



PIAAC Conference, Ljubljana

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PIAAC'S POTENTIAL FROM A LABOUR MARKET PERSPECTIVE

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Skill proficiency and labour market outcomes

Focus of the presentation:

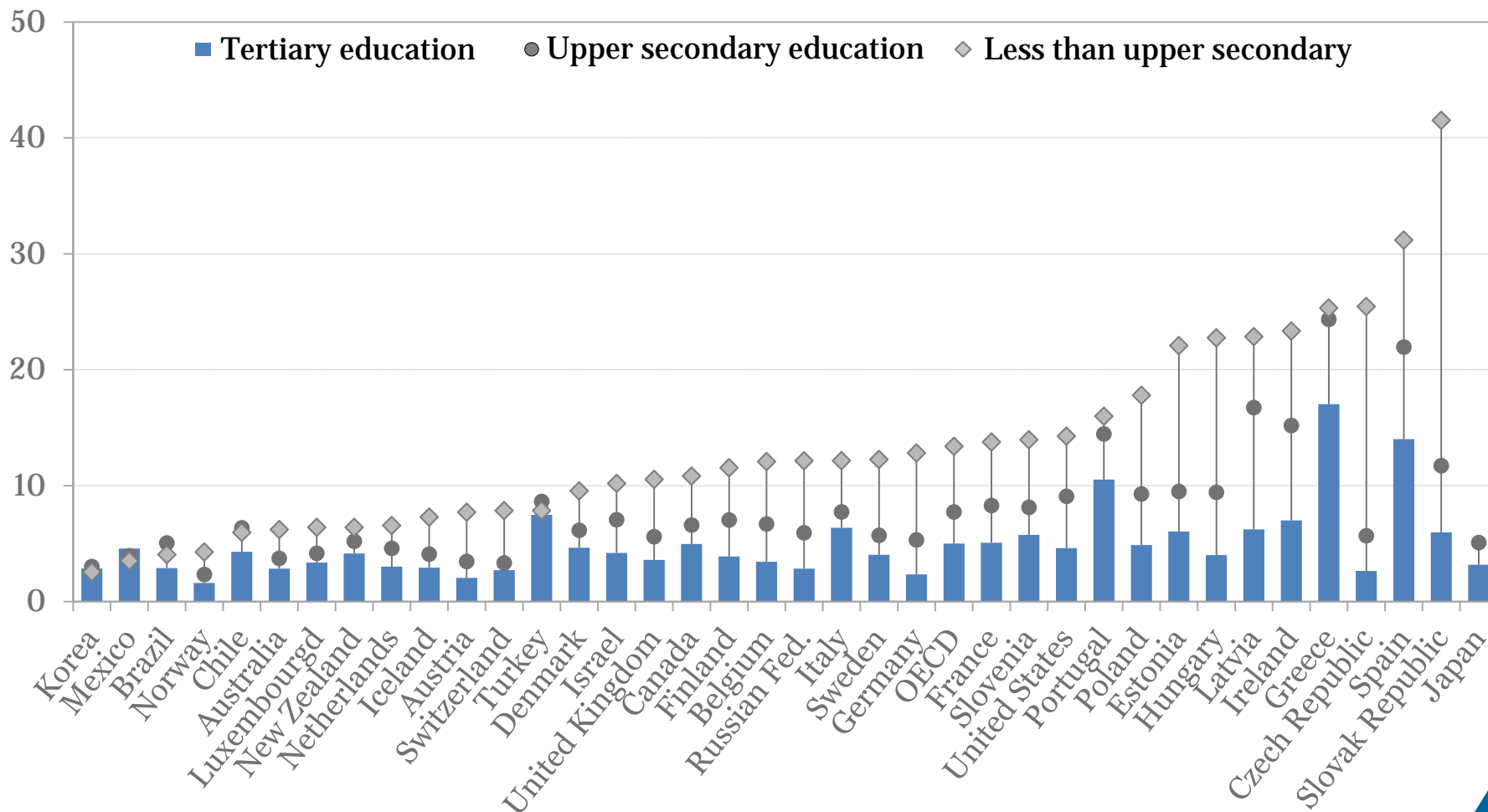
- Proficiency in literacy, wages and unemployment
- The role of ICT in labour market performance
- Skills use at work
- Forms of mismatch in the labour market
- Relevance for policy
- OECD work to improve the functioning of skills systems

