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Employment and the labour market

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INTRODUCTION

Theoretical reasoning that is well supported by empirical research suggests that education and learning boost skills, and in turn employability, productivity, wages and growth. Yet, most countries are characterized by systemic underinvestment in adult education (AE) opportunities, especially among adults with inadequate levels of skills and qualifications. As a consequence, unskilled and poorly qualified adults remain disadvantaged in the labour market (LM), and nations with large sections of the population that are low- or un-skilled experience challenging economic and social problems. This brings into question the level of awareness and perception of the potential benefits of AE on the LM.

OECD (2007) noted some of the difficulties of measuring and communicating the actual and potential benefits of AE within a coherent framework. The well-known theory of human capital provides a robust framework for both the scientific and policy analysis of the links between education, learning and LM outcomes. Tens of thousands of analyses within this framework have been conducted since the 1960s which provide supporting evidence for the potentially positive LM impacts of AE. However, the majority of studies have focused on formal qualifications in terms of years of schooling. In this regard, more is known about the outcomes associated with formal qualifications rather than AE (Feinstein et al. 2004), although the two are becoming increasingly linked in the highest income countries where AE is increasingly a path to the attainment of recognized qualifications (Desjardins & Lee 2015). Importantly, much less is known about the conditions needed to secure favourable outcomes. Moreover, all kinds of risks exist which negatively affect incentives to invest in AE (UIL 2009). In other words, it is becoming clear that investment in AE and the possible benefits are not automatic. Rather they appear to depend on institutional and public policy frameworks that foster investment and good overall LM functioning.

Most of the available evidence on the LM outcomes of AE is fragmented and incomplete; two conditions which are undoubtedly unfavourable in political contexts where not all parties necessarily have interest in extending opportunities to the unskilled/unqualified and resources continue to be perpetually constrained in the face of other competing priorities. Accordingly, understanding better the potential LM outcomes of AE but most of all the conditions needed to secure favourable outcomes is thought to be essential for moving forward for promoting sustainable economic development and wellbeing of all kinds. As discussed in the preceding chapters, AE has important impacts on a wide set of outcomes ranging from personal and social wellbeing, but its impact on the economy and the LM is particularly crucial for securing adequate levels and distribution of resources consistent with our care for human and social conditions.

This chapter outlines some recent evidence on the LM outcomes of AE, as well as some key contextual and structural factors which are helpful for interpreting the evidence and for understanding some of the reasons for systemic underinvestment.
METHODOLOGY

The Adult Learning and Education Survey (ALES) conducted by UIL targets national stakeholders’ perceptions on the impact of AE on LM outcomes which is helpful for gauging the level of awareness of the potential benefits. ALES did not collect data on actual AE programmes or assess impact on LM outcomes.

Evidence on the LM outcomes of AE is widespread but as mentioned fragmented and incomplete. On the basis of a review of the recent research literature since 2000, this chapter presents some of the available evidence and raises a number of points which are thought to be important for interpreting the evidence.

AE related trends which are helpful for revealing the perceived LM benefits of AE are discussed on the basis of comparative data from the 2012 OECD Survey of Skills (alternatively known as PIAAC - the Programme for the International Assessment of Adult Competencies). A major disadvantage of PIAAC is that it covers only a limited number of countries which are mostly high-income. Nevertheless, PIAAC is helpful because it provides high quality and reliable data to ascertain relevant trends in an area that is otherwise information poor and features very few comparative data to discern cross-country patterns.

OVERALL TRENDS IN PERCEPTIONS OF LM OUTCOMES OF AE

Outcomes of AE are related to the topic of financing more generally but LM outcomes are especially relevant since many of these have direct and quantifiable monetary implications for individuals, firms and the public purse. Most importantly, they have direct consequences on life chances for individuals and the economic viability and success of firms and nations. As such, LM outcomes can be a powerful motivator for individuals to undertake AE, and for firms and governments to support and finance AE. Evidence of, or even the perception of, outcomes can thus affect the investment behaviour of individuals, firms, and government officials and hence the level and distribution of financing related to AE. Financing was an important topic of concern in GRALE I and II and remains a central part of the monitoring agenda set out in the Belem framework. While some aspects of financing trends are discussed in Chapter 1, the following elaborates on such trends in relation to the LM outcomes of AE.

Trends in investment in AE provide a good basis for ascertaining the perception of outcomes associated with AE, regardless of whether perceptions are evidenced based or not. This follows from the well-known expectancy valence theory in AE (Rubenson 1977), which suggests that behaviour of individuals in relation to the take-up of AE is directly influenced by the expected rewards of undertaking an AE occurrence. On this basis, low AE activity can be seen as evidence of low expectations regarding the LM benefits of AE and vice versa higher AE activity can be seen as evidence of higher expectations.

Overall, public spending on AE is low in the majority of countries around the world which does not bode well as evidence of high expectations for the LM benefits of AE. Estimates suggest that for the majority of countries, public spending on AE is well below the 3% of public education budgets that is recommended by the Global Campaign for Education (which presumes that 6% of GDP is spent on education and 15% of public budgets are allocated to education). Many governments typically only allocate 1% of the public education budget to AE activities and most allocate a tiny proportion of this (i.e. 0.01%) (Archer 2007; UIL 2009). On this basis, very few countries show a strong commitment to public investment in education and training of all adults. The ones who do tend to follow through with high investment in education more generally as a proportion of GDP, which is at least as high as the 6% recommended by the Global Campaign for Education (Global Campaign for Education 2005). Only a small number of countries show percentages at or above these recommendations. Finland is one example where statistics reveal that about 10% of the public education budget is allocated to financing AE. This is among the highest rates of investment in AE in the
world by any government. It is worthwhile to point out that Finland also happens to feature among the highest and widely distributed levels of foundation skills such as literacy, numeracy and problem solving skills in the context of technology rich environments among its adult population (OECD 2013), and not least among the highest and widely distributed levels of investment in AE for job-related reasons (OECD 2011).

