



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT



Strengthening the ties between tertiary education and the labour market

Results from the OECD Thematic Review of
Tertiary Education

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Outline of Presentation

Part 1: Key features of the *OECD Thematic Review of Tertiary Education*

Part 2: Trends and factors in strengthening the ties between tertiary education and the labour market

Part 3: The OECD policy directions to strengthen the ties between tertiary education and the labour market

Part 1: Key features of the OECD Thematic Review of Tertiary Education



The OECD Thematic Review of Tertiary Education

Objective

Recommend policies that ensure that capabilities of tertiary education contribute to countries' economic and social goals

A collaborative, cross-national process to:

- Synthesise research-based evidence on the impact of tertiary education policies and disseminate this knowledge among participating countries
- Identify innovative and successful policy initiatives and practices
- Facilitate exchanges of lessons and experiences among countries
- Identify policy options and the conditions under which they are successfully implemented



The OECD Thematic Review of Tertiary Education

- **A broad range of areas covered**
 - Governance
 - Funding
 - Quality assurance
 - Equity
 - Role in research and innovation
 - Academic career
 - Links with the labour market
 - Internationalisation
 - Policy development and implementation
- **24 participating countries**
 - 14 of which hosted a country review visit

Part 2: Trends and factors in strengthening the ties between tertiary education and the labour market



Tertiary education and labour markets

Fact 1: Tertiary education has become a central means by which young adults equip themselves for working life or working adults refresh their skills

Fact 2: Widening access to tertiary education can assist:

- The development of a highly-skilled workforce
- Expand the capacity of innovative economic sectors
- Increase the potential for growth

The challenge: To ensure that the tertiary education policy framework appropriately links the developmental capacities of tertiary education to the demands of labour markets in a knowledge economy

What is known about the labour market outcomes of tertiary graduates?

- On average, relative to those who study to the secondary level, tertiary graduates experience:
 - Higher wages;
 - Higher employment rates and lower risk of unemployment;
 - Greater participation in the labour market;
 - Greater access to further training;
 - Lower incidence of part-time work;
 - Greater job satisfaction.
- Differences in employment rates between the tertiary educated and individuals with secondary education only is higher for women in all OECD countries.
- The gender gap in labour market participation/unemployment/earnings is lesser among the tertiary-educated than among those with lower levels of education.

The skills and abilities of graduates

- No sufficient data permitting to determine how much of the increase in skills requirements is attributable to changes within occupations and how much is due to changes in the composition of occupations
- Some studies emphasise that there has been an occupational change towards occupations with higher skills requirements
- Some skills seem to be in greater demand than before
 - ICT-specific skills
 - "Soft skills" (e.g. communication and inter-personal skills) - but remain complementary to substantive areas of knowledge
 - Generic competences (e.g. teamwork, entrepreneurship, adaptability, knowledge management)
- Generalist versus specialist skills: implications for educational offerings of different types of tertiary institutions

The skills and abilities of graduates

- An oversupply of tertiary graduates relative to labour market demands?

Little evidence for this. Labour market outcomes of tertiary educated have not deteriorated. View that skill-biased technology change has led to the increase in demand for qualified workers.

- Wrong subjects?

Is there a mismatch between the courses chosen and the needs of the economy, in particular in areas such as science and technology? Low proportion of graduates in certain areas might not indicate shortage of graduates in those areas (e.g. science and technology).

- Overeducated graduates? Skills poorly matched?

- Difficulty of graduates to find work that suits their training, taking positions for which they appear "over-qualified" or "incorrectly matched".

- The literature on over-education is quite controversial due to conceptual difficulties in defining and measuring such phenomena.

- Some research indicates that over-qualification may be a transitory and individual phenomenon, rather than a lasting and structural characteristic of labour markets arising from a mismatch of demand and supply. Some studies found that the incidence of being 'non-over-qualified and well matched' increases with age and labour market experience, and is less common for individuals with a tertiary degree.

Aligning tertiary education supply with labour market demand

Introduction

- **In some systems, it is students who are chiefly responsible for aligning tertiary provision towards labour market demands.**
Dominance of student choice: public authorities make funding available to accommodate student choice; institutions shift the number and array of courses on offer in response to changing student demand; good information systems.
- **In other countries the alignment of tertiary education to labour markets is a concern of educational authorities, either by**
 - ↪ Shaping the environment of student and institutional choice (e.g. subsidy level, pricing, provision of information, approval of programmes);
 - ↪ Directly rationing student places.
- **Most systems combine elements of both.**
- **Supply decisions (including content of education and training) chiefly determined by faculties, educational authorities, professional associations, disciplinary organisations, and industry sectoral bodies. Influence of each of these groups varies across countries.**