EDUCATION AND SKILLS
ARE KEY FOR SUCCESSFUL
LABOUR MARKET
PARTICIPATION



Unemployment falls with educational attainment

Unemployment rate by level of education, 2012



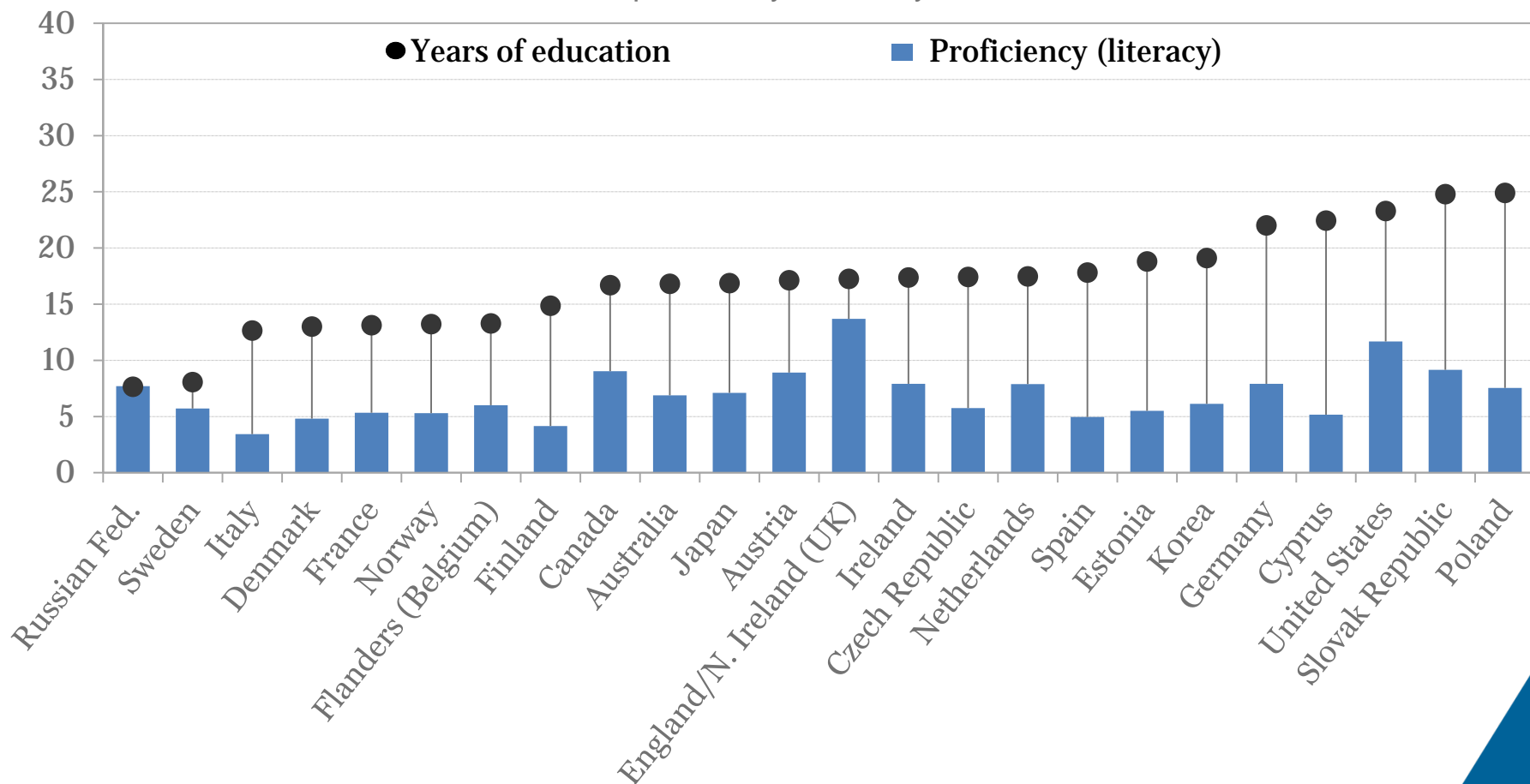
Source: OECD (2014), Education at a Glance 2014 – OECD Indicators (Indicator A5), OECD Publishing, Paris



Education and skills positively affect wages

Effect of years of education and literacy skills on gross hourly wages, 2012

Percentage change in wages associated with a one standard deviation change in years of education and proficiency in literacy



Source: PIAAC – Survey of Adult Skills (2012)

