



Low-skilled people on the European labour market: towards a minimum learning platform?

Introduction

Most European labour markets have experienced changes in recent years. More intense competition from industrialising countries, the increasing role of technology in production and changes in work organisation have resulted in high demand for human capital, in particular for higher skill-levels at the workplace. Consequently, the situation of low-skilled workers in the labour market appears to have deteriorated.

This collection of 3 articles debates the initial findings of the New job skills and the low-skilled (Newskills) project, which suggest that the best policy to help low-skilled workers might be to reduce the number of them entering the labour market. The project also explores the idea of a 'minimum learning platform' - a range of skills including qualities required to be effective in the workplace and to learn there and elsewhere to develop in employment and society - whose core might be adopted in Europe as a goal for all its citizens.

The initial findings of the Newskills project are outlined below and are then discussed in two subsequent articles. The first by Arthur Schneerberger, considers what can be done to ensure that as many young persons as possible leave the education system with the minimum of knowledge and competences for their further learning and employability. In the second, Robert Carneiro, regards a mini-

mum learning platform as a necessity and suggests that traditional approaches to education and training need to be changed to provide it.

The low-skilled on the European labour market

The Newskills project, supported by the targeted socioeconomic research programme (TSER), examines the level of skills in a number of European countries and the demand and supply of such skills. The project involves France, the Netherlands, Portugal, Sweden, and the UK as participating partners. In addition, data for Germany have been collected and incorporated in the research wherever feasible. The period of study is primarily from 1985 to 1995 and the project ran from 1996 to 1999. It aims to contribute to the basic framework for the design of policies for low-skilled people, firstly, by documenting their labour market opportunities of and secondly, by proposing effective ways for developing the necessary skills in society.

The project defines low skills as those with only qualifications from the compulsory secondary school, the International Standard Classification of Education level 2 (ISCED 2). While not all in this group are low-skilled, when cross-checked against the International Adult Literacy Survey (IALS) data, between one half and two-thirds of the ISCED 2 group is also at IALS levels 1 and 2. The ISCED 2 group



Eugenia Kazamaki Ottersten¹

Associate prof, Senior education economist at the European Investment Bank, Luxembourg



Hilary Steedman

Senior Research Fellow, Centre for Economic Performance, London School of Economics and Political Science

Debate

This collection of 3 articles debates the initial findings of the New job skills and the low-skilled (Newskills) project, which suggests that the best policy to help low-skilled workers might be to reduce the number of them entering the labour market. The project also explores the idea of a 'minimum learning platform' - a range of skills including qualities required to be effective in the workplace and to learn there and elsewhere to develop in employment and society - whose core might be adopted in Europe as a goal for all its citizens.

Edited from contributions to Agora IV: the low-skilled on the European labour market: prospects and policy options. Towards a minimum learning platform, Thessaloniki, 29/30 October 1998. Cedefop (1999).

¹ The views in this article are the author's and not those of the European Investment Bank.



“(...) the project results so far show that conditions for low-skilled people are less favourable than 10 years ago, with the possible exception of Portugal, as greater value is placed on a person’s human capital.”

“From the study of changes in stocks of low skills in the population of working age, the Newskills research concludes that in the medium term, the entry of better-qualified young people into the working age population will not eliminate the problem of low skills.”

also contains nearly all of those at IALS level 1, the lowest literacy level.

In summary, the project results so far show that conditions for low-skilled people are less favourable than 10 years ago, with the possible exception of Portugal, as greater value is placed on a person’s human capital. The core of the classical labour market has been to match an applicant to a vacancy, or labour to a job. The matching concept in the labour market today can be assessed in a slightly modified framework, as a match of a portfolio of human capital to some specific job design which is continually changing due to the dynamic nature of the labour market. Different worker characteristics are matched to jobs with different attributes. The individual’s main endowment in the search for a job is their human capital comprising personal capital, such as education and experience, and social capital, for example, an individual’s ability to work in a team. Owing to the growing speed in the rate of organisational changes and globalisation, parts of the labour market experience a fast erosion of human capital. This development demands continuous adjustment and a steady acquisition of skills.