Aligning tertiary education supply with labour market demand

Student demand

- ↪ **Information:**
 - ❑ research indicates that students are sensitive to information available and that wages influence choice
 - ❑ time lags between demand and supply
 - ❑ Information lever applies unevenly to different socio-economic groups
- ↪ **The importance of career guidance**
 - ❑ Greater role in educational systems with more flexible pathways
 - ❑ Both at secondary and tertiary levels
- ↪ **Institutional responsiveness: to what extent are tertiary institutions able and willing to respond to students' enrolment choices?**
 - ❑ More marked characteristic of private institutions
 - ❑ But also of public institutions in systems where public authorities establish an adequate policy framework (admission policies; funding methodologies)
 - ❑ There are systems where institutional responsiveness is low
- ↪ **Providing more flexible study conditions to a more diverse set of learners**
 - ❑ Part-time provision; facilitate transfers; lifelong learning

Aligning tertiary education supply with labour market demand

Steering by public authorities

- ↪ **Shaping the environment of student and institutional choice**
 - ❑ Steering through information
 - ❑ Targeted funding for institutional provision
 - ❑ Preferential pricing and financing (e.g. loan forgiveness)
- ↪ **Rationing and regulation**
 - ❑ e.g. *numerus clausus*, accreditation procedures, link to forecasts of labour market needs
 - ❑ Three types of difficulties:
 - Public authorities may lack the administrative information and management controls over study places that are necessary to engage in effective rationing
 - Distorts student choice leading to inefficiencies
 - Public authorities may often have no better information about labour market conditions than labour market participants themselves
- ↪ **Creating study opportunities with greater orientation towards working life**

The skills and abilities of graduates

The role of other actors in tertiary education

Content of education and training (*i.e.* curriculum, pedagogy, staff numbers and qualifications, and facilities) and, indirectly, the skills and capacities of graduates result principally from decisions by:

- Professional associations (defining and controlling access to regulated or licensed professions)
- Faculties and disciplinary associations
- Industry groups and employer associations

National qualifications frameworks and quality assurance systems

NQF facilitates the articulation between demands of employers, the expectations of students, and the offerings of TEIs:

- Potential to bring together the skill needs of employers, the design of tertiary programmes, and the information about the competencies needed for given occupations.
- Difficult to implement.

Role of quality assurance mechanisms in assessing relevance of TE offerings

Part 3: The OECD policy directions to strengthen the ties between tertiary education and the labour market

Policy priorities

○ Co-ordinate Labour Market and Education Policy:

- ↪ Better integration between these two policy domains - integration of education, training, and employment, through the institution of cabinet-level committee for human capital;
- ↪ More attention to be devoted to labour market concerns (e.g. provision of lifelong learning opportunities; flexible study options).

○ Improve data and analysis about graduate labour market outcomes

- ↪ Lack of data on LM outcomes impairs student adaptation to labour market signals; the capacity of authorities to adapt resource allocation to labour market needs; and the ability of institutions to respond to LM needs.
- ↪ Better data and analysis equally necessary in systems that rely upon central allocation of study places.

Policy priorities

○ Ensure the coherence of the tertiary education system within extensive diversification:

- Grasp the benefits of wider and more flexible diversification among tertiary institutions
- Avoid the fragmentation of the tertiary education system

○ Build system linkages:

- Build linkages between different types of tertiary education institutions
Flexible learning paths and validation of previous learning experiences
- Foster the engagement of institutions with surrounding regions and communities
Part of mission statement; engagement of regional stakeholders

Policy priorities

○ Increase the capacity of institutions to respond to demand:

↪ Funding methodologies must create incentives for institutions to respond to enrolment demand, including the reallocation of resources within the institution.

○ Enhance provision with a labour market orientation

↪ Engagement with employers and professional organisations.

↪ Creation of vocationally-oriented institutions.

↪ Provision of short-cycle programmes.

↪ Avoid 'academic drift'.

↪ Strengthen partnerships between institutions and the business sector: internships for students, dedicated liaison offices in institutions.

↪ Innovation requires a variety of skills (e.g. vocational training, non-technological innovation).

Policy priorities

- Strengthen career services at secondary and tertiary educational levels
- Involve labour market perspectives and actors in policy development and institutional governance
 - In the formulation of national tertiary education policies through advisory bodies;
 - Widen their participation in the bodies responsible for the strategic governance of tertiary education institutions.
- Encourage TEIs to play a greater role in lifelong learning
- Explore the potential of a National Qualifications Framework



Thank you

Final Report

Tertiary Education for the Knowledge Society

Preliminary version, launched at International Conference in April 2008, available from:

<http://oecd-conference-teks.iscte.pt>

For further information and other documentation:

www.oecd.org/edu/tertiary/review

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