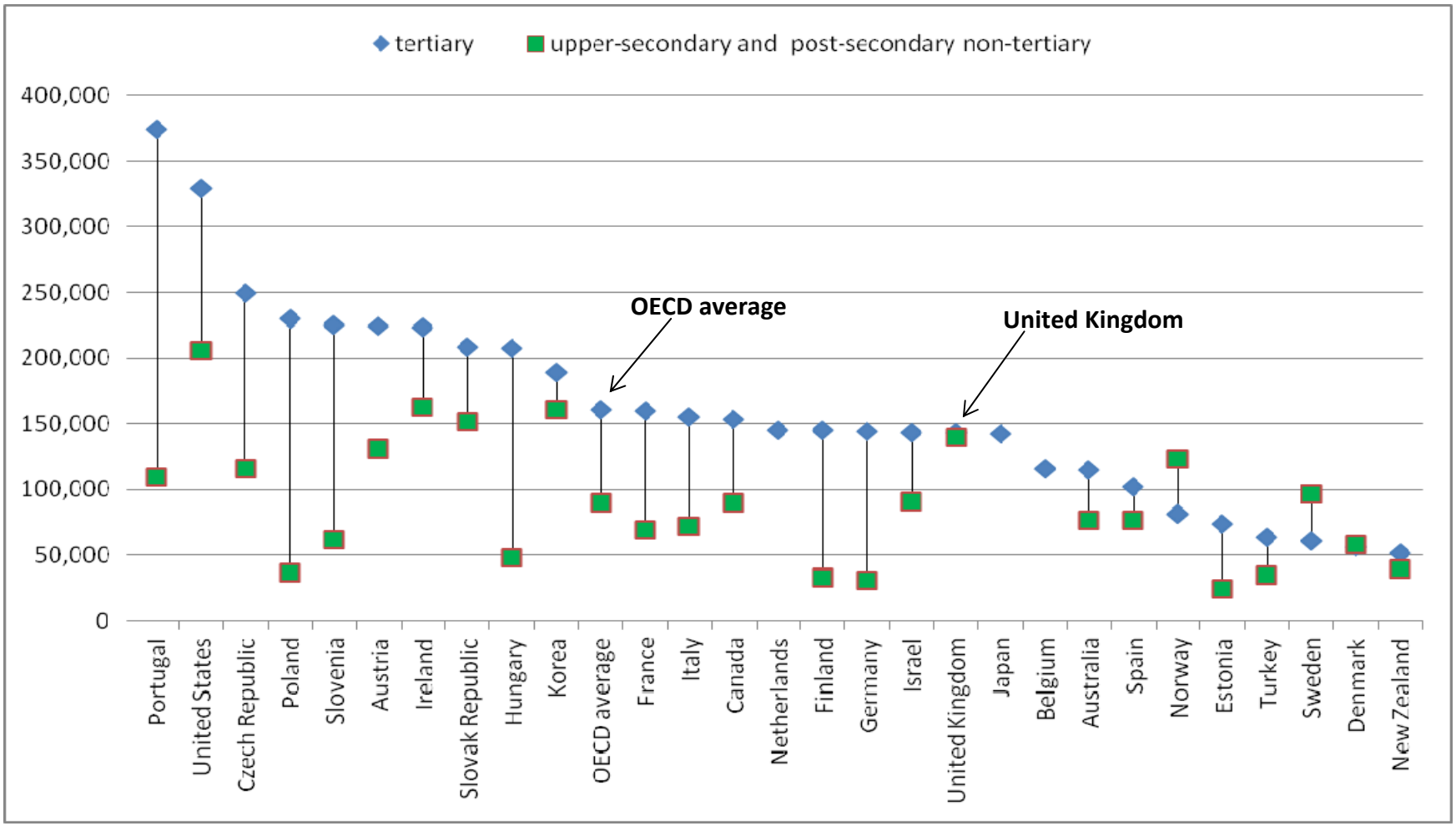


Source: *Education at a Glance 2012*, OECD

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)