The Newskills research shows that that low-skilled people share a number of common characteristics. Most are adults of whom between one half and two-thirds are in employment. Examining employment/population ratios by educational attainment for individuals aged 25 to 64 with less than upper secondary education, shows low-skilled people experience lower labour market participation rates and higher levels of unemployment in all but one of the countries studied. (The exception is Portugal where the labour market is in transition, but still assimilates low-skilled workers.) In addition, the likelihood for unemployment or economic inactivity in the lowest skill level is higher than for other groups particularly in Germany and Sweden.

The declining position of low-skilled people is further evidenced by rising wage differentials between them and those more highly skilled. The number of sectors in each economy in which low-skilled people can find employment is shrinking - again with the exception of Portugal.

Low-skilled occupations have decreasing shares of employment even in expanding sectors, such as, retailing, hotels, and the public and social services. Germany and the Netherlands have a large concentration of low-skilled workers in a small number of sectors, whereas in Portugal and Sweden low-skilled people are employed in a wider range of sectors.

Further research for the Newskills project confirms that the supply of low-skilled individuals is falling in all European countries studied. A general finding is that younger populations (aged 25 to 28) are better qualified than the working age population. This can in part be explained by the fact that participation in post-compulsory education has risen in most countries. Large differences exist between the countries, however, all have reduced the proportion of low-skilled people qualified below ISCED level 3 (less than upper secondary education) in the working population (aged 16 to 64 years) over the period 1985 to 1996. Nevertheless, some countries - France, (43%), the UK (53%) and Portugal (77%) - continue to have around half or more of the total working population with no qualifications beyond those gained in the period of compulsory education (ISCED level 2) or below. Even if current growth rates of those with upper secondary education or vocational training, or both at ISCED level 3 group continue at their present level, most European countries will still contain a significant group around 10% of the low-skilled (as defined above) in 2010.

From the study of changes in stocks of low skills in the population of working age, the Newskills research concludes that in the medium term, the entry of better-qualified young people into the working age population will not eliminate the problem of low skills.

A minimum learning platform as a policy option

Based on the research a policy recommendation would be to reduce the net supply of low-skilled people entering the labour market. Employer-provided training improves skills, but does not compen-



sate for the deficit created by inadequate initial education and training.

How can their numbers be reduced? The Newskills research suggests, as far as young people are concerned, the primary route is to persuade more of them to continue into upper-secondary education, vocational training, or both. Consequently, achievement in the period of compulsory education needs to be boosted. An analysis for the project of the determinants of participation in post-compulsory education shows that the key explanatory variable is prior success at the compulsory education level, plus, for males, the returns available to offering a higher level of education, and the level of real income available to 'spend' on education. The level of youth unemployment and the availability of training scheme places seem to have little effect.

The Newskills research has also looked at defining a 'minimum learning platform' and a profile of education and training. The concept of the minimum learning platform, is to be understood as a range of skills which individuals are able to use and apply effectively. This range of skills includes what is now frequently called 'employability', that is the qualities required to be effective in the workplace. But it is not only that; a 'minimum learning platform' also includes any additional skills needed to learn in the workplace and elsewhere to develop in employment and as a citizen in society.

An emerging option?

In a number of countries there is already strong evidence of interest in a 'minimum level'. Naturally, this is not always the term used, but there are striking similarities between countries.

In the Netherlands there has been a policy discussion over the last five years on the topic of the so-called 'minimum starter qualification'. The original idea was that every Dutch citizen should have the minimum level of skills required to start a working career. Part of the debate discussed whether the existing age-related school obligation should be replaced by a skill-related school obligation.

In Sweden, there is a tradition that the curriculum of the compulsory school should aim to provide skills necessary for daily life rather than for working life. Although it is not officially recognised as a minimum level, around 80% of young people complete upper-secondary school.