**DIGITAL SKILLS ARE
PARTICULARLY IMPORTANT
IN TODAY'S LABOUR
MARKETS**

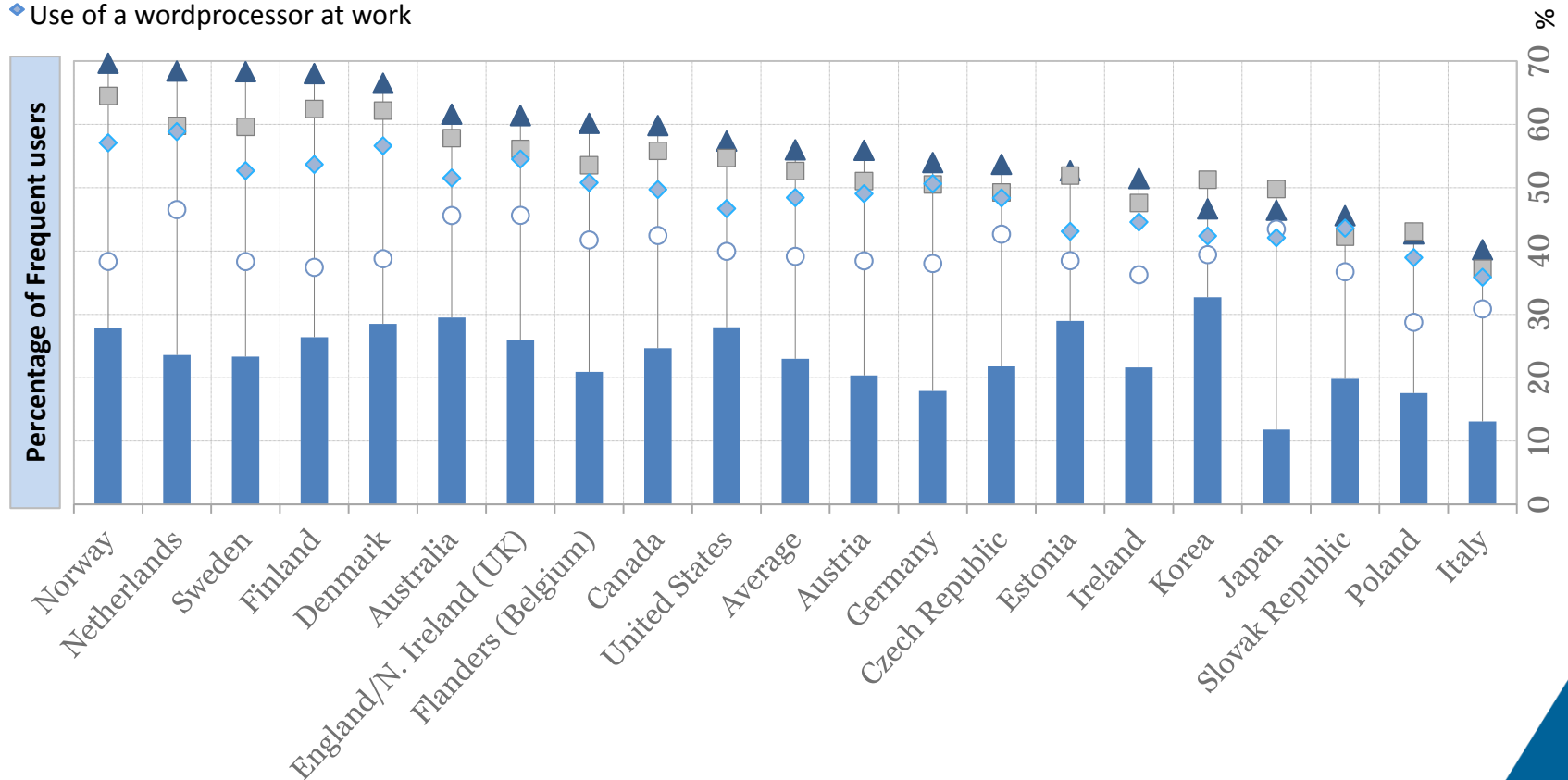


ICT plays a key role in today's labour market

Frequency of ICT use at work

Percentage of users of ICT applications at work on at least a monthly basis

- Use of Internet at work for conducting transactions
- Use of Internet at work in order to better understand issues related to work
- ◆ Use of a wordprocessor at work
- ▲ Use of email at work
- Use of spreadsheet software at work

