

APERHA-HKERA Conference  
November 2014

*The Role of Education in the 21<sup>st</sup> Century*

*Jobs or Skills?*

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## The Argument

- Education has been fundamentally re-positioned in the 21<sup>st</sup> century. The polarisation of wealth and the creation of global markets in secondary and higher education has meant that we are beginning to see a fundamental rupture in education which is challenging the aspirations we had for it in the 20<sup>th</sup> century both in terms of its relationship to the economy and to social mobility.
- The relationship of education to the economy, the cornerstone of educational policy, is fundamentally problematic: economies cannot provide the skills or jobs that is central to the education promise.
- The idea of upward social mobility has relatedly been dealt a blow because there is developing a global institutional break between education for the wealthy and the rest.
- At the same time politicians seek to herd families into an intense positional competition for which there are increasingly fewer 'winners'.
- These arguments are can increasingly be applied to East Asia.



## Education in the 20<sup>th</sup> Century

From a social and economic perspective education had three roles:

- To promote economic development through the ‘tightening bond’ thesis between educational credentials and the labour market.
  - To foster social mobility through the notion of meritocracy (IQ+ motivation = success). In doing so to create social cohesion or ‘buy in’ into the society.
  - To encourage the development of citizenship
- These three roles constituted the problematic for research and continue to do so. They comprise what may be called the modern educational myth.



## The Tightening Bond Thesis

*Education is a crucial type of investment for the exploitation of modern technology. This fact underlies recent educational development in all the major industrial societies...education attains unprecedented economic importance as a source of technological innovation.*

A.H.Halsey and Jean Floud (1961)

This view remains and lies behind pronouncements by politicians across the globe. And is represented , to-day, in economic theories of human capital and skill bias theories.

It lies behind the rhetoric of nation states being globally competitive and for students to be skilled to compete.



## Education and Social Mobility

It was expected that education, when linked to the rapid development of technology, would not only address the question of economic growth but would also solve problems of poverty and increase upward social mobility.

- Linking education to the demand for technology would increase workers' income and thereby decrease the numbers in poverty.
- During the 1950s and 1960s this theory seemed to be working. Poverty did decline and social mobility rose, although as contemporary analysts have noted this was because of changes to the occupational structure with increased numbers of managerial and professional jobs.



## Pursuing the Education Myth

Despite the knowledge that educational research had clearly established systematic biases in relation to education, this education myth was given greater impetus by the advent of the rhetoric of the global knowledge economy.

- Globalization led to the notion that nations were competing with one another.
- And, that the knowledge economy required ever more educated workers.
- When placed together issues of inequality were obscured by the rhetoric of national competitiveness



## Why this Myth Misleads

In reviewing education in the latter half of the 20<sup>th</sup> Century it is clear that there was enough change and development in education and the economy for the myth to be plausible. Researchers have continued to focus on the links between education and the economy and on social mobility and inequality.

You will have noticed that I have not made specific mention of the economic miracles of the East Asian Economies but my arguments also apply to them, as we shall see.



## What has Changed?

To address this question we need to undertake an analysis at 3 levels:

- Structural noting four causes of the massive polarisation of income and wealth that we are now witnessing
- Institutional, in particular the way in which educational institutions and Transnational Companies 'correspond' to the polarisation of education and wealth, changing the definition of skill and talent and downgrading the status of the credential.
- The categorisation and selection of individual students and workers.



## Structural Change: The Polarisation of Wealth

As Piketty (2014) has cogently argued the creation of wealth for the already wealthy outstrips increases in income. This he argues, more controversially is a natural tendency, under capitalism in which the post war period is an anomaly.

However, part of this wealth creation is as a result of the emergence of the super manager –which I shall argue is linked to the notion of ‘the talented’.

The re-emergence of a class relationship between the wealthy and the state.

New technology abets the polarisation of wealth. It creates winner-take-all markets and links social capital formation among the wealthy.

The financialisation of capital investment.