In Portugal, the desired profile of a young person at the end of 12 years of education has been defined. This profile stresses citizenship and social skills as well as academic attainments and has acted as a guide to the development of the curriculum. The demand here is not set out in terms of a specific minimum of skills, but rather that all leaving compulsory school should receive at least one or preferably two years of vocational training provided partly by schools and partly in the workplace.

France saw the publication in 1996 of a report highly critical of school and post-school education and training. The Fauroux report called for priority to be given to what are termed *savoirs primordiaux* (which can be translated as 'core skills' or 'basic learning tools') and for the integration of substantial work place learning and experience into initial education and training provision. More recently, substantial debate has taken place around seven 'proposals' formulated by main French employers' organisation (CNPF). The main thrust of the proposals has been to assert the primacy of 'competence' - the ability to operationalise a skill or knowledge in a given context - as the prime ingredient of employability. This debate again takes up the point made by Fauroux that the education system alone cannot produce 'operational' employees. It can only provide the underpinning elements.

The identification of the importance of personal and social skills or 'softer skills' for effectiveness in the workplace has been an important feature of the debate about a minimum learning platform over the past 10 years. Adequate levels of literacy and numeracy are now seen as necessary for employability but only really effective if accompanied by a range of 'softer skills'. In the UK, employer organisations have taken the lead in emphasising the importance of these skills, and the debate culminated in the incorporation of

How can the number of low-skilled people entering the labour market be reduced? "The Newskills research suggests, as far as young people are concerned, the primary route is to persuade more of them to continue into upper-secondary education, vocational training, or both. Consequently, achievement in the period of compulsory education needs to be boosted."

"The concept of the minimum learning platform, is to be understood as a range of skills which individuals are able to use and apply effectively. This range of skills includes what is now frequently called 'employability' (...) also includes any additional skills needed to learn in the workplace and elsewhere to develop in employment and as a citizen in society."

"In a number of countries there is already strong evidence of interest in a 'minimum level'. Naturally, this is not always the term used, but there are striking similarities between countries."



“The identification of the importance of personal and social skills or ‘softer skills’ for effectiveness in the workplace has been an important feature of the debate about a minimum learning platform over the past 10 years.” (...) The identification of the importance of personal and social skills or ‘softer skills’ for effectiveness in the workplace has been an important feature of the debate about a minimum learning platform over the past 10 years. (...) Many countries have debated these same issues and come up with their own definitions of skills in this new area. In the countries considered some points of convergence are already apparent. Communication in all its forms, (...) a solid foundation of language competence and knowledge of basic mathematics. In non-English speaking countries, some ability to work in a foreign language, (...) familiarity and basic understanding of information and communication technology. Personal and social skills are increasingly valued (...)”

“(...) in the search for solutions to the problems of low-skilled people, the discussion has shifted away from the major global and egalitarian principles - that individuals must be given the same education and follow the same educational process - and towards a system in which different human beings go through different processes of education and training according to their needs, (...)”

a range of personal and social skills into new vocational qualifications offered to young people for the first time in the early 1990s. Many countries have debated these same issues and come up with their own definitions of skills in this new area. In the countries considered some points of convergence are already apparent.

Communication in all its forms, including quantitative literacy and self-presentational skills, is considered to be necessary for employability. This requires a solid foundation of language competence and knowledge of basic mathematics. In non-English speaking countries, some ability to work in a foreign language, normally English, is increasingly required - and achieved - for most employees. All countries emphasise familiarity and basic understanding of information and communication technology. Personal and social skills are increasingly valued - these include the ability to learn independently, the capacity to react to and deal effectively with uncertainty and unpredictability in the work environment, the capacity to manage interpersonal relations successfully, the ability to manage time and own work in an autonomous manner.