Despite attempts to pinpoint estimates of spending on AE, in reality it is very difficult to do so in a comparative manner with reliable data. This is partly due to the diffuse arrangements and configurations underlying AE provision in different countries. As an example, the above estimate on public investment in AE does not include a recent development in high income countries, namely the opening up of formal education systems to non-traditional students. In a number of countries, there is a high and increasing number of adult students well beyond the normative age who are in higher education, which can be characterized as a type of formal AE. PIAAC data confirm that the proportion is non-trivial with about half of the participating countries (10 countries) featuring ratios of adults who attain a higher education qualification within and beyond the normative age that range between 3:1 and 5:1 (i.e. for every 3 to 5 five HE graduates, depending on country, one adult has completed their qualification beyond the normative age) (Desjardins & Lee 2015). This implies that the growth of HE systems in high income countries over the last two decades is strongly associated with the growth of formal AE activity. Thus public spending on AE in these countries is tied to the expansion of HE system.

Moreover, public spending is only one indicator of government expectations regarding the LM benefits of AE. Many governments through active policy making recognize that they have a strong role to play in supporting AE, but nevertheless seek to broaden financial responsibility for AE and promote cost sharing through co-financing mechanisms involving all stakeholders (OECD 2005). An aim is to expand AE but limit the role of government financing because there is a realization that the public purse cannot do it alone. Within public policy frameworks, co-financing arrangements are often designed to circumvent the misalignment of incentives among those who stand to gain, and mitigate risks associated with investing in AE (OECD 2003). But for some governments, co-financing mechanisms can be a convenient way to shift responsibilities from the public domain to the private sector and attempt to compensate for a lack of commitment to its public responsibilities for investing in AE. National reports from GRALE I reveal a mixed picture with regard to how this trend and its concomitant tools are being adopted into national contexts. While some governments are increasingly keen to play a role in fostering competitiveness among firms and the employability of adults, others are more obstinate or neutral. In some countries, the continuous upgrading of the workforce is viewed as the responsibility of employers or employee organizations, not government. Accordingly, there is heavier reliance on private sources which are driven by a market mechanism (for example, Japan, USA), even though AE is otherwise susceptible to market failures. In contrast, some countries maintain a strong tradition of direct government involvement which seeks to establish shared responsibilities among the various stakeholders. Social partnership models are common in Northern and Central European countries (for example, Austria, Denmark, the Netherlands, Norway) in which public and private co-financing plays an important role. The market mechanism is avoided in favour of negotiated stakeholder agreements that commonly include strategic AE funds.

Although causality is not certain, there is a strong correlation between aggregate AE activity and aggregate LM outcomes. According to PIAAC data, overall AE activity is highest in higher income countries, ranging from about 30 to 65% of the adult population reporting that they participated in some kind of AE activity in the preceding 12 months (Desjardins 2014). These comprise the Nordic countries, the Netherlands, Germany, US, UK, Canada and Australia. These are also the countries who feature among the highest rates of employment and productivity. Other OECD countries report lower rates of AE activity ranging from 15 to 30%, which corresponds with lower rates of employment and productivity. Among others these comprise Italy, Spain, Slovak Republic and Poland. Fewer comparative data are available for non-OECD countries, but estimates range between 1 to 10% of adults who report having participated in any kind of AE activity in the preceding 12 months (e.g. Vietnam and Brazil – see Desjardins (2014)).
Conditioned by system level characteristics such as the existence and prevalence of, as well as, access to, AE opportunities, individual investment in AE thus varies widely across countries. Importantly, in all of the countries for which data is available, 80-90% of adults who participate report doing so because for job-related reasons, namely to obtain a job, keep a job, get promoted or change to a better job. These data reveal the strong expectations that adults in high income countries harbour in relation to the LM benefits of AE. An important cross-national pattern is that it is adults who are already highly qualified that tend to invest the most in AE. Accordingly, some now recognized that simulating demand for AE among disadvantaged adults is perhaps the most challenging for public policy.

Revealing the expectations of firms in relation to the LM benefits of AE, available data show that most of the overall AE activity in high income countries is employer supported. In PIAAC participating countries, the majority of AE activity is employer financed falling in the 60 to 85 % range, depending on the country. Countries with the highest level of employer support are also those who show the highest overall AE activity. Employer investment in AE however is not automatic or inevitable. As an example, it was highlighted in the GRALE I National Report for Georgia that it was not until recently that firms realized the significance of investing in AE for their employees to maintain economic viability (UIL 2008). Contextual and structural factors thus matter, for example, OECD (2005) reported that firms who tend to invest the most in AE are largest firms who operate on global and competitive markets and experience higher rates of organizational and product innovation. It is therefore, no surprise that most employer supported AE activity is focused on those who are knowledge workers and already have recognized qualifications.

Trends suggest that individual and employer expectations for the LM benefits of AE have grown in recent years. This is because overall AE activity has grown considerably in most high income countries over the last two decades, much of which is for job-related reasons. Moreover, employer supported AE has grown at a faster pace than overall AE activity suggesting that employers are increasingly viewing investment in AE as part of their regular business activity (Desjardins, in press). This trend combined with the tendency for the most advantaged adults to receive AE opportunities poses a risk for exacerbating inequalities of access to AE and in turn its concomitant LM outcomes.