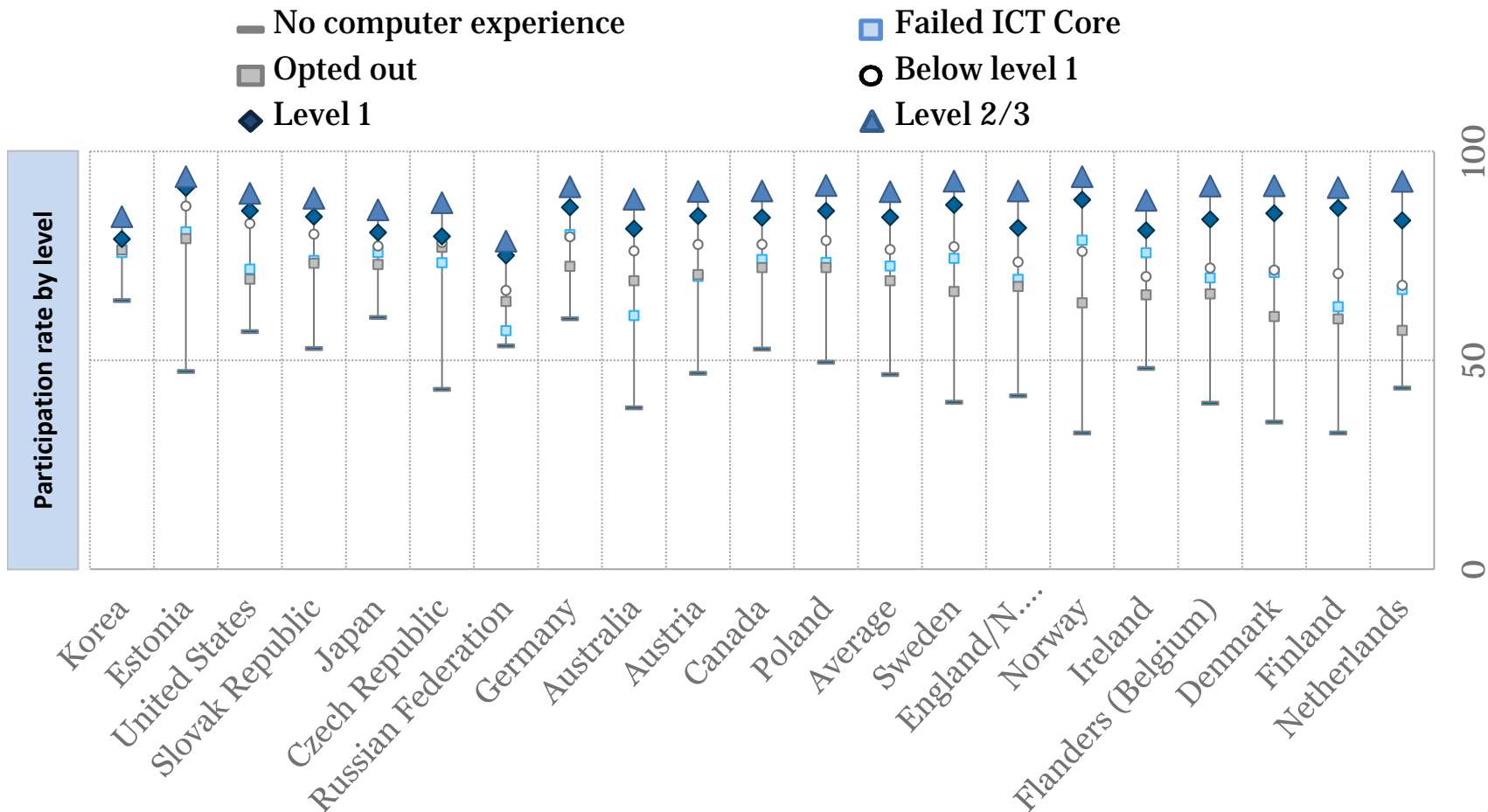


Source: PIAAC – Survey of Adult Skills (2012)



Problem solving in technology-rich environments correlates strongly with labour force participation

