

## Briefing Paper 42

# The role of education in labour market changes

### Context of the Research

The relationship between education and employment, and school-to-work transitions has been the subject of substantial research over the last decade and has formed a large part of the European Union's 5<sup>th</sup> Framework Programme. High unemployment rates for youths have caused concern for twenty years, leading researchers and policy-makers to focus on the school-to-work transition stage of young peoples lives.

This project aimed to summarise the outcomes of previous research projects that address the issues relating to school-to-work transitions. It highlights areas for new and further research.

### Key Conclusions

The following key conclusions were reached: -

1. Over the last 20 years, most educational changes in the workforce are due to rapid technological and autonomous educational changes. Although technological change is one of the main factors, autonomous educational change (due to other factors) is almost equally as important.
2. Most educational change in the labour market occurs within occupational groups not between them. In many occupational/industrial settings educational change may come first and then technical change is facilitated. However, within certain occupational/industrial groups technical change appears to be the main driver.
3. There are extensive differences between national, industrial and company specific regimes in structuring their education/training and new technology relationships.
4. Evidence suggests that global economic and technological change processes do not necessarily operate in the same way and with the same effects in different national/institutional regimes.
5. There is a close relationship between levels of education, employment chances and level of occupation achieved across most EU national-institutional systems.

6. It was found that continuing re-assessment is needed for assessing changing national objectives, strategies, content and the outcomes of educational interventions with results/conclusions not necessarily applicable throughout Europe.
7. The effectiveness of most youth training/employment schemes for the least qualified is in question, as employers still appear to favour those with better qualifications. Therefore, future policy should focus more on the necessity to bring qualifications up to minimum threshold levels (legitimised by employers or labour market needs) as well as addressing the individual educational/developmental needs of clients.
8. It would be beneficial if future research priority policy objectives addressed youth educational/training and employment exclusion/inequality.
9. Cost-benefit analyses frequently neglect social, social psychological and educational outcomes of intervention, with perhaps too much attention on efficiency and too little on equity.
10. There are no comprehensive and effective theoretical/conceptual models for interventions on school-to-working transitions.
11. Research on school-to-working transitions has tended to concentrate on job searches and the probability of getting a job. Important areas of study include:
  - a) Length and difficulty of job search.
  - b) Quality of the job match – status, wages, mobility chances.
12. The following issues of school-to-working transitions require more research: -
  - a) The returns on education i.e. occupation/earnings.
  - b) Different types/levels of education/training.
  - c) Migration and job searches.
  - d) Guidance and counselling.
  - e) Movement out of the labour market, in relation to new household formation i.e. housing changes, marriage arrangements.
  - f) Minimum wages, legislation and unemployment benefit.
  - g) The relative effectiveness of active labour market programmes in different systems and settings.

## Key Recommendations

The following recommendations were made: -

1. High quality comparative research is urgently needed into: -
  - a) The relationships between rapid technological change, economic/occupational change, wider social change and changes in the provision of education/training.
  - b) The effects of global economic/technological forces on countries/systems.
  - c) The impact of constantly upgrading the educational/training qualifications for labour market entrants at a faster rate than occupational/technological changes necessitate; or the extent to which rapid educational change facilitates subsequent technological change.
2. Suggested improvements for future research include: -
  - a) More cross-fertilisation between socio-economic research projects.
  - b) Improvements in comparative conceptual/theoretical and methodological frameworks.
  - c) The wider use of more sophisticated models in different comparative research.
  - d) The wider availability of Eurostat micro/meso data.
3. The way technical and educational changes are related to companies and industrial strategies for the adaptation of technical and market changes should be central to future research.
4. New development models and economic/employment growth needs further examination from a national perspective across the European Union.
5. Equality of opportunity, including educational and labour market exclusion is only partially open to national policy interventions and is sensitive to economic/technological change. It is also sensitive to the way national education/training systems provide opportunities for initial and continuing re-education/training. More sophisticated comparative research into this area is needed.
6. A comparative European database on relevant central policy/research issues is necessary to facilitate new work. However, availability of such databases (e.g. by Eurostat) to the research/policy analysis community needs to be significantly expanded.
7. Filling the gap in the theory and research applied to interventions on school-to-working transitions should be a priority issue for future research.

8. The compilation of comparative data on school-to-work transitions should ideally begin at the end of lower secondary level education and continue for the first 5-6 years of an individual entering in the labour market.
9. EU strategies should also ensure that data is relevant in a European context by:
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  - a) Maximising the cross-national comparability of current national and international surveys on relevant issues
  - b) Creating new policy/research data sources for priority areas.
  - c) Comprehensively analysing current and projected surveys.
  - d) Determining areas where important data is missing or non-comparable.
10. The cost of replacing inadequate or missing data could be minimised by:
  - a) Only carrying out individual national surveys every 3 to 5 years.
  - b) EU Sharing of costs of national surveys to increase the comparability of similar surveys currently being carried out by EU countries.
11. Sample sizes for cross-country comparable data collection need to be increased but less costly survey approaches should be devised i.e. telephone interviews, improved mail questionnaire approaches to increase response rates.
12. The suitability and depth of surveys/questionnaires are crucial to effective data collection. Therefore, researchers should anticipate the future issues their study will highlight.
13. The absence of comparable family background, schooling processes and outcome variables in some national surveys needs to be addressed.
14. European comparative research is needed into lifelong learning and related issues.
15. There is a substantial 'overlap' of educational levels i.e. the over-qualification of workers or the under-utilising of employers' education/skills. More detailed research is needed in the varying nature of these 'overlaps' and their effect on:
  - a) Labour market flexibility,
  - b) Labour productivity and turnover,
  - c) Employment exclusionary processes.
16. Further cross-national research is needed in order to better understand the extent to which occupational changes/upgrading shape the educational/training requirements.
17. A detailed study is needed into the effect on industry/firms of increasingly better-qualified workforce entrants, with particular emphasis on the nature and extent of

productivity growth and effective responses to organisational/technological changes.

18. There is evidence that educational/training qualifications can offer informal or implicit skills for employment. Comparative research is needed into all the potential skills to be gained from educational/training qualifications and their interpretation by employers.
19. The effectiveness of youth training/employment schemes must be comparatively evaluated in different EU countries.
20. More applicable measures of the employers' selection bias for youth training/employment schemes need to be developed and evaluated in comparative cross-national work.
21. The effect of Europe lowering the wages of low-qualified young people or increasing their skills through training needs further research, with an emphasis on the effect of similar policies on different national/institutional contexts.
22. Evaluation studies should aim to widen their outcomes as employment/training issues cover a broad spectrum.

### **Further Information**

Full title of the project - "Education and Labour Market Changes: The dynamics of education to Work Transitions in Europe" with the final report completed in April 1999.

Full report

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