Figure 1 suggests that expectations that are held with regard to the LM benefits of AE are relatively high across the world despite evidence of low overall AE activity in many countries. The chart shows opinions on the potential impact of AE on employability by level of income of countries: high, upper middle, lower middle and low. Results reveal that globally, alternative types of AE are perceived by policymakers in over half of countries (53%) to have strong or moderate effects on employability as follows: literacy and basic skills training (50%), initial vocational education and training (53%), continuing vocational education and training (49%), informal workplace learning (45%), company training (43%), self-directed learning (41%), advanced professional education (43%), and distance education and e-learning (38%). Only about 2% of countries report no perception of impacts on employability while 15% did not know or answer the question. A slightly higher proportion of high income countries harbour positive perceptions of the LM impacts of AE, although at least half of the countries in lower income groups do as well. Yet, as mentioned, evidence on the overall incidence and distribution of AE activity suggest that positive perceptions in lower income countries do not necessarily translate into increased AE activity.
FIGURE 1. Percentage of countries reporting that policymakers perceive strong or moderate effects of at least some types of AE provision on employability

![Diagram showing percentage of countries reporting perceived effects of AE provision on employability by income level.](image)

Source: Adult Learning and Education Survey (ALES), 2015.

EVIDENCE ON LM OUTCOMES OF AE

Moving beyond the mere perception of the potential LM benefits of AE, an important question is whether there is any evidence that AE actually leads to favourable LM outcomes. Figure 2 shows the proportion of countries who report that they have evidence for the impact of AE on LM by income level. As expected, not all countries report that they necessarily have the evidence to support their perceptions of the positive impact of AE on the LM, but a very high proportion do. Globally, more than 4 out of 10 UNESCO countries (43%) report having evidence which is about 80% of those who report positive perceptions among policymakers. Moreover, Figure 3 shows that over half the countries (53%) report improvements to their knowledge base on LM outcomes of AE since 2009.
Gaining an overview of the evidence is challenging due to the fragmented nature of what is available as well as the diverse disciplinary understandings and methodologies underlying the study of the relevant relationships. The latter are grounded in a panoply of related but parallel bodies of research literature, each with their own set of terminologies, theoretical and methodological understandings, and specific themes of interest (e.g. transitions to the LM, human resource development, etc.). Moreover, the contexts in which the relationships are studied differ widely, invoking the need for a discussion on some of the key structural factors that can condition the relationship between AE and LM outcomes. The following provides a brief overview of some of the recent evidence of this relationship. Emphasis is placed on a range of studies which
span the globe and are helpful not only for revealing insights into the conditions in which benefits arise, but also the circumstances where evidence suggests there are no, or even negative, effects.

SUMMARY OVERVIEW OF EVIDENCE

Overall, there is ample evidence supporting the idea that AE has positive impacts on a wide range of LM outcomes, including enhanced: employment and career prospects; performance and earnings; job satisfaction and commitment to work; and, innovative capacities. However, there are also findings which suggest that is not necessarily the case in all situations. The LM benefits of AE are therefore not inevitable or automatic, and insights from research and evaluations are important for promoting better understandings of the conditions that may be necessary in order to secure the benefits of AE. Table 1 provides a summary overview of the potential LM outcomes of ALE and factors relevant to the conditions that play a role in securing the benefits.

Table 1. Summary overview of the potential LM outcomes of ALE and factors relevant to the conditions that play a role in securing the benefits

<table>
<thead>
<tr>
<th>LM outcomes</th>
<th>Existence of evidence of benefits</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skill development</td>
<td>Widespread evidence that ALE can enhance all kinds of skills</td>
<td>Relevance; skill demand and use at work, home and in community/society</td>
</tr>
<tr>
<td>Enhanced employment and career prospects</td>
<td>Strong evidence that ALE can boost employment and career prospects</td>
<td>Recognition of ALE</td>
</tr>
<tr>
<td>Earnings</td>
<td>Good evidence that ALE can boost earnings</td>
<td>Recognition of ALE; industrial relations; skill demand and use at work</td>
</tr>
<tr>
<td>Job performance and productivity</td>
<td>Good evidence that ALE can boost job performance and productivity</td>
<td>Relevance; skill demand and use at work</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>Good evidence that ALE is linked to job satisfaction</td>
<td>Gainful employment; self development</td>
</tr>
<tr>
<td>Commitment to work</td>
<td>Good evidence that ALE is linked to commitment to work</td>
<td>Job satisfaction; trust; opportunity</td>
</tr>
<tr>
<td>Innovatie capacities</td>
<td>Partial evidence that ALE is linked to enhanced innovative capacities</td>
<td>Commitment to work; trust; opportunity</td>
</tr>
</tbody>
</table>

AE is seen as a critical means to improving the skills of large sections of the population who are unskilled in many Sub-Saharan African countries. An important contextual factor in these countries is the relatively large informal LM, which is a cornerstone of national economies and of the livelihoods of a considerable proportion of the population (Adams et al. 2013). Moreover, in many African countries the formal training system in terms of training places, costs and accessibility is insufficient and fragile. In Malawi and Tanzania, this has led to apprenticeships in the informal sector to serve as one of the main providers of skills for the LM. According to their empirical analysis, Aggarwal et al. (2010) found in Malawi that graduates of informal apprenticeships easily found jobs. Nubler et al. (2009) found similar effects in Tanzania in terms of employment effects but they also found that graduates earn more than double. Further, substantial additional premiums are found when informal apprentices go on to take further formal or non-formal training. In short, investment in informal apprenticeships and further training in contexts where the informal sector is predominant pays off in terms LM outcomes.
Findings suggest that impacts in Africa are also positive in the formal sector. Studying the earnings and productivity effects of training among enterprises in the formal sector in Kenya and Zambia, Rosholm et al. (2007), found that while formal training had a positive impact in Kenya, it was informal training that mattered most in Zambia. They also found that the effects were stronger for longer training durations and also within larger firms. It is important to recognize that returns to training are shared between employers and employees. That is, employers expect to gain from training their employees and not all returns show up in the wages of employees. This in part helps to explain why larger firms may be better positioned to offer premiums to employees who undertake training.