Labour force participation for adults 25-65 by problem solving proficiency

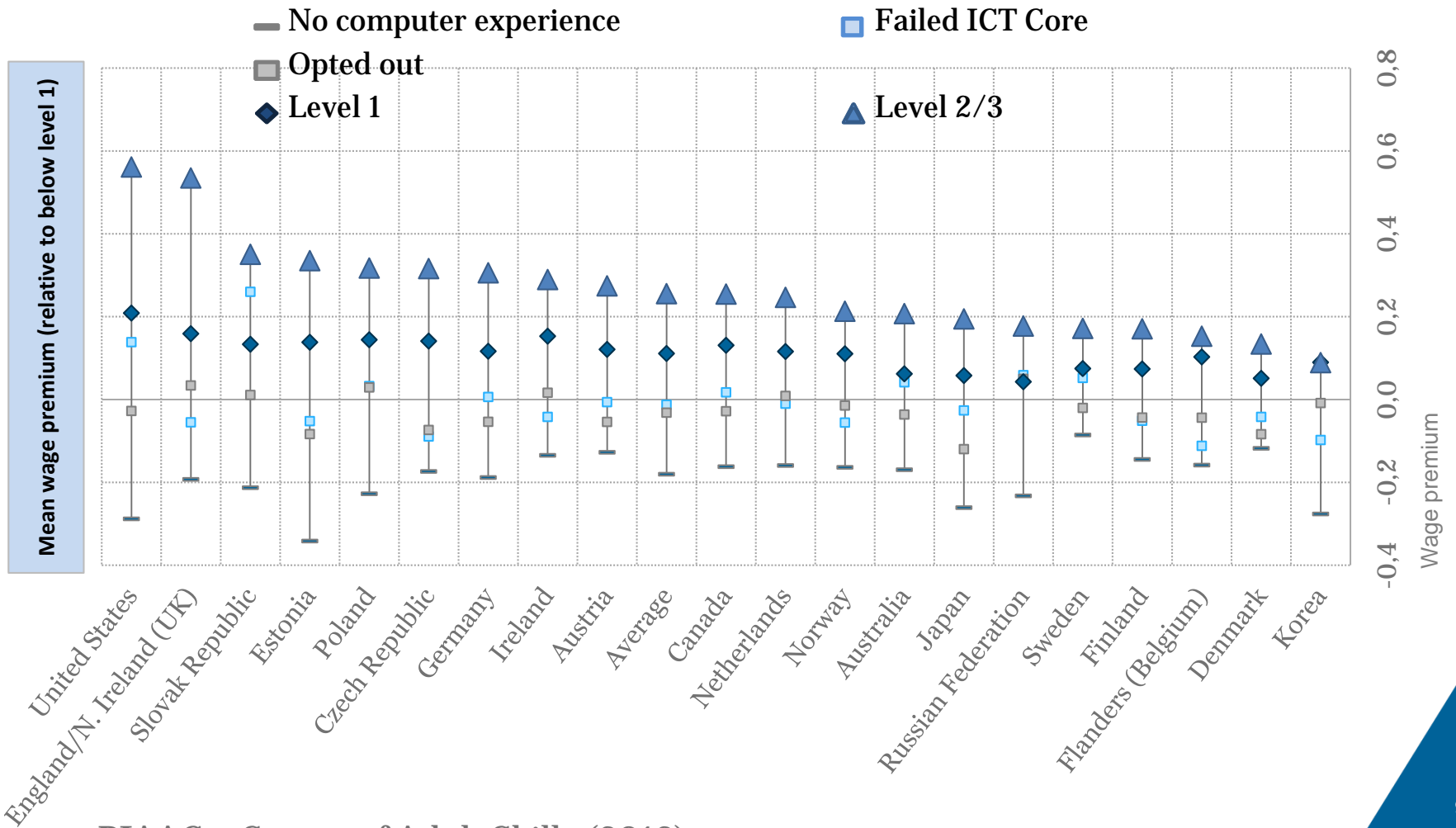


Source: PIAAC – Survey of Adult Skills (2012)