Source: *Education at a Glance 2012*, OECD

Estimating private net present value of education

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

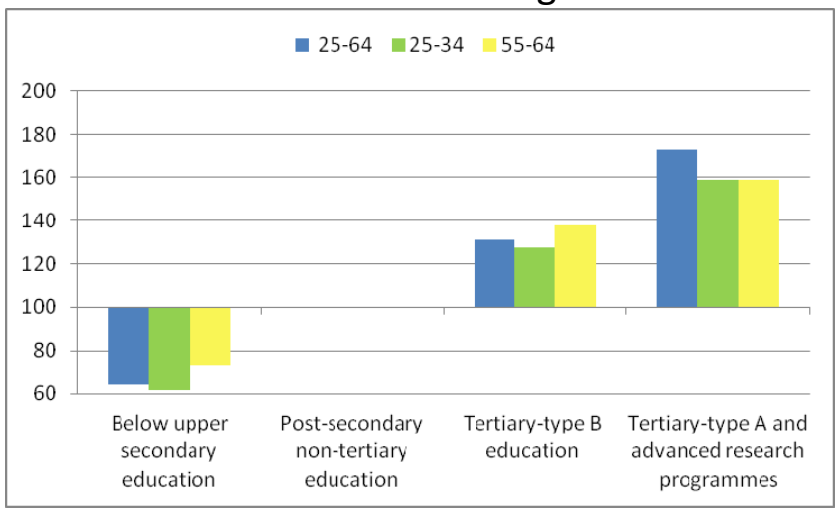
	United Kingdom		OECD	
	upper secondary, post-secondary non-tertiary	tertiary	upper secondary, post-secondary non-tertiary	tertiary
Direct cost	-4,880	-28,704	-1,944	-11,929
Foregone earnings	-33,603	-93,851	-26,817	-44,163
Total costs	**-38,483**	**-122,555**	**-28,761**	**-56,093**
Gross earnings benefits	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**

Source: *Education at a Glance 2012*, OECD

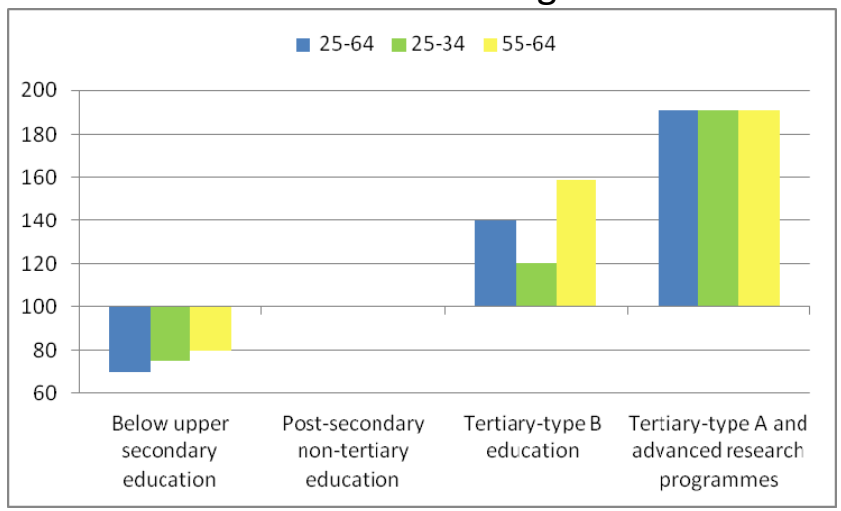
Earnings by level of educational attainment and age

