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The Five Obstacles that Hamper Better Understanding of Graduate Labour and Skills

*Susan James¹, Chris Warhurst², Jo Commander³,
Kimberley Lindsay¹ and Gerbrand Tholen¹*

Summary

This Issues Paper focuses on understanding the supply, demand, development and deployment of graduate skills. Successive governments across the UK have sought to expand higher education. The assumption is that this wave of graduates will be used differently in the workplace, in turn pushing firms up the value chain, thereby creating a high skill, high valued-added economy. While policymakers have not questioned the importance of graduate skills, more recently there has been at least some recognition that demand matters as well as supply. However policy thinking is not helped by the differing academic accounts of the impact of graduate labour. This Issues Paper sets out the limitations offered by these differing accounts and argues that they highlight the methodological and conceptual limitations of current research of graduate labour. These limitations are obstacles that need to be overcome to improve both academic understanding and government policy thinking about the impact of graduates in the workplace.

Introduction

Graduate labour matters. Government places great stock on its development and deployment in UK workplaces as a source of improved economic competitiveness. To date the expectation of graduate labour and its role in improving economic competitiveness has proved unrealistic. In parallel, academic accounts of the impact of graduate labour have resulted in an insufficient understanding of the issues involved in the supply, demand, development and deployment of graduate skills. This Issues Paper provides a short overview of policy thinking and of these academic accounts. These overviews are used to point out how future research of graduate labour needs to be better framed, methodologically and conceptually.

The Policy Drive Behind more Graduate Labour

Successive governments across the UK have long held a belief in the power of upskilling as the route to economic competitiveness. According to the Leitch report (2006) investment in increasing participation in higher education (HE) will result in an improved labour supply benefiting workers, employers and the nation. The UK government is putting pressure on universities to offer courses aligned to the jobs market (Willets 2010), and businesses are told to engage with the education sector to guarantee that the skills that they need are integrated into university courses (CBI 2010)⁴.

The drive for more graduate labour has some support, or at least is made understandable, by reference to