Poverty in rural and urban contexts needs special attention. Wallenborn (2014) analyses the outputs and benefits of AE programmes related to beekeeping (mostly men) and food processing (exclusively women) in Tajikistan. At the micro-level, he found that many participants improved their income from traditional activities and productivity. At the meso-level, he found that the links which were initiated between the programme and local stakeholders (administration, business incubators) were central to the success of the programme. At the macro level, he found that the Ministry of Education’s hands on involvement with institutional problems such as dealing with gaps in teaching training programmes, equipment/infrastructure, cooperation with donors, resulted in a neglect of a systemic approach to ALE for the poor.

Social and cultural contexts can also impact the LM outcomes of AE. As an example, gender differences can be particularly sharp in Asia. Nearly ten years ago, Tan et al. (2007) noted the gender bias in India with regard to educational opportunities, highlighting that most industrial training institutes provide male-dominated courses (e.g. electronics and mechanics). Huge investments in VET programmes since then have aimed to promote LM participation and livelihoods including for women. Maitra and Mani (2014) examined the LM outcomes associated with a VET programme ran by NGOs in India which targeted women aged 18 to 39 in the tailoring industry. Using experimental methods, they found that the training programme not only contributed to increases in the probability of employment among participants but boosted entrepreneurship and earnings. In other cases, there is evidence that LM outcomes of AE are stronger for women than men. Tan (2012) investigated the outcomes of VET training in Sri Lanka over the period 1992 to 2004 and found that training improved the probability for both men and women of obtaining full-time salaried employment and boosting earnings, but results were stronger for women. Not least, the training also promoted job search and attachment to the LM.

However, a reemployment programme for housewives in Korea was found to be less successful. The participation rate of women in the LM in Korea is well below the OECD average (OECD 2015). Even if the Korean government revised the former Equal Employment Act in 2007 to prohibit gender discrimination in hiring, wages and promotions, Jang et al. (2012) found that only 13% of women who participated in the reemployment programme between 2008 and 2011 found jobs within six months of programme completion. Of those who found a job, only a little more than half found regular (contract-type) employment whereas the others found only temporary jobs. Moreover, it was the younger and more educated women who found contract jobs. Results of training programmes thus depend on LM conditions as well as wider societal norms.

In their analysis, the Department for Business Innovation and Skills (2013) in the UK found large and significant economic benefits associated with further education. They found that 35% of men and 29% of women report that they found a better job after having participated in further education, while 18% of men and 12% of women report that they received a promotion. About half of the men and 40 to 45% of women surveyed report that they received greater job security, improved their pay and promotion prospects and were now in jobs with greater responsibilities as a consequence of having undertaken AE. Moreover, nearly 60% report greater job satisfaction. Similar results on the link between training and satisfaction are found for the UK by Jones et al. (2008) and for Germany by Georgellis and Lange (2007) as well as Schmidt (2007).
Job satisfaction is not only an important outcome from an individual perspective but also from an employer perspective because it is related to organizational commitment (Bartlett, 2001). Organization commitment reflects the level of attachment felt toward the organization one is employed. The link between AE and organizational commitment has been found in several countries. Ahmad and Bakar (2003) found a link in Malaysia with results showing a strong correlation between the availability of and support for training and overall organizational commitment. Similar results are found in Turkey by Bulut and Culha (2010) whose results revealed that all dimension of training in their study affected employee commitment. Organization commitment is a component of the employment relationship that is increasingly being recognized as a necessary for harnessing the emotional and creative energies of workers so as to innovate and produce quality goods and services.

A broader link between AE and innovation was suggested by Cedefop (2010). In their report, it was reported that countries who show the highest overall AE activity are also the ones who exhibit the highest innovation performance. The correlation between AE activity and innovation was found to be stronger than between HE attainment and innovation. This suggests that tertiary education itself may not be sufficient, and that it may need to be complemented with training including workplace learning for it to make a significant contribution to innovation.

The scope and nature of initiatives and programmes are important aspects to consider. Differences may arise between within-company training that is non-formal and wider programmes and initiatives which relate to more formal structures of education and training. Moreover, public policy interventions may target particular groups or may emphasize supply based or demand based measures to promoting access to certain kinds of LM related training. Importantly, design and implementation features, particularly when programmes are large scale, can decidedly impact results. Chile implemented a large training voucher programme in 2011 aimed at strengthening the national training system, and in turn boost skills, employment and earnings. Grants were offered to low-wage working adults aged 18 to 60 to take up training courses at training organizations of their choice. No guidance was provided nor were there partnerships forged, for example among providers, employers or unions, in connection to the programme. Kaplan et al. (2015) report that only 30% of eligible adults participated and that the initiative did not have an impact on LM outcomes as expected. Overall, small negative impacts on employment probabilities and earnings were found especially among adults who wanted to switch the sector in which they were employed. However, women as well as the least educated among those who participated were more likely to experience positive results. The results suggest that a laissez-faire demand induced initiative among disadvantaged workers without strategic purpose or coordination among the stakeholders may not have much impact. The Chilean experience is in sharp contrast to other countries where social partnerships in public policy initiatives are commonplace. For example, experience in Denmark and Norway have shown that stimulating demand and generating good results among the most disadvantaged workers largely depends on targeting, outreach, strategic purpose and partnerships (Desjardins et al. in press).