Index, 100 = average earnings with upper-secondary education

Men – United Kingdom



Women – United Kingdom



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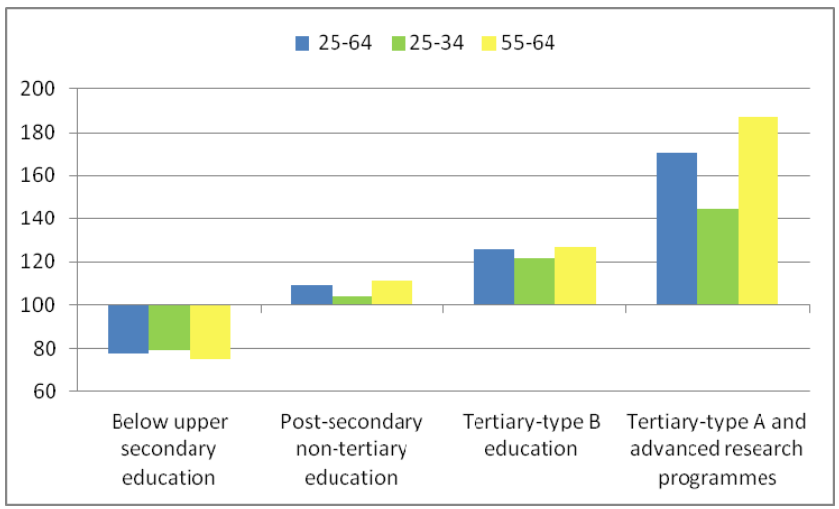