In considering the research and conclusions of the Newskills project there are a number of issues that should be taken into account. The low-skilled group is very heterogeneous and, it can be argued, the definition of low-skilled people, up to ISCED 2, is limited in scope. The definition only takes account of attainments in the formal education and training system and gives no direct indication of performance on other important dimensions of skill, in particular the ‘soft’ or ‘core’ skills, such as personal and social competences. Furthermore, it is important to recognise cohort effects within the low-skilled group. Populations that left school in recent decades with no or low qualification levels have normally done so as a result of being excluded from mainstream education routes by progressive stages of selection and that individuals so excluded often originate from disadvantaged backgrounds. By contrast, individuals from older cohorts (usually aged 45 and over) often left school at the minimum age because it was regarded as a socially ac-

ceptable level of qualification for entry to employment. In some European countries, formal barriers in the shape of fees for post-compulsory schooling, or highly selective entrance requirements to post-compulsory education, prevented many highly able individuals from continuing. These cohorts are therefore most probably different in average ability level from younger cohorts. In addition, many will have developed a whole range of skills through employment, which have never been formally certified.

It is also accepted that there are inconsistencies in the measurement of educational outcomes in the European labour force survey in which some countries measure outcomes on the basis of years of attendance and some on qualifications achieved. In most countries there is a minority that fails to achieve any useful level of education or skill despite participating in education for the compulsory period - usually nine or 10 years.

Furthermore, the volume of low-skilled employment might be underestimated. Low-skilled jobs are increasingly taken by individuals (many of whom are immigrants with irregular citizenship status) who are not registered in the official statistics. This might mean that official statistics are over-stating the fall in employment of low-skilled workers.

Nevertheless, in the search for solutions to the problems of low-skilled people, the discussion has shifted away from the major global and egalitarian principles - that individuals must be given the same education and follow the same educational process - and towards a system in which different human beings go through different processes of education and training according to their needs, so that they all arrive at the same point. The importance of new practices such as those designed to recognise and certify non-formal achievements is being increasingly highlighted, as is the fact that training is a factor not just in career development but also in personal development and an opening out to society. Finally, although the cost of creating a minimum learning platform is high, it may be far more costly not to follow this approach and to have a core of marginalised people.



Bibliography

Papers produced as part of the Newskills project

Kazamaki Ottersten E., (1998) 'Labour demand: an institutional approach' Mimeo, Industriens Utredningsinstitut, Stockholm

Kirsch, (1998) 'Devenir des bas niveaux de qualification: comparaison des situations nationales' mimeo CEREQ, Marseille

Lages M., (1998) 'Some questions on the differential success of portuguese students' Mimeo, CEPCEP, Universidade Catolica Portuguesa, Lisboa

Lages M., (1997) 'The output of the school system in Portugal: facts, figures and issues' Centre for Economic Performance, London School of Economics and Political Science

Leuven E. and Oosterbeek H. (1998) 'The quality of new jobs for the low-skilled in Europe' mimeo, Faculty of Economics, University of Amsterdam

Leuven E., Oosterbeek H., and van Ophem H. (1998) 'Explaining international differences in male wage inequality by differences in demand and supply of skill' Centre for Economic Performance discussion paper No. 392, May

Leuven E. and Oosterbeek H. (1997) 'Demand and supply of work-related training: evidence from four countries', Tinbergen Institute discussion papers 97-013/3.

McIntosh S. (1998b) 'The demand for post-compulsory education in four European countries' Centre for Economic Performance discussion paper No 393, May

McIntosh S. (1998a) 'Job quality in the United Kingdom, 1985-95' Working paper No 981, Centre for Economic Performance, London School of Economics and Political Science

McIntosh S. (1999) 'The determinants of vocational training across Europe' Mimeo, Centre for Economic Performance, London School of Economics and Political Science

Mellander (1998) 'Technology and the derived demand for labour by education' Mimeo, Industriens Utredningsinstitut, Stockholm

Murray A. and Steedman H. (1998) 'Growing skills in Europe: the changing skill profiles of France, Germany, the Netherlands, Portugal, Sweden and the UK' Centre for Economic Performance discussion paper No 399, July

Steedman H. (1999) 'Looking into the qualifications black box: what can international surveys tell us about basic competence?' Mimeo, Centre for Economic Performance, London School of Economics and Political Science

Further information on
<http://cep.lse.ac.uk/homepage/tser/>