

IMPACT OF LABOUR MARKET CHANGES ON STRUCTURE OF HIGHER EDUCATION 4 SCENARIOS

This note, written by Marino Regini, develops the scenarios sketched by group 1 in a more systematic way.

		Job turnover	
		High (generic skills)	Low (specific skills)
Customer orientation	High (social skills)	GIHE	VIHE + GFHE
	Low (technical skills)	GIHE + VFHE	VIHE

Legenda:

GIHE = importance of General Initial Higher Education

VIHE = importance of Vocational Initial Higher Education

GFHE = importance of General Further Higher Education

VFHE = importance of Vocational Further Higher Education

Assumptions.

- a) The 3 key drivers of change in HE can be assumed to be general trends that have roughly the same impact in all advanced economies.

Continuing "skill-biased technological change" should increase the demand of graduates especially in sectors where the adoption of innovation is faster: as a consequence, both families and policy-makers will support further expansion of HE, not restrained by fears of over-education though forced to address problems of skill mismatches among sectors.

The ageing of the population in all advanced economies will work in the same direction, with a strong need for graduates to enter the labour market to replace retiring employees.

And further globalisation will increase competition among economies based on their knowledge content, hence on the skills provided by HE.

- b) Other changes in the economy and the labour market, however, are subject to greater variation depending on institutional and organisational features of the different advanced economies and are likely to produce a variable impact on the structure of HE.
- c) One such variable is the degree of job turnover in a labour market. This is, on the one hand, a consequence of existing institutions of job security, or of the regulation of entry into and exit from the labour market. On the other hand, it depends on different patterns of firm stability as well as labour mobility. A labour market with a high percentage of stable jobs, for either institutional or organisational reasons, will put a premium on specific skills produced by HE and required for those jobs. On the contrary, an economy where temporary or unstable jobs are predominant will require mostly generic, basic skills, that can be used in a plurality of work situations.
- d) Another such variable is the degree of orientation to customer in the production of goods and services. This is a consequence of different strategies by companies or public administrations. Some of them (especially SMEs) are likely to compete on the ability to adjust rapidly to changing demand, or even to work in strict cooperation with customers in the development of goods and provisions of services. Others (most prominently the large MNCs) will instead find a competitive advantage in their superiority in providing high-technology and high-quality products and services; hence they operate in markets dominated by producers rather than consumers. What the latter demand of HE is mostly the provision of high technical skills. The former, on the other hand, will look for graduates who have not just technical knowledge but also a range of such "social competences" as creativity, initiative, open-mindedness, basic cultural and methodological skills.
- e) Depending on how each national economy evolves along these two dimensions, different structures of HE may prove more or less adequate to foster a smooth transition from HE to the labour market. From this point of view, the two features that are taken into account in formulating the 4 scenarios are: the proportion of HE that is either vocational- or general-oriented; and the room given to life-long learning, or to further HE, in the overall provision of the skills needed by that economy.