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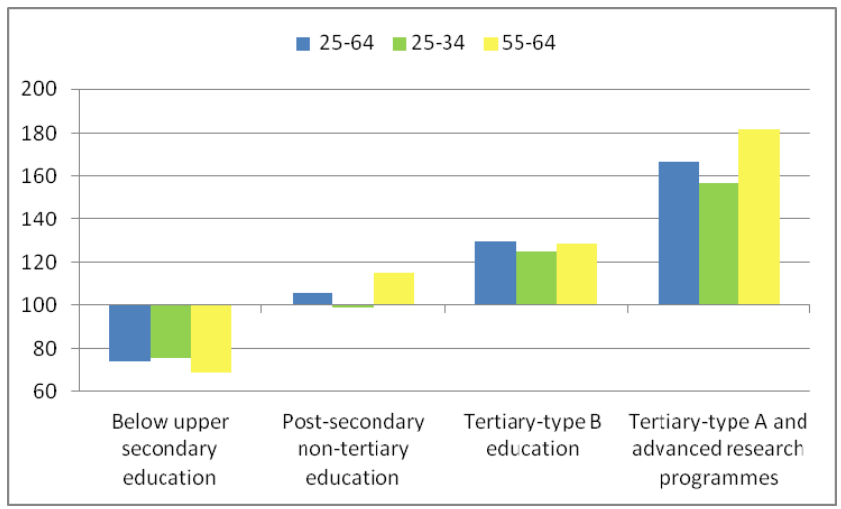
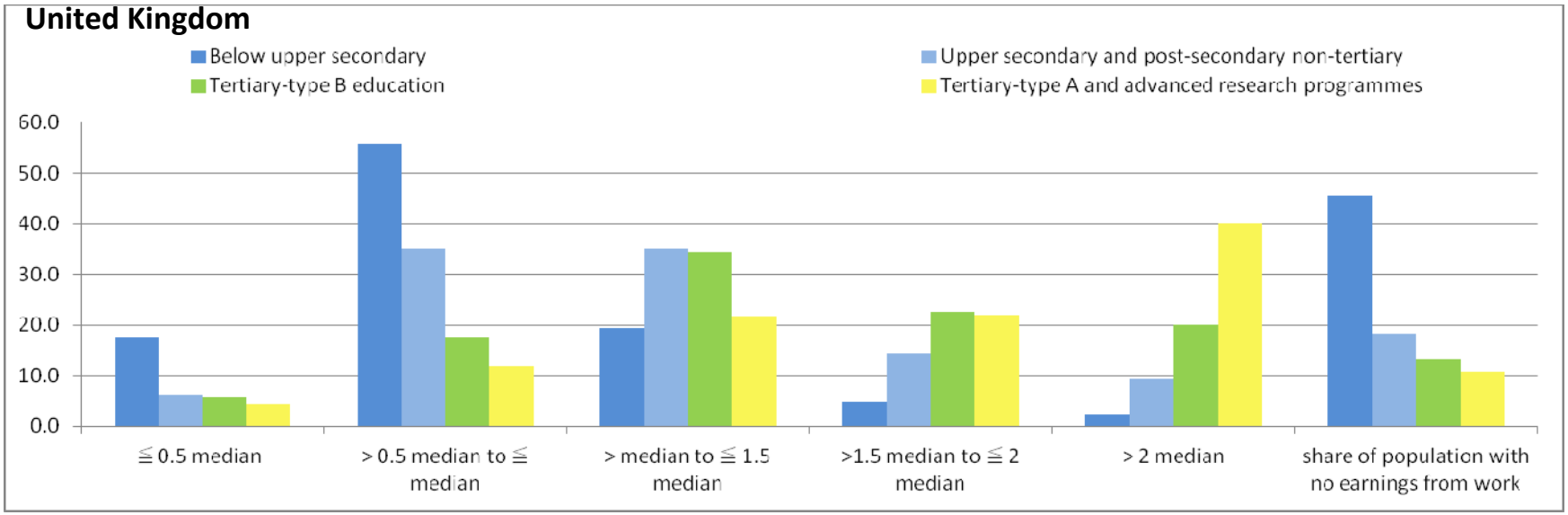
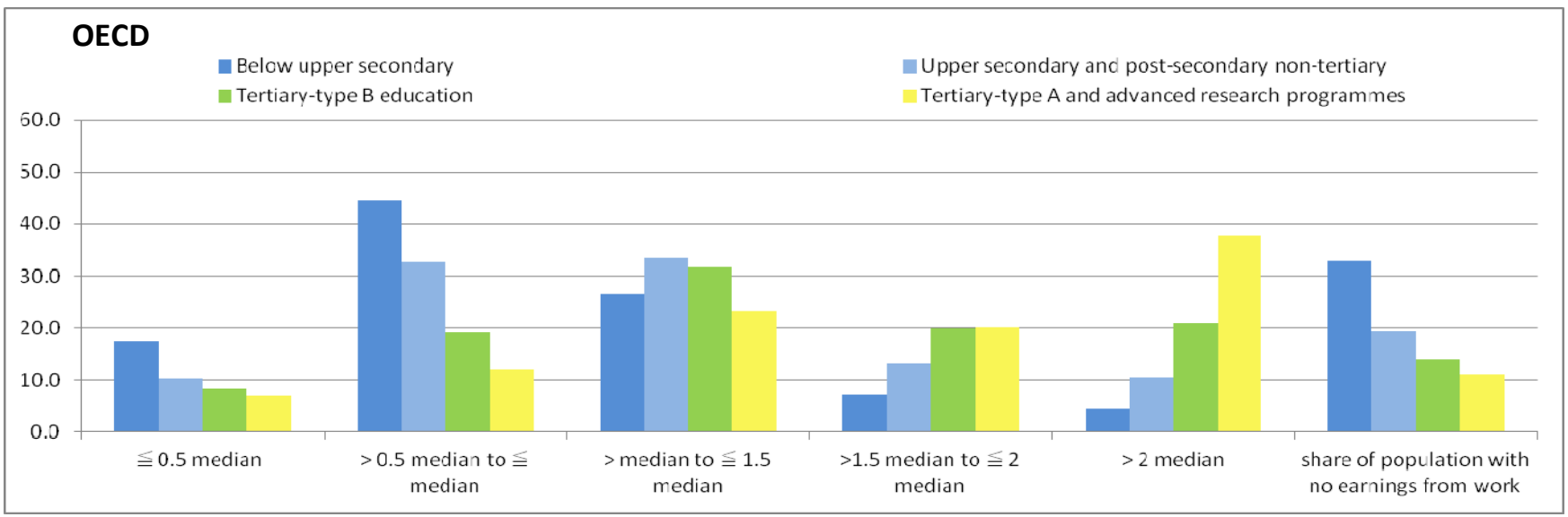