## Economic Change and the Demand for Skill

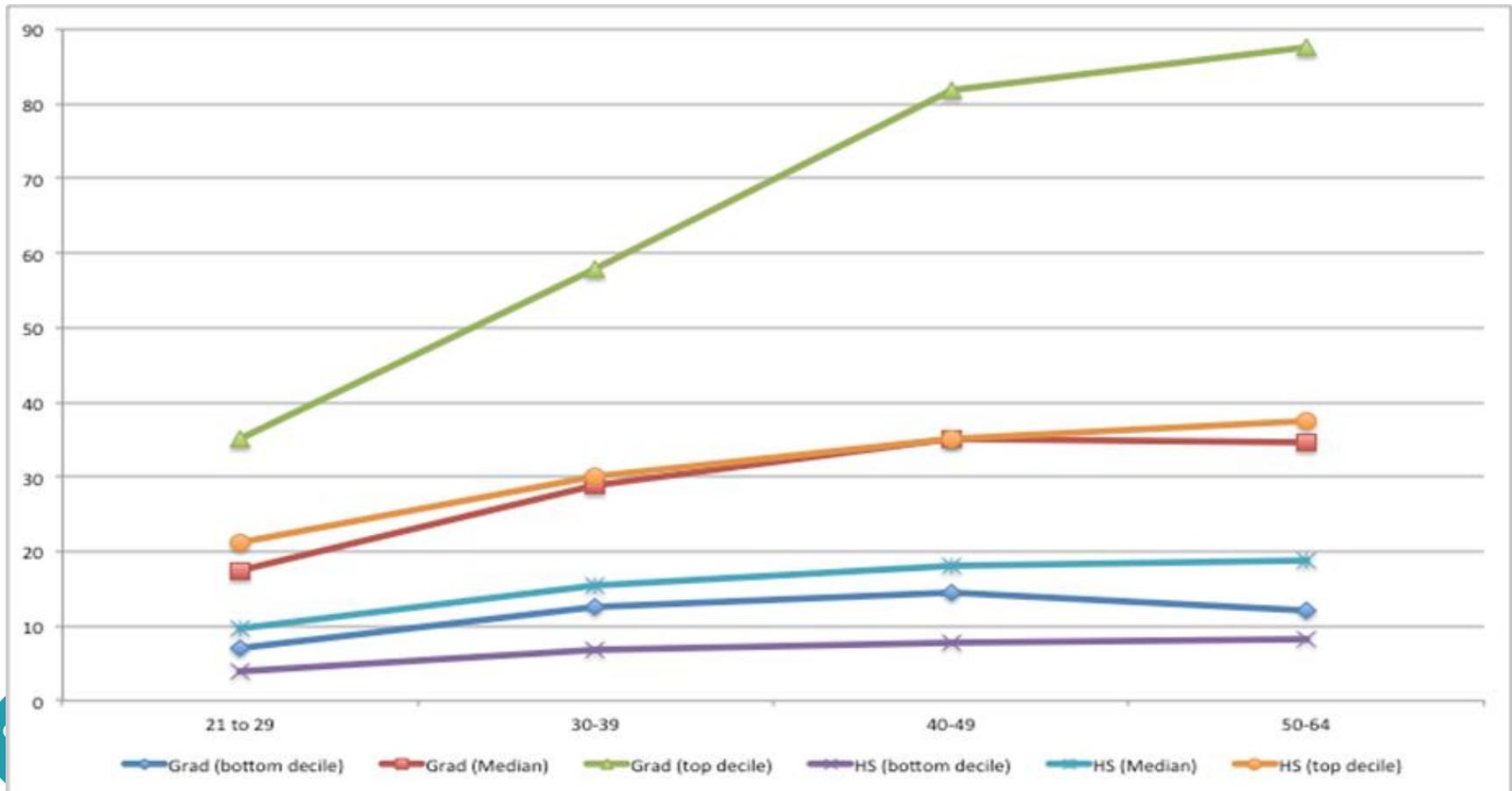
Corporations have been restructured away from bureaucratic organisation to much flatter organisation. Knowledge work is being restructured and stratified with much knowledge work being standardized. Higher education is being restructured, arguably in ways which correspond to the stratification of knowledge work.

TNCs are concerned with cost pressures and are footloose in sectors where they can easily shift their HQ functions.