In contrast, a market oriented initiative in India established on the basis of a Public-Private Partnership (PPP) via the National Skills Development Corporation in 2009 continues to show promise. It is characterised by a principled approach to provide funds to programmes that aim to meet the standards that employers have subscribed to and that lead to employment. The overwhelming response from the private sector to partner with the NSDC is a clear indication that a public-private partnership approach can succeed (Chenoy 2013). However, the biggest challenge lies in reaching the masses with quality training while at the same time keeping costs affordable (See Case Study 1 below).

An initiative in Sweden entitled the Adult Education Initiative helps to reveal some of the unexpected outcomes that can be associated with large scale programmes. While positive LM outcomes have been found as a consequence of the programme, the initiative did less to improve the earnings of those who completed the programme than it did to worsen the earnings of those who did not (Stenberg & Westerlund
This points to important social phenomena where individual or group level effects do not guarantee aggregate effects, and as such results need to be carefully contextualized within the wider social and economic context in which programmes are implemented.

CONTEXTUALIZING THE EVIDENCE

There are several key contextual aspects that are relevant for understanding the potential LM outcomes of AE and also for interpreting the existing evidence and trends. Three aspects are fleshed out here under the headings: social inequality, product market strategies, and recognition and status of AE.

SOCIAL INEQUALITY

High levels of social inequality can impact the level and distribution of LM outcomes associated with AE in a number of ways. It can also have implications for how available evidence is interpreted. Micro-level statistical evidence is particularly vulnerable to fallacies, especially if it is not interpreted within the wider economic and social context in which it was generated.

To illustrate, it is useful to consider the relationship between qualifications and earnings. A strong substantive relationship between the two as suggested by human capital theory implies that large inequalities in either will be associated with high prospective individual returns for those who attain qualifications. By extension, this would imply potentially high levels of social inequality in terms of access to highly qualified jobs and its concomitant benefits such as social status, earnings, and standards of living more generally. This can be observed when comparing the rate of return to qualifications in countries with higher and lower prevalence of qualifications. In high income countries, where the prevalence of qualifications is relatively higher, the average private rate of return to an additional year of education is found to be about 10%. In middle and low income countries, the prevalence of qualifications is lower, implying that the reward to qualifications is expected to be higher. This is the case for example in Brazil – a country with a relatively high level of social inequality – where the average rate of return to an additional year of education is found to be twice as high as in high income countries (Carnoy et al. 2013).

All else equal, this implies that micro-level statistical evidence may show greater impacts of AE on LM outcomes in more unequal societies. While greater impacts are good for individuals who succeed in obtaining better and higher paying jobs, the evidence may also be reflective of highly unequal societies and systemic underinvestment in education including AE and skill development. Moreover, the benefits experienced by one individual may simply come at the expense of another in terms of positional competition for good paying jobs and higher social status. That is, access to education or training that lead to recognized credentials may aid individuals climb the hierarchy of social relations rather than reflect substantive impacts such as on productivity. A key point here is that the search for evidence should go well beyond micro-level statistical evidence and involve qualitative accounts, as well as logical and structural forms of comparison at both the micro and macro levels. This is one reason why the context in which the LM outcomes of AE are evaluated must be carefully considered, taking account of the purpose, methodology and sectoral or other macro level factors. Notwithstanding, other micro-based methods such as observations of training on productivity gains at the company level show the benefits of AE in terms of productivity or value enhancing effects (Barron et al. 1997). Moreover, investment in education and training has indeed been linked to economic growth at the macro level confirming the productivity effects of education and training (Hanushek et al. 2011).

Unequal power relations which are reflected by the degree of social inequality in a given context also matter for interpreting the evidence, especially in terms of how they translate into LM practices and industrial relations. As mentioned, employees and employers share the potential gains associated with AE, and
depending on the context, the gain may not necessarily accrue to the individual in the form of higher wages. In fact, under exploitative and unregulated conditions, any added value caused by the AE, for example in terms of product or process innovation, entrance into new markets, or other impacts, may accrue primarily to employers and remain in the hands of the employer. This makes it more difficult to observe LM impacts of AE on the basis of micro-level statistical research.

Moreover, power relations can directly affect working conditions which moderate the impact of AE and workplace learning on LM outcomes. Skill formation is often approached as though skills were disembodied and were not a function of social and power relations. But identity, involvement, commitment, and trust are key socially-related aspects that relate to skills development (Tan 2012; Schmidt 2007). High inequality and polarization in the workplace may therefore be consistent with a low-skills, low-trust model of production based on routinization, but may be an impediment to a high-skill, high-trust model of production based on knowledge and innovation (Brown et al. 2001). While AE may lead to tangible impacts in either of these contexts, there are clear implications for the extent, nature, complexity and intensity of AE which is necessary to secure LM benefits in low skill vs high skill contexts.

PRODUCT MARKET STRATEGIES

Product market strategies can have an impact on the extent and nature of AE, and in turn be relevant for contextualizing the evidence on the LM outcomes of AE.