Source: *Education at a Glance 2012*, OECD

Distribution of earnings



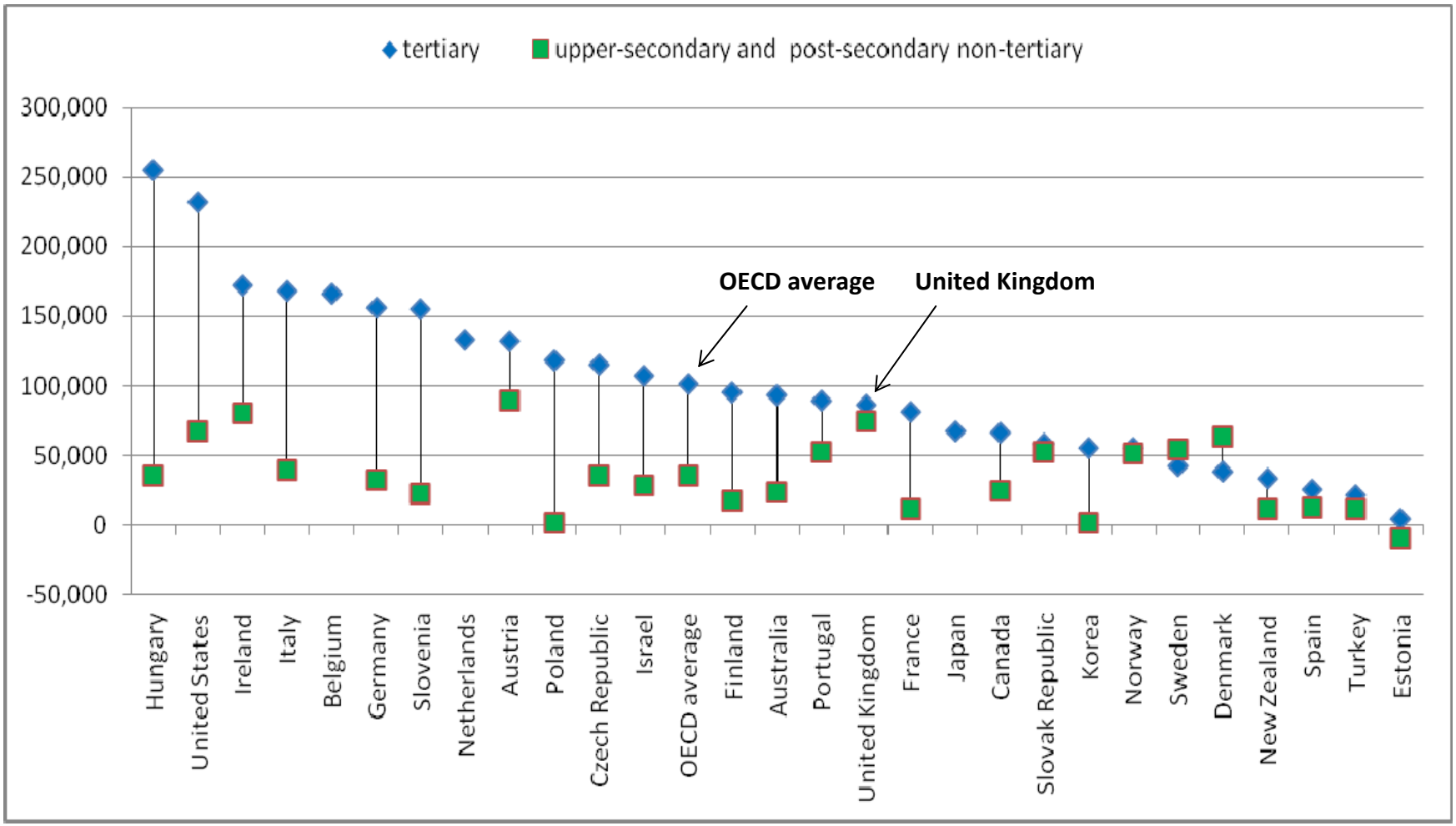


Source: *Education at a Glance 2012*, OECD

Tertiary education as a public investment

Public net present value