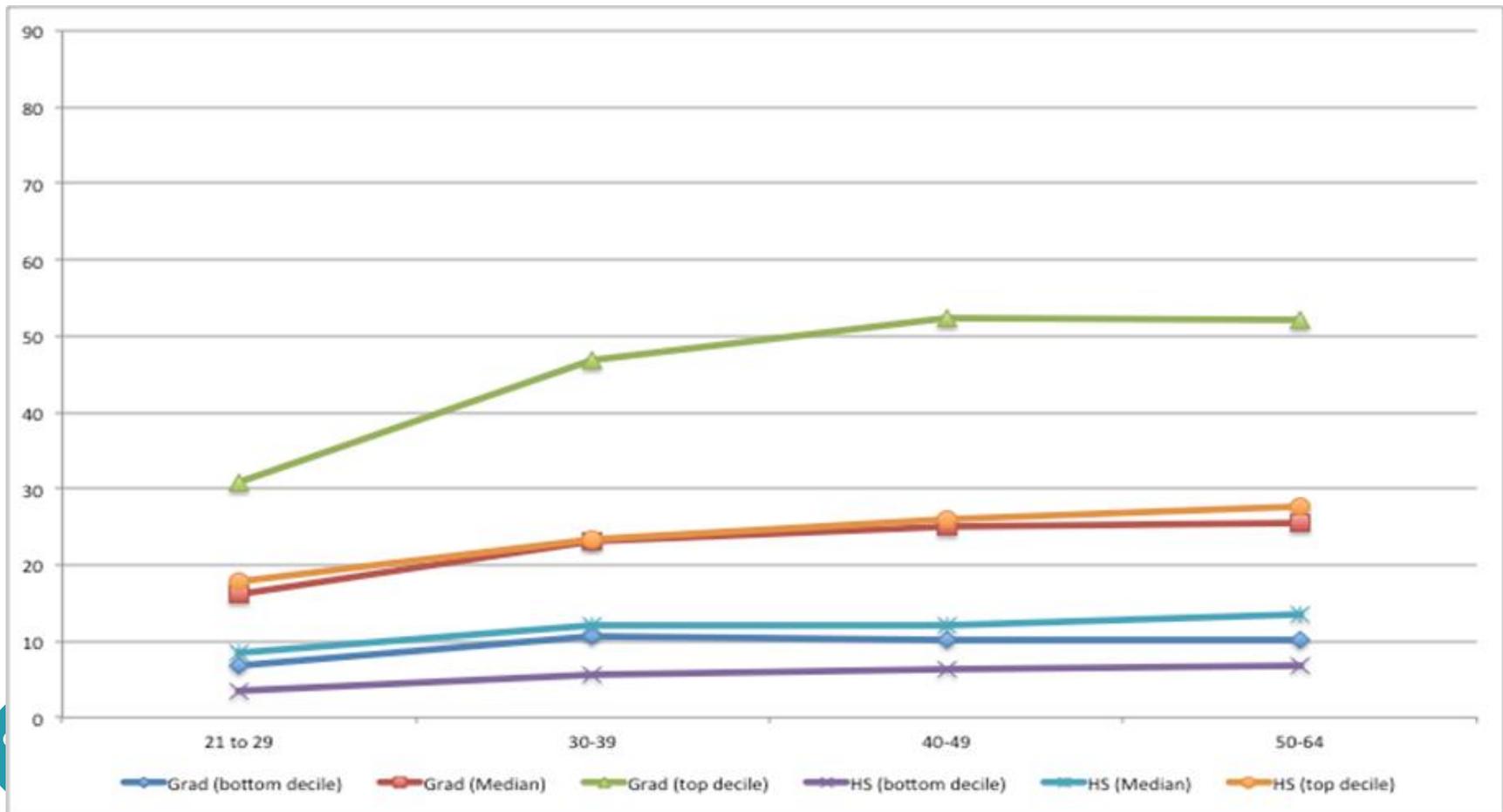
When we look at the demand for education and skill we find that the relationship between technology and the demand for skill challenges the myth of skill biased technological change. And this is reflected in longitudinal data on graduate incomes:



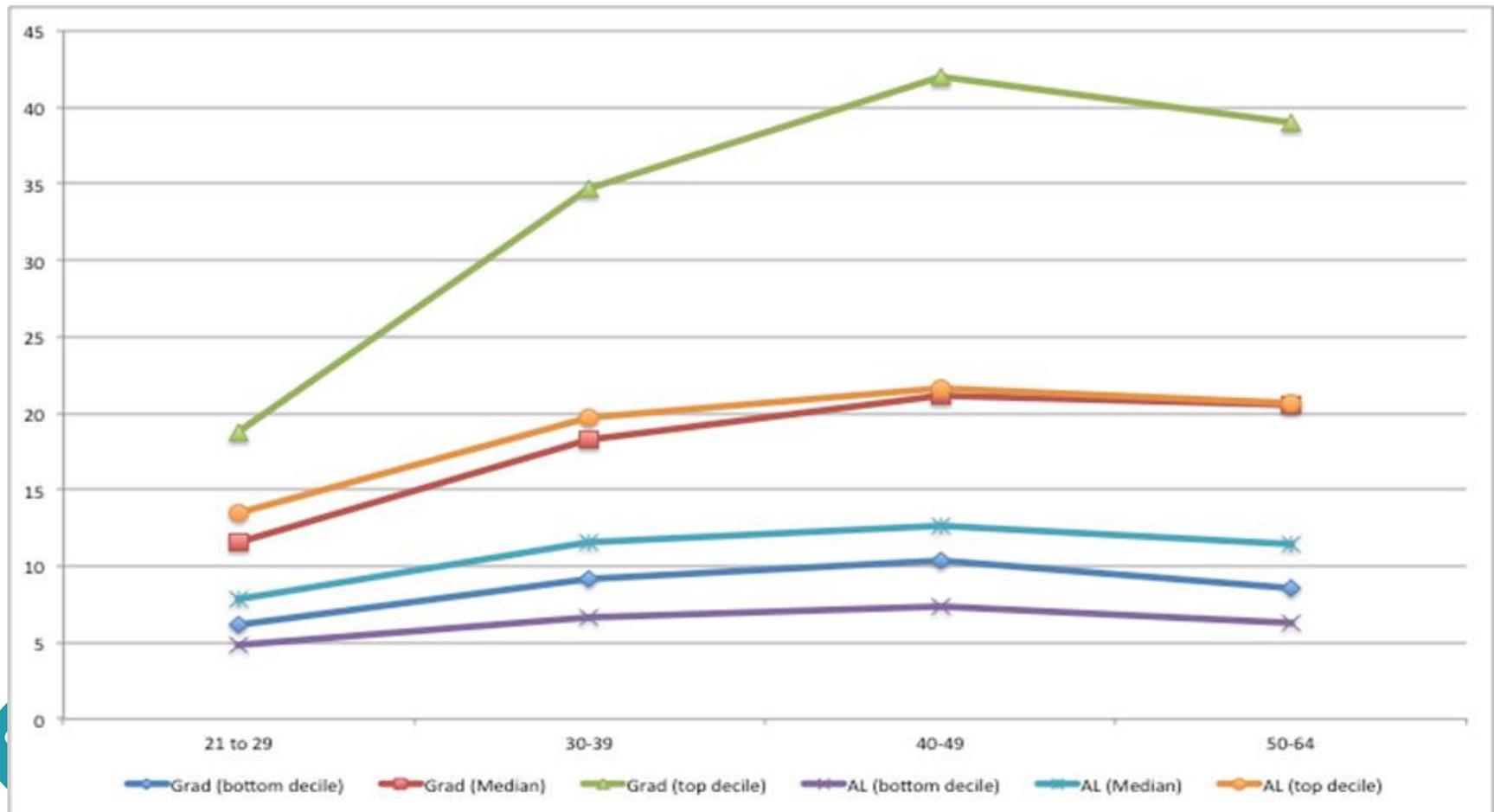
## US Male hourly earnings by age-groups: Graduates and HS graduates (source: American Community Survey 2010)