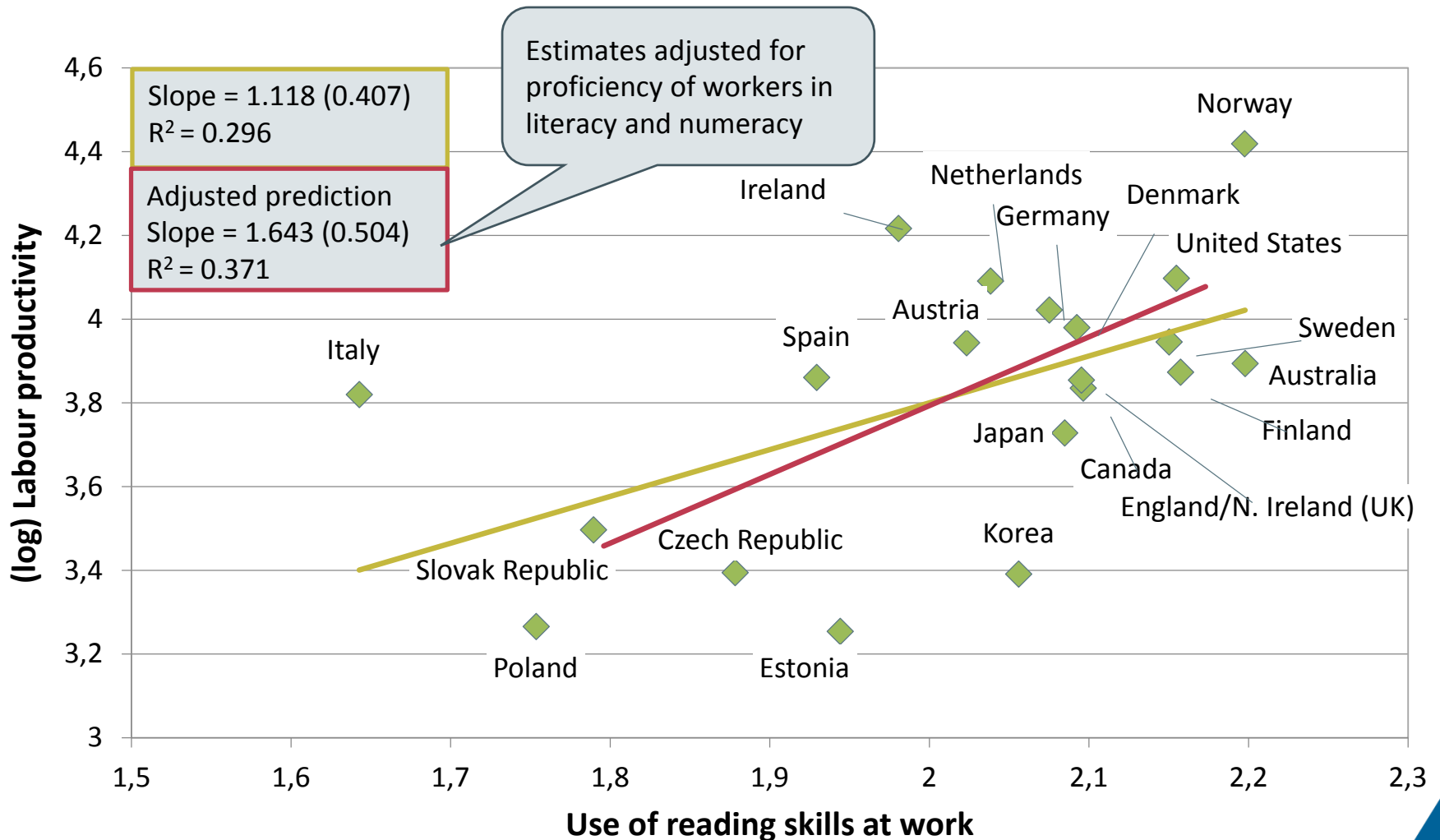
...with hourly wages

Wage premiums by problem solving proficiency (relative to Below Level 1)