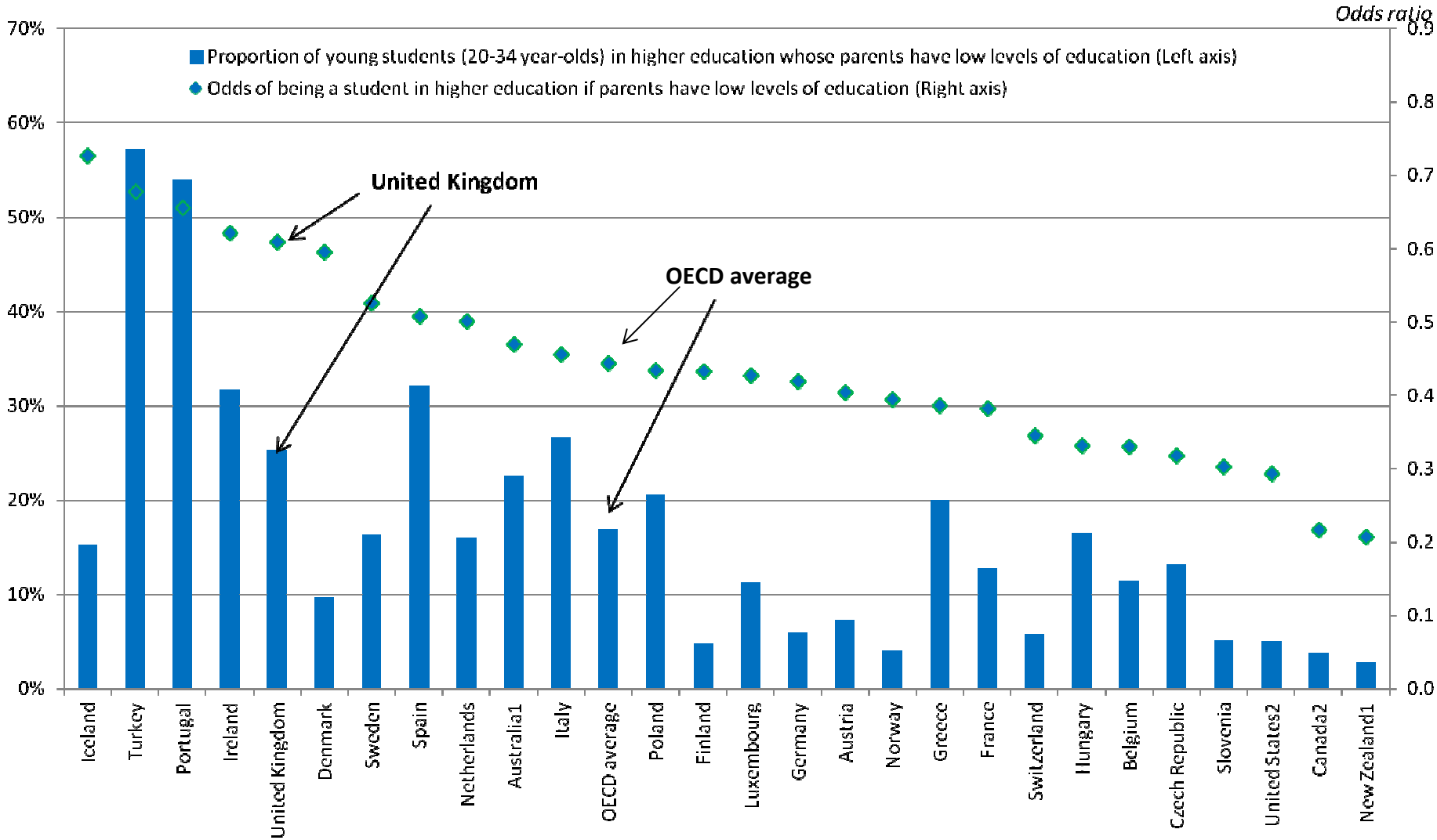
for an individual obtaining tertiary education or upper secondary/post-secondary non-tertiary education as part of initial education (2008 or latest available year, USD PPP)