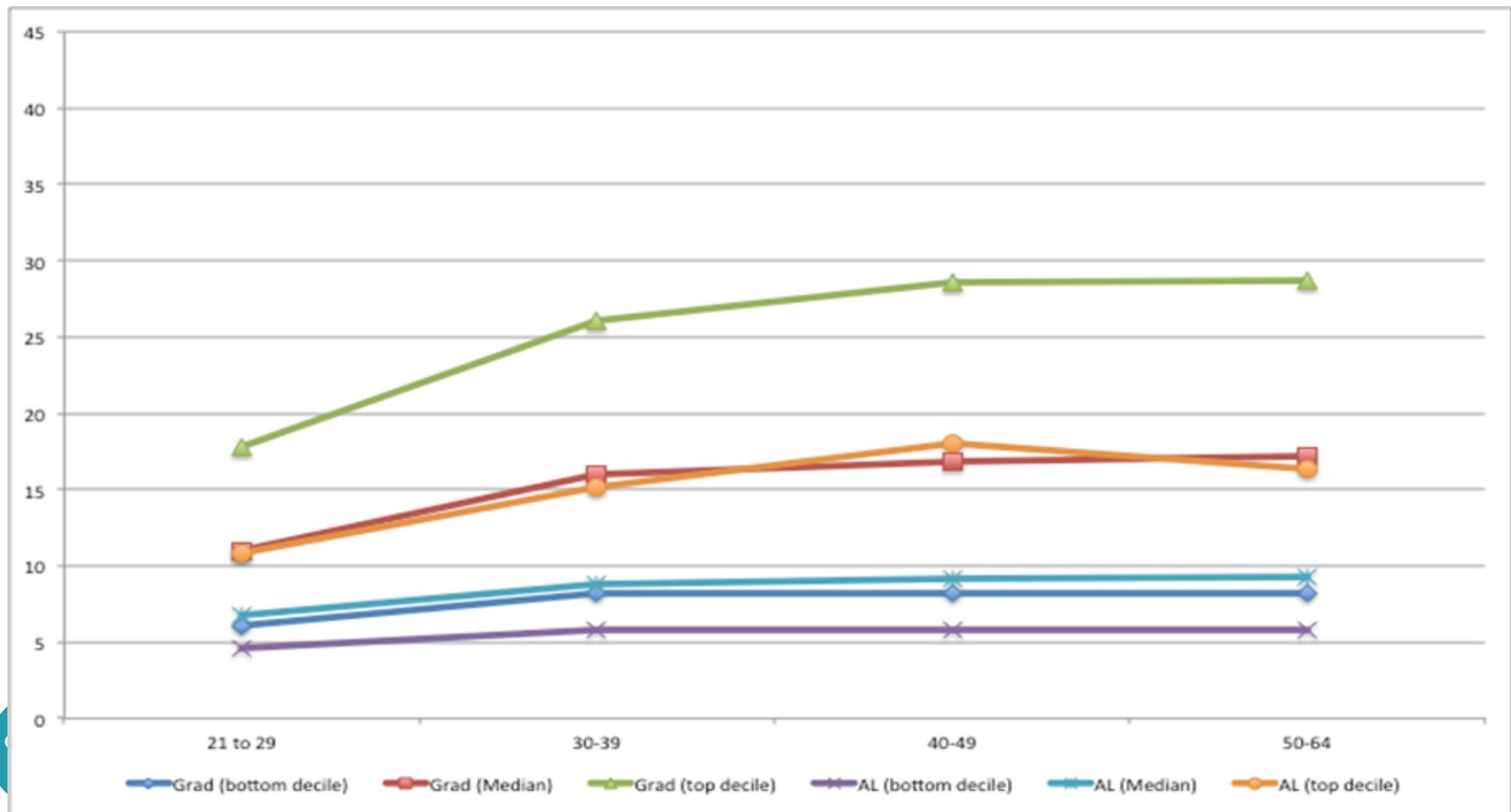
## US Female hourly earnings by age-groups: Graduates and HS graduates (source: American Community Survey 2010)



## UK Male hourly earnings by age groups (LFS 2010) – graduate and those with A-Level qualification



## UK Female hourly earnings by age groups (LFS 2010) – graduate and those with A-Level qualification



## Crisis Indicators

### Under Employment

In the United States it is clear that many graduates are doing sub-graduate work. While the figures vary depending on how underemployment is measured, the best estimates suggest that between 40-50 per cent of young graduates are underemployed. Richard Vedder and his associates reckon that about 52 per cent of four year college graduates are in jobs that match their skills while 48 per cent are overqualified. They also report that over 5 million college graduates are in jobs that require less than high school education. In Britain, the figures are remarkably similar. The Office for National Statistics reports that underemployment amongst graduates has risen from 37 per cent in 2001 to 47 per cent in June 2013.



## The Position in East Asia

A similar story is unfolding in East Asia:

- in South Korea there are 3 million economically inactive graduates.
- In Japan, some 38 per cent of graduates in 2009 were unemployed 8 months after graduation, and that figure has not improved.
- In India one in three young graduates are unemployed.
- While in China, although accurate data is hard to come by, it appears that in 2013 only 38 per cent of graduates were issued contracts: contracts being an indicator of quality jobs.



