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OECD BETTER POLICIES FOR BETTER LIVES

Closing Remarks

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PLAN OF MY PRESENTATION

- The Road to PIAAC
- Key stylised facts from PIAAC/unexpected findings
- Where do we go from here?

PLAN OF MY PRESENTATION

- The Road to PIAAC

The Road to PIAAC

- Important precursors: IALS (1994-98; 16 countries); ALL(2003-06; 7 countries)
- IALS, ALL were pioneering surveys that showed the possibility to measure and compare literacy and numeracy skills among the adult working-age populations in selected OECD countries
- But some weaknesses minimised their impacts:
  - Country participation declined significantly in ALL
  - Both surveys mainly sponsored by Education ministries; less buy-in from employment ministries
  - Lack of effective country governance arrangements via OECD and a secondary role for the OECD Secretariat
  - PIAAC learnt from the strengths/weaknesses of IALS, ALL

The Road to PIAAC (cont.)

- Planning for PIAAC began in 2002-2003
  - OECD's Education and Employment committees agreed to set up an International Expert Group (IEG) to assess the feasibility/desirability of a new international survey
  - Initiative received an imprimatur from the 2003 meeting of OECD Labour ministers
- IEG engaged in a long process of consultation with country representatives and experts to build consensus about the way forward
  - Two key decisions: (i) add problem-solving in a technology-rich environment to literacy and numeracy skills; (ii) focus on skill use at the workplace
- Crucial step in the process was the establishment of the PIAAC BPC in 2008 to oversee the exercise
  - Membership of the BPC shared jointly between education and labour ministries; BPC reports to both parent committees
  - Country buy-in by the key stakeholders crucial to the success of PIAAC
  - Ditto for the leading role played by the Secretariat

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Key Stylised facts from PIAAC

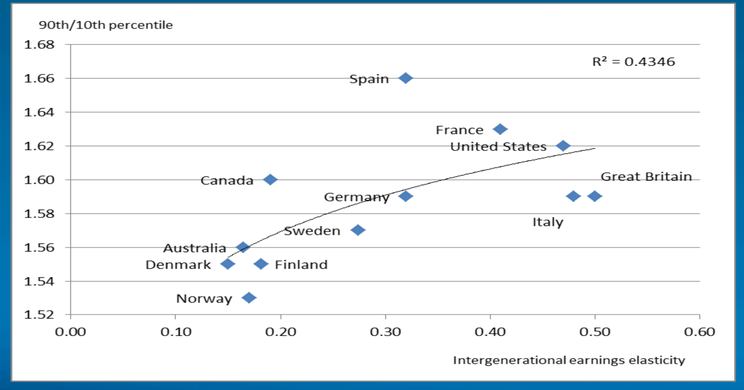
- Like the poor, the low-skilled are always with us
  - Significant proportions of adults in all countries have very low L and N skills;
  - Even larger proportions have little or no PS skills in a tech.-rich environment
- The PS skills are relatively scarce across all countries, especially at the highest level
  - Are these skills a new source of comparative advantage/changing value-added chains in International trade in the 21st century?
- Proficiency in L,N and PS skills peaks around age 30 and declines steadily thereafter
  - Not good news for ageing populations/workforces
  - But extent of skills gap between generations varies significantly across countries leaving room for policies to modify the negative correlation between age and key information-processing skills

Key Stylised facts (cont.)

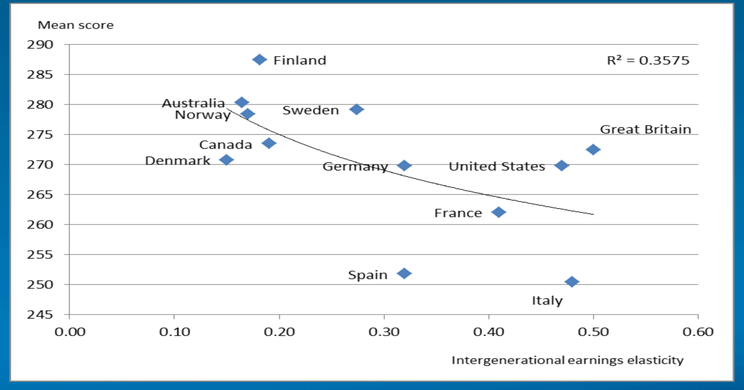
- Most of the variation in skills is *within,* not between, countries
  - Policymakers need to pay explicit attention to the distributional dimensions of skills
- The " Great Gatsby Curve" appears to hold with respect to skills proficiency, as well as in income inequality/social mobility space across countries
  - Important to analyse further the links between skills, income inequality and social mobility to go beyond the simple correlations and investigate casual relations and possible policy responses

The Great Gatsby Curve is Alive in PIAAC Space

Panel A. Intergenerational earnings elasticity by 90/10th percentile of literacy distribution



Panel B. Intergenerational earnings elasticity by mean literacy score



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Key Stylised Facts (cont.)

- The skills measured by PIAAC *matter* for labour market outcomes
- Skill-use indicators are only weakly correlated with skill proficiency measures
  - `Hence, skill mismatches are pervasive across sectors, occupations and countries
- The occupational distribution of the workforce is the most important determinant of skill use
- Evidence on overskilling/underskilling suggests that many employers are good at identifying their employees' <u>real</u> skills

Key Stylised Facts (cont.)

- Workers tend to use information-processing skills together
  - The " Digital Divide" is very much a Literacy Divide
- There is a large pool of young adults with low skills in some countries
  - These youth are the *real* " lost generation" and assisting them should be the highest priority
- Hence, the importance of providing more investment in early childhood; a quality initial education for all; and developing a modern and effective VET/apprenticeship system

Some Unexpected Findings

- Positive gender gaps in favour of young men in terms of L,N and PS skills in many countries
  - What might account for this finding which is at odds with PISA results?:
    1. Later maturation by young men?
    2. Discrimination?
    3. Different labour market opportunities and jobs available to young men and young women?

- Average ICT use at work is lower among young men than among prime-age workers in all countries; picture is reversed for *home* use of ICT
  - An intriguing finding, contrary to conventional wisdom?
  - Does it have real consequences for career ladders and also for social interactions?

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Where do we go from here with PIAAC?

- PIAAC is a rich motherlode of data on adult skills and it will get richer:
  - By 2016, results will be available for 34 countries and over 200 000 individuals.
- What has been published to date and at this conference is the tip of the iceberg.
- Need to go out and communicate about PIAAC
  - Get the word out to academics and policymakers that this is a potential goldmine of policy-relevant information
  - ETS and OECD workshops for potential users will help <u>but</u> we need to spread the good news
  - Stress the innovative nature of PIAAC, particularly the use of computer-based assessment
- It will take time but the history of PISA shows that a sustained research and communications exercise around the survey results will pay off.

Where do we go from here with PIAAC? (cont.)

- Need to begin thinking hard about the design and timelines for the next wave of PIAAC.
- Several options on the table:
  - A full assessment of L,N and PS skills every 10 years?
  - An interim assessment with a narrower skills focus every 5 years?
  - A greater focus on “soft” skills?
- Two priorities for future waves:
  - Bring in more countries
  - Develop an employer survey tied to the use of skills at work/their human capital investment strategies – maybe even envisage a linked employer-employee survey?

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Questions