THE WAY SKILLS ARE USED
AT WORK AFFECTS
PRODUCTIVITY AND MAY
RESULT IN MISMATCH

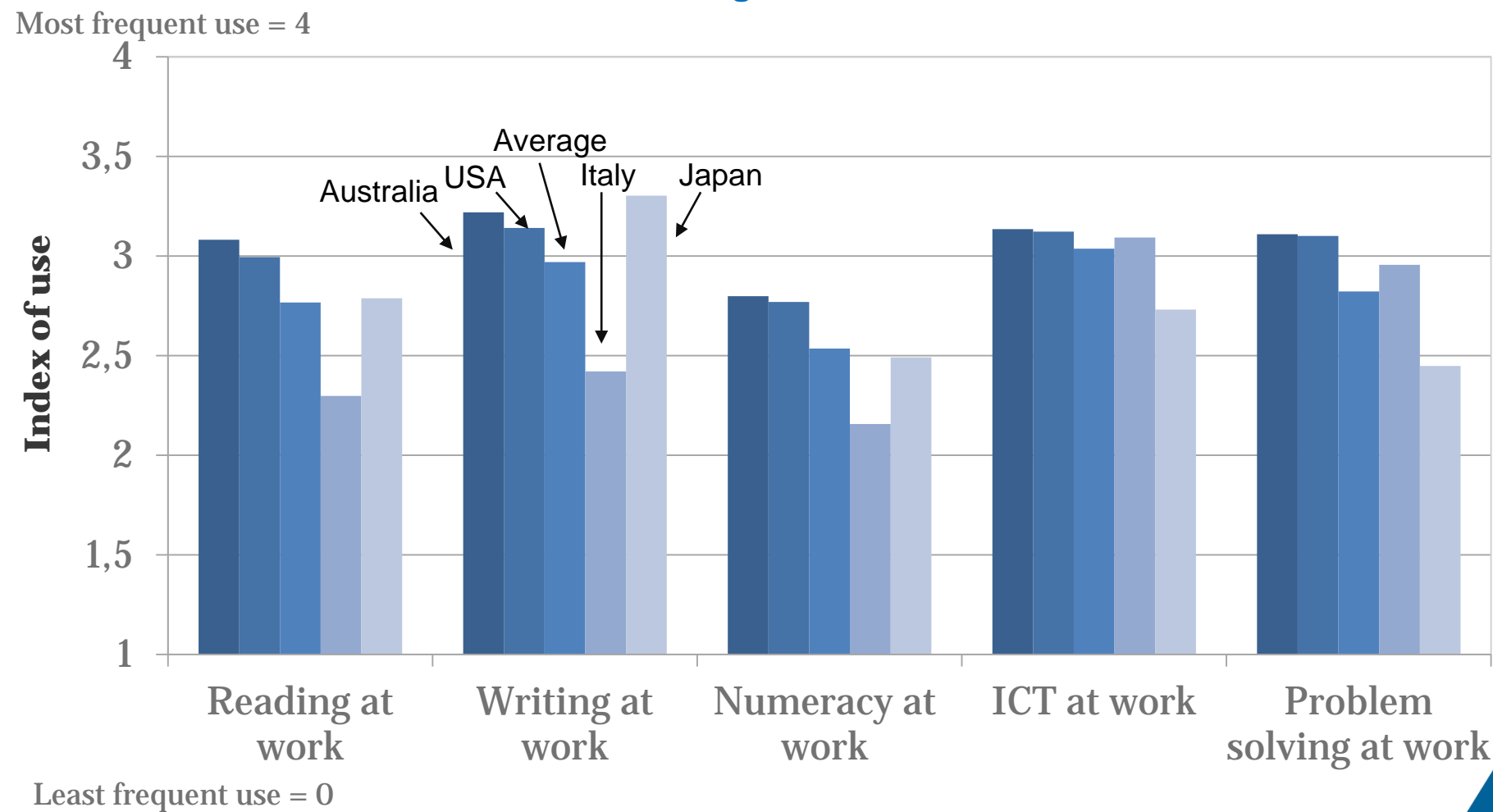
Skills used at work are important in explaining differences in labour productivity