## Institutional Change

When we look at education institutions we see that there is an intimate relationship between wealth and student participation. Due to:

- The emergence of international schools which cater for national and global to global elites.
- The creation of a global market for higher education. In which the most prestigious universities are also those that attract the children of elites.
- But! As we have seen a segmentation of the higher education market, so we have seen a change in the ideology that links education to the labour market. At a time when there are more educated workers on the planet than ever, a new ideology of talent arrives.



## The Talented

The idea of the war for 'talent' was popularized by McKinsey's. Some knowledge workers are more productive in the global economy than others, as it is these 'talented' workers who would have the knowledge and skills to drive forward complex Transnational Corporations.

So MNCs fish in a small pool of potentially talented workers. The crucial point about these 'talented' is not just the qualification or credential they have but the character and 'performability' to match. The days when credentials could be linked to access in a bureaucratic hierarchy are over.

There is a beauty contest between the global elite universities and leading MNCs leading to an intensification of positional competition on a global scale.



In order for students to gain well paying jobs, they not only need credentials but demonstrate performance through internships, demonstrate general as well as specific skills linked to their field of study and they ideally need to be multi cultural and multi lingual.

This has a significant impact on recruitment. The clearest example of a high performing country on PISA tests is Singapore but may have a problem when it comes to 'talent' understood from a Western perspective:



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*Actually, quite frankly to a large extent, we will be very much guided by the Ivy League schools. So when we go out, if we pick somebody from a Brown University, from Georgetown and duh duh duh, we just assume that they are like higher grade. Quite frankly within this room and that’s how we actually make the distinction of global graduate versus somebody from a local university’.*



## An Irony!

But MNCs have huge problems when seeking to identify ‘talent’.

When we asked an Executive for Talent Acquisition, the following question:

*If you think about the term talent – does it mean something different in China to what it does in Germany or France – or is talent now a kind of globally well-understood concept when you apply it to people?*

Her response was clear:

*That’s an interesting question. We have discussed that question quite a bit in the last few weeks. Very short, precise answer, no, there is no common understanding that is talent, no.’*

And then she commented:

*So definition of talent, talent management, what is talent management, you see like – I think that’s a hype word now – everybody is doing talent management not really kind of knowing what to do.*



## **Analytics: How TNCs are Solving the ‘Problem’**

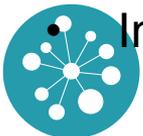
- We are now moving into an era of surveillance where CVs can no longer be tailored to tell a story. Corporations like Burning Glass are developing extended education profiles for TNCs so that they can make better judgements about those they recruit.
- In looking for A\* graduates from A\* universities they will now have access to student records that means that second chance students, who have failed courses will simply be weeded out.



## What Can be Done About it?

Look outside educational institutions.

- Antonia Kupfer in her critique of Human Capital and Reproduction theory has drawn attention to the different patriarchal and capitalist logics at work within educational institutions and those without. This is clear when she considers the success of women in education and their lower levels of income and occupation relative to men. See Graph 2 in this presentation.  
Raise the level of demand and income for women.
- One way in which we can reduce the positional competition for credentials is to introduce a citizen's or basic wage. It would mean there was a degree of security irrespective of the educational decisions made by students.
- Industrial policy to raise the demand for 'graduate' work.



## Conclusion

The fundamental structure of the global labour market is changing and there are insufficient quality jobs for graduates to enter. At the same time TNCs are in some sectors footloose so an education system that focuses on skills alone will not 'deliver' on the demands made by governments and multilateral agencies.

Economic change in relation to jobs and wealth now presents fundamental problems in terms of social justice. The competition for elite jobs has changed. The twentieth century model, where there was a tightening bond between educational achievement and entry into higher-level bureaucratic careers, no longer holds. Educational achievement remains important but it is not enough to gain access to elite jobs. In part this is because the nature of knowledge work is itself being restructured, as have the selection criteria for entry into elite positions. The concept of 'talent' is a key signifier of elite employability.

It is a tenet of this paper that educational and economic globalization has caused a fundamental rupture in the prospects for upward social mobility. We can no longer view the competition for elite work within the confines of national boundaries.