There is little doubt that productivity is crucial for sustaining and enhancing standards of living. Productivity can be driven by enhancing the value of goods or creating new ones (i.e. quality increases and innovation). This leads to quality-based competition which can lead to improved standards of living by driving up the value of products and services, and moving into new fields through innovation. Alternatively, productivity can be driven by efficiency gains which imply the production of same good but produced at a lower cost. This leads to price-based competition which can lead to efficiency gains, for example by producing standard products at lower cost. Efficiency gains can be crucial for improving standards of living, and are particularly important for the economic situation of the poor in transition and developing countries. For example, nutrition in rural areas will remain unstable unless local populations can produce sufficient food products at affordable prices. It is easy to see how AE can play an important role in this context (Welch, 1970).

However, competing in the open market on efficiency gains alone makes it more difficult to raise wages unless prices rise as well. Yet, competition in global markets places considerable pressure on prices making it difficult to raise wages on the basis of price-based competition (Brown et al. 2001). Thus competition on efficiency alone may be insufficient to translate AE and hence skill formation into enhanced and substantive LM outcomes. This is because without rises in wages, benefits are less likely to accrue to individuals and be observed as evidence of LM outcomes of AE. All countries have some companies that compete primarily on price rather quality, but the extent and intensity of either product market strategy varies. AE may be an important means to achieve productivity gains under both strategies, but the extent, complexity and intensity of AE will differ, as will the level of LM outcomes.

In circumstances that foster price-based competition, employers may have little incentive to invest in AE. Low-skill equilibriums can thus ensue if the majority of employers in a particular region pursue low-skill production strategies and become inter-locked with a low-skilled workforce. Employers pursuing price-based competition strategies based on low-quality and standardized production require only a limited range of low-level skill from the bulk of the workforce (Lloyd & Payne 2006; Finegold & Soskice 1988). Even if such strategies leave the local workforce vulnerable to displacement because of innovation and competition on global markets, workers have low incentives to remain in education because local employers are neither seeking high levels of skills, nor are they willing to reward high levels of skills. Employers have little incentive to upgrade production processes or workers’ skills since this can undermine their price-based competition
strategy. Even if employers eventually did want to upgrade their strategy or innovate, managers may be hindered to do so because the local skill base would remain inadequate due to low investment by both individuals and employers. Research has clearly linked product-market strategies to skill supply and skill demand (Mason 2011; Buchanan et al. 2010; Evesson et al. 2009) suggesting that policy makers need to be mindful of taking a balanced approach to improving both the supply of, and demand for, skills in local markets (Froy, Giguère & Hofer 2009). Examples of governments seeking to help local economies move production up the value-added chain and enhance economic performance exist (see OECD 2010a; Scottish Government 2007). This is particularly attractive in stagnating regions or sectors which are characterized by a low-skill equilibrium because these can generate unfavourable local economic conditions. In many transition and developing countries, the prevalence of low skills makes it more difficult to boost productivity and income via innovation.

The ongoing processes of globalisation and opening up of economies as a result of liberalisation policies are likely to continue to have a serious impact on developing countries. Krishna (2005) argues that the advantage of cheap labour, and local resources for small production units, which sustains a significant proportion of the informal sector, will not last. The extent of new technologies, particularly in ICTs, biotechnologies and micro-electronics, relevant to workers and units in the informal sector will depend on the level of skill adaption in the sector. In the same vein, Panth (2013) suggests that South Asian countries must use their emerging priority investments in energy, transport, municipal services and green technologies, as one of the key drivers for funding skill programmes that meet quality assurance requirements. This, he argues, will require ensuring synergy between secondary education, higher education and AE to ensure a balanced development at all levels.

RECOGNITION AND STATUS OF AE

Expected rewards to AE are important because they affect motivations and aspirations of individuals. This follows from expectancy-valence theory mentioned earlier (Rubenson 1977). But this presumes some kind of recognition for having undertaken AE. OECD (2010b) noted that the recognition and validation of AE is thought to be crucial for motivating individuals to invest in AE and take on associated risks.

The relationship between specific AE initiatives and national qualifications frameworks as well as the existence of Recognition of Prior Learning (RPL) mechanisms can thus be an important factor moderating the observed impact of AE on LM outcomes. If prior AE and other learning are not recognized they are less likely to lead to observable outcomes such as higher earnings, even if there may be genuine productivity effects within firms or at the aggregate level. Thus the extent to which AE provision seamlessly contributes to recognized qualifications on LM is an important means by which AE can be identified to have value or impact on LM, albeit in limited ways, but also in terms of individual motivation (OECD 2010b).

Among high income countries, those that show evidence of strengthening their adult skill profiles and enhancing the value of AE in relation LM outcomes are continually developing their AE provision structures precisely in terms of seamlessly connecting non-formal types of AE to formal qualifications (e.g. Finland and the Netherlands) (Desjardins et al. in press; Singh, 2015; Singh and Duvekot, 2013). Namely, continuous effort is made to build linkages between diverse sets of provision for LM reasons back to the regular system of education and hence to formally recognized education and learning of all kinds. In developing countries too, such as Ghana, Mauritius, China and India, AE is being tied to formal qualifications. For example, the new national qualifications system in Ghana is expected to involve the recognition and assessment of non-formal education which is closely linked to skilled trades (Baffour-Awuah 2013). A marker of success in

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1. Workers in low-skill match situations are the least likely to invest in themselves and also the least likely to receive employer support for developing or sustaining their skills (see Desjardins, 2014).
fostering the development of skills for the LM is a highly diversified and flexible set of provisions. One that recognizes the multi-dimensional nature of AE provisions via non-formal education opportunities and connects them to qualifications that parallel or are equal to those that can be attained within the regular education system. By extension, the level of institutionalization with respect to policies, national qualifications frameworks and existence of RPL mechanisms, which give structure and quality-assurance to the chaos of programmes across the vocational-general and the formal-non-formal and informal learning divide/continuum, is a crucial contextual factor (Singh, 2015; Singh and Duvekot, 2013; UIL/ETF/Cedefop, 2015).