Countries vary in their ability to use the skills of their workforce

Use of selected generic skills at work





Qualification and skills mismatch affect many workers

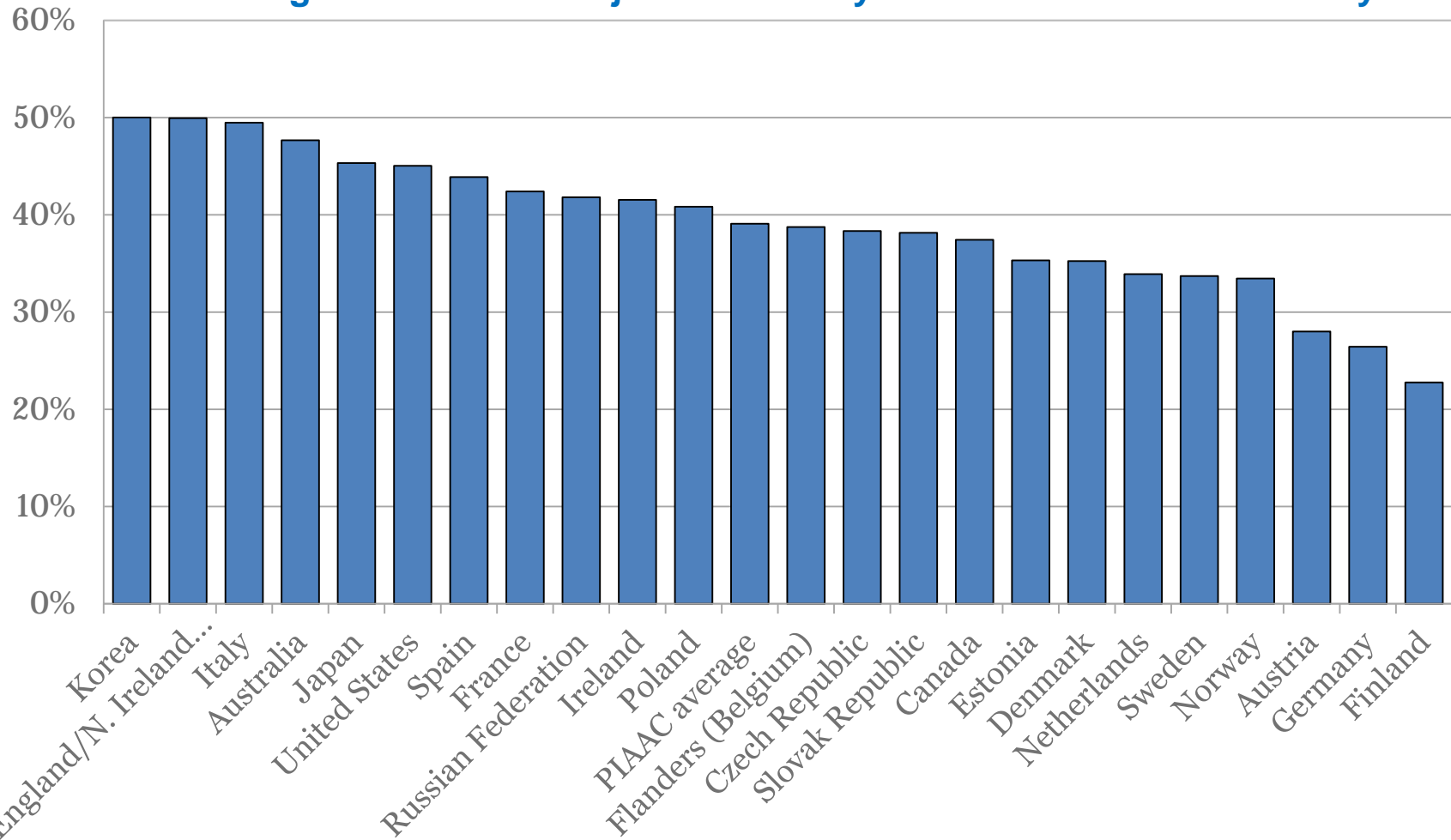


Source: PIAAC – Survey of Adult Skills (2012)



Field of study mismatch is widespread

Percentage of workers in a job not directly related to their field of study



Source: PIAAC – Survey of Adult Skills (2012)



How PIAAC can inform labour market policy

- Thematic reports so far have provided key insights to inform labour market policy:
 - ✓ Qualifications are very important for labour market entry but actual skills become revealed and valued as people spend time in the labour market
 - ✓ Working outside one's field of study carry large wage penalties for youth if accompanied by qualification mismatch
 - ✓ Upper-secondary VET graduates earn about the same as upper-secondary academic graduates but have smoother transitions from school to work
 - ✓ The balance between the supply and demand for skills is a major explanatory factor behind wage inequality and differences in skills explain a substantial part of wage gaps between socio-demographic groups



The “Getting Skills Right” project: context

Context

- Skill needs are changing constantly in response to changes in technology and work organisation, globalisation, etc.
- Skills shortages and mismatch can have adverse effects on individuals, employers and economies
 - It can mean lower wages and unemployment for individuals
 - Costly for employers in terms of lost sales and higher labour turnover
 - Costly for society in terms of lower productivity and wasted investments in education and training
- All countries have some degree of skills imbalance
- Skills assessment and anticipation exercises can inform policy and reduce these effects



The “Getting Skills Right” project: outputs

Project outputs



- **Background report** already available
 - ✓ All countries have some sort of skill assessment or anticipation exercise but scope varies and barriers exist to fully utilising this information in policy making
- **Country reviews**
 - Analysis of the ***strengths and weaknesses of the systems*** and tools in place for assessing skills needs
 - An ***analysis of the uses*** that are made of skills needs information for guiding policy and ***the barriers*** to more effective use
 - An assessment of the ***effectiveness of stakeholder involvement*** and coordination in the production and use of skills assessment and anticipation information
 - Sweden signed up (to be published end-2015)



Find Out More About PIAAC at:



www.oecd.org/site/piaac/

All international publications

The complete micro-level
database and associated
documentation

Data tools

Information on Education
and Skills Online



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Thank you