Source: *Education at a Glance 2012*, OECD

Equity and social mobility

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

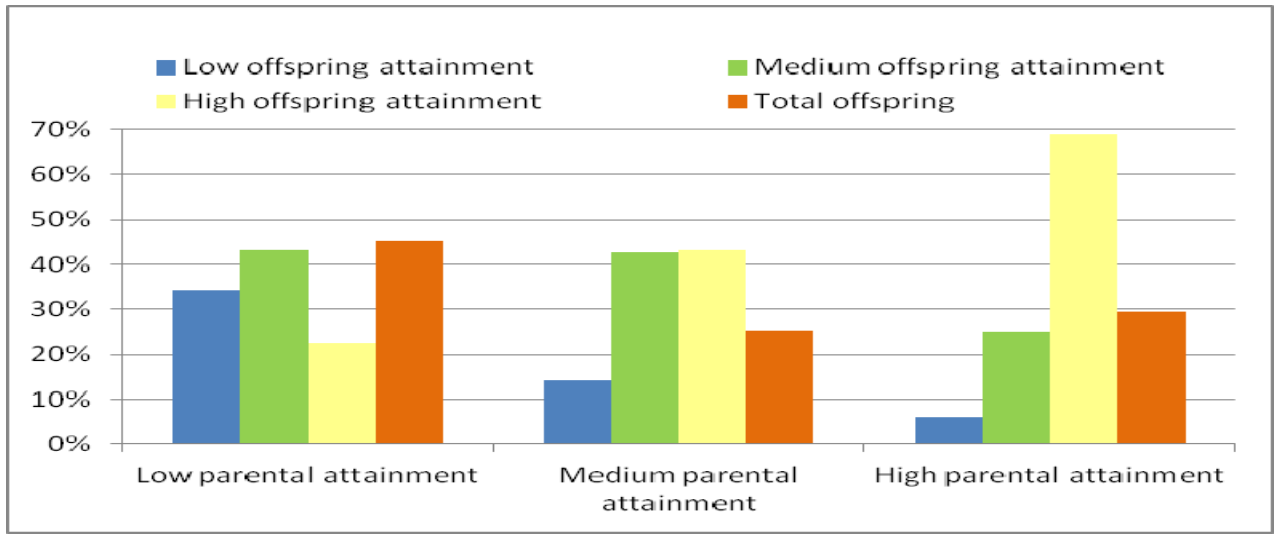


Source: *Education at a Glance 2012*, OECD

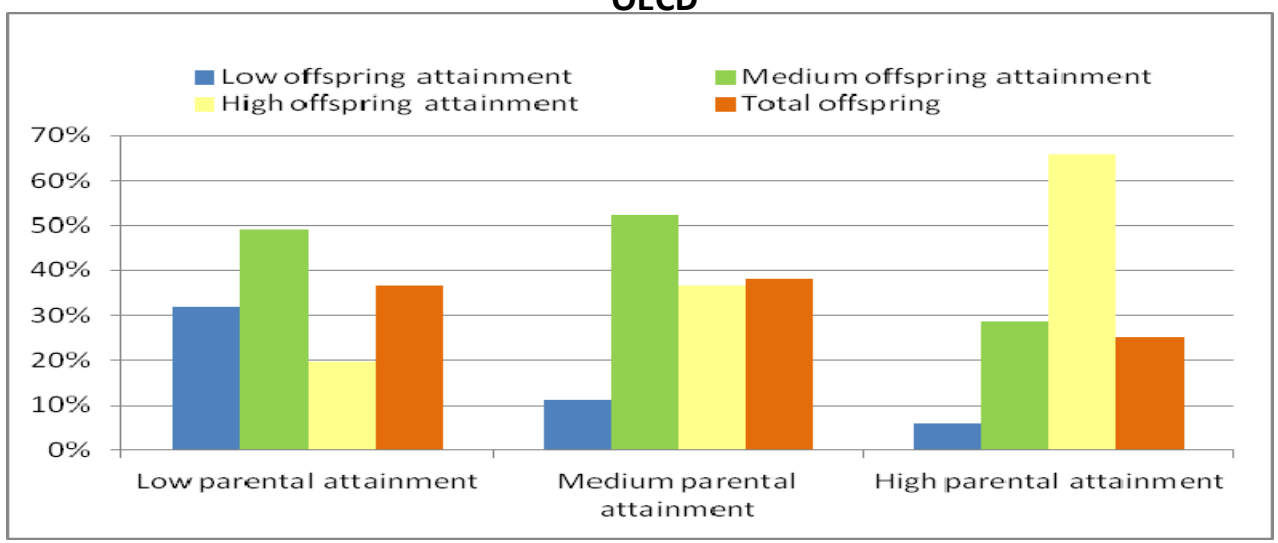
Inter-generational educational mobility