By implication the ‘status’ of qualifications associated with AE related qualifications matter. For example, qualifications linked to parallel non-formal systems or lower tier tracks as ends in themselves can also have positive impacts, but such qualifications can adversely affect individual motivation and also individual benefits. From a system level perspective, these can be crucial for meeting the needs of industry and the LM, but these can lead to disincentives by both individuals and employers because they carry lower status and stigma. For example, formal AE, i.e. the acquisition of formal qualifications beyond the normative age, has been found to have no measurable impact on individuals’ wages in the UK context (Jenkins, Vignoles, Wolf, & Galindo-Rueda 2003) since this type of AE may be deemed a signal of lower ability by employers and reflect adults that may be less motivated or less able (Feinstein, Galindo-Rueda & Vignoles 2004).

CASE STUDIES

The following studies are helpful for illustrating some of the issues discussed and the need to contextualize the observed evidence. Two cases are offered. One involves India’s initiative to create a public-private partnership training initiative through the National Skill Development Corporation (NSDC). The other discusses an initiative in Finland that offers adults a flexible approach to renew and maintain vocational competences.

CASE STUDY 1. PUBLIC-PRIVATE PARTNERSHIP TRAINING INITIATIVE IN INDIA

As part of a unique experiment in India, the National Skill Development Corporation (NSDC) was launched in October 2009. Its’ mandate is to upskill 150 million people by 2022, emphasising the needs of 20 high growth sectors as well as the informal sector (Government of India 2009). NSDC is a Public Private Partnership (PPP) with government ownership restricted to 49 per cent and the remainder in the hands of stakeholders representing private sector interests including three National Industry Associations/Chambers of Commerce and seven sector-specific industry organizations. Funds are managed through a trust, namely the National Skill Development Fund (NSDF), which seeks private funding. NSDC’s training partners coordinate with the respective industry-led Sector Skill Councils (SSCs) to facilitate accreditation, assessment, certification and employment. Skill development projects are evaluated on the basis of market demand and quality. Several private enterprises and philanthropic foundations have contributed funds amounting to nearly $300 million. Additionally, trainees pay a fee of about $110 but unsecured loans are made available and fees are in some cases covered by employers. By June 2012, over 2,010,000 people across India were trained in connection to the initiative. Over 2,000 employers are currently meeting their needs for skilled manpower from NSDC industry partners. NSDC is planning to extend its’ communications campaign to foster demand for skills training (Source: Chenoy, 2013).

CASE STUDY 2: RECOGNITION AND VALIDATION OF VOCATIONAL COMPETENCIES IN FINLAND

Finland features a Recognition, Validation and Accreditation (RVA) system that emphasizes competence-based vocational qualifications. It offers a flexible approach to renewing and maintaining vocational
competences and is linked to the formal qualification system. The idea behind competence-based vocational qualifications is that candidates must meet certain requirements, which are described in terms of learning outcomes and competences (acquired formally, non-formally or informally e.g., in the workplace), and which can be acquired by combining different learning methods to fit a candidate’s needs. Competence-based qualifications are defined in terms of three levels: (1) upper secondary vocational qualifications focus on competences necessary for entry into employment; (2) further vocational qualifications focus on adding to the competence base relevant to the field or work; (3) specialist vocational qualifications focus on competences needed for the most demanding tasks within the field of work. Moreover, through the acquisition of competence-based qualifications adults are eligible to apply for admission to study programmes at polytechnics or universities. The system is characterized by an elaborate support system based on “individual plans”. Individualised support has not only resulted in a steady increase in the numbers of adults seeking recognition, it has promoted greater cooperation among employers, workers and the education sector. The assessments are open to everyone, regardless of age, work experience or educational background. Assessments are carried out by experts in the field of training as well as representatives from the relevant field of work. As part of the quality assurance, the awarding body is separate from the training and test provider (Source: Singh, 2015a).

CROSS-THEME INTERACTIONS

LITERACY AND THE LABOR MARKET

Literacy is a cornerstone of the Belem Framework for Action with signatories bringing it to the forefront of the agenda. Not only is literacy increasingly an essential skill in the LM necessary for workers to function effectively, efficiently and safely, but also for adults to navigate the LM (Currie et al. 2008), and cope with displacement caused by economic restructuring and other labour adjustments. Currie et al. (2008) showed that literacy is strongly connected to LM knowledge among young Canadians aged 18 to 30, suggesting that literacy interventions can help to boost LM knowledge for the most disadvantaged adults and in turn be good for promoting job search and attachment to the LM.

Public policy officials in a number of countries have over the last 10 years enacted initiatives which aim to improve the literacy skills of the most disadvantaged adults in ways that are directly connected to the LM. Examples include the Basic Competence in Working Life Programme in Norway and various Literacy and Essential Skills programmes in Canada. Myers et al. (2009) conducted a review of the most promising Canadian workforce programmes focusing on literacy and essential skills. Their study generated a number of key insights. First, they found strong agreement among all informants that effective literacy and essential skills programmes require a delivery stream that is distinct from other community literacy programmes, and that extensive training must be a core component of any effective programme. Second, they found a strong consensus on the importance of a partnership approach, and the need for customization tailored to the needs of workers. In fact, partnerships were identified as one of the most important success factors of a region’s workforce development system. They were found to be particularly helpful in enabling stakeholders to work together to identify, assess and prioritize their skill and knowledge needs. Third, it is important to create learner pathways for adults with low literacy skills which connect skills upgrading with employment and further education and training. Fourth, an important lesson is that building up community based provision of AE that is well connected to the LM is a crucial element but it is not enough. A key challenge is to stimulate demand and involvement by adults with low levels of literacy proficiency but also to engage employers in all aspects of employment development programmes, including design, providing work experiences and changing recruitment practices. Lastly, results highlighted the need for government intervention particularly financial support, and the need for outreach activities to stimulate demand.
Non-formal literacy and essential skills programmes are successful when they adopt an integrated approach combining life-skills with technical and vocational skills. The recognition of the skills participants already possess is a major factor to empower adults and motivate them to take up self-directed learning.