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

United Kingdom



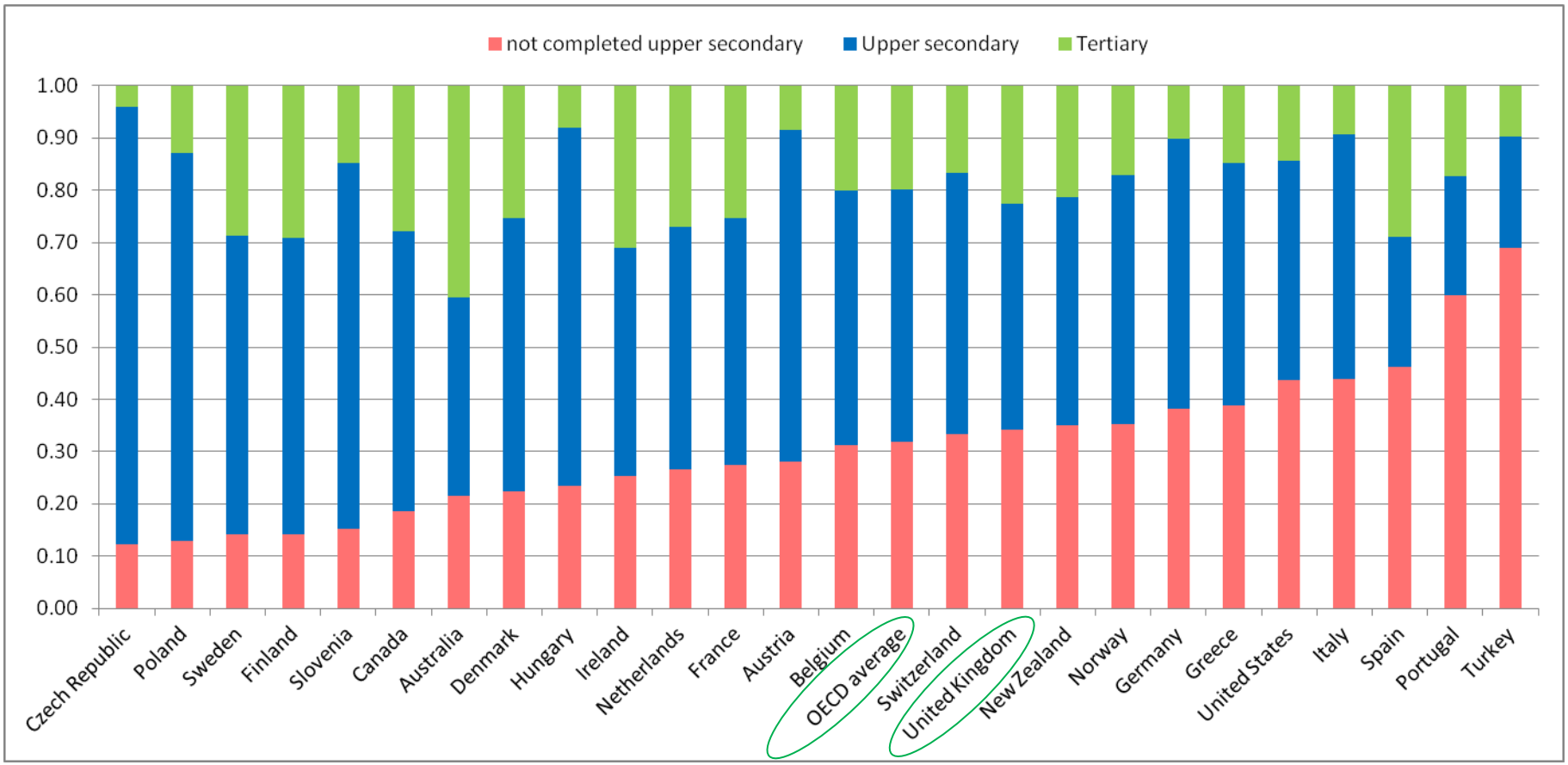
OECD



Source: *Education at a Glance 2012*, OECD

Upward educational mobility

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



Source: *Education at a Glance 2012*, OECD

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!