WORK-LIFE BALANCE

Since the Fifth International Conference on Adult Education, held in Hamburg in 1997, work-related adult learning has been an important thematic issues in the CONFINTEA process. An important conclusion of the Roundtable “...work-related adult learning has vocational, cultural, social and political dimension and to ignore any one of these would mean an impoverishment of adult learning as well as of the workplace” (UIL 1999, p. 17).

Thus provisions that cater to personal, social, political and cultural motivations relate to those that have LM implications. Importantly, they may be a key pathway to developing employability and productivity on the LM. Indeed, some countries emphasize a flexible combination of different provisions over the lifespan for different purposes toward recognized qualifications on LMs. For example, Denmark has sought to integrate basic skills training into various provisions that are non-labour market oriented, and yet may be combined using a flexible and modularized approach with LM related training, and eventually lead to a recognized qualification. This is important because it recognizes the multi-dimensional nature of motivations that drive adults to take up AE and further learning (Rubenson 1999).

CONCLUSIONS

1. FOSTER A BALANCED EVIDENCE BASE TO INFORM POLICY

Evidence that AE actually leads to favourable LM outcomes can be a powerful motivator for individuals to undertake AE, and for firms and governments to support and finance AE. There is much evidence to suggest that AE is strongly connected to individual benefits, organisational success and good overall labour market functioning. However, it is necessary to carefully contextualize what the available evidence may imply for strategic policy making, and thus to foster a balanced evidence base. Increasingly, in many policy and research circles micro-level statistical research and experimental methods are seen as synonymous with ‘evidence’, and as the gold standard for informing policy making so as to achieve the ideal of evidence based policy making. While results generated from these types of studies can be helpful for informing the debate they often produce a fragmented and incomplete picture; circumstances that are not helpful for making informed decisions. Given the difficulty in measuring or quantifying many of the relevant factors needed to get a good overview of the LM benefits of AE, other analytical methods are necessary. For example, interpretation of results from such studies need to carefully contextualized and often depend on good qualitative accounts as well as logical and structural forms of comparisons, such as between investment in large vs small firms, or between high, middle and low income countries. It is thus important to build up data on relevant aspects of the LM outcomes of AE but also systematized accounts of the relevant relationships which draw on a wide base of methods. To be sure, the LM benefits of AE are not inevitable or automatic. As such, it is not evidence on the existence of the LM benefits of AE that matter most per se but rather evidence that fosters a better understanding of the conditions necessary to secure the benefits. Taking into account the context is crucial. For example, AE interventions in fragile social contexts cannot easily be compared to approaches found in high income countries.
2. **INSITUTIONALIZE FLEXIBLE AND DIVERSIFIED AE PROVISION STRUCTURES THAT RECOGNIZE AND VALUE ALL KINDS OF ADULT EDUCATION AND LEARNING**

High quality AE systems go hand in hand with well-functioning LMs. Features of advanced AE systems include flexible and diversified provision (Desjardins, in press). These can be important in extending opportunities to otherwise disadvantaged adults who tend to face obstacles to learning and education much more intensely than more advantaged adults. Curriculum and exams that are adapted in ways that seek to incorporate the interests of adults and recognize their prior experiences they bring to the table can be crucial for motivating individuals and stimulating demand to invest in AE for LM reasons. Strong emphasis on vocational training and LM needs, without recognition of learning and experiences undertaken for personal and social reasons can act as a barrier, particularly for disadvantaged adults. Moreover, it is important to create learner pathways for adults with low literacy skills which connect skills upgrading with employment and further education and training.

3. **DEVELOP NEEDS BASED AND CUSTOMIZED OPPORTUNITIES FOR LOW SKILLED ADULTS**

Targeting and outreach, especially to adults with little or no qualifications, has to be flexible by encouraging any kind of learning and development, focusing on relevance, needs, recognition of prior individual experiences, and other individual or organizational aspirations. A holistic approach is necessary because the costs of low skills extend well beyond the LM, featuring ecological and social consequences. This is particularly important in fragile social contexts.

4. **PROMOTE COORDINATION AMONG STAKEHOLDERS IN DEVELOPING SKILLS FOR THE WORKFORCE**

Partnerships are one of the most important success factors of a nation’s workforce development system. They are particularly helpful for helping stakeholders to work together to identify, assess and prioritize skill and knowledge needs. Social partnerships, negotiated stakeholder agreements or public-private partnerships are useful models that commonly include strategic AE funds.

5. **MITIGATE THE NEGATIVE ECONOMIC AND SOCIAL EFFECTS OF LOW-SKILLED LABOUR**

Stimulating demand for AE among disadvantaged adults is perhaps the most challenging for public policy. Wider institutional and policy frameworks can play an important role in mitigating the negative economic and social effects of low-skilled labour by fostering the development of advanced AE systems which support value-added and quality production. Efforts must include the development of the low-skilled workforce to foster good labour market functioning and promote development and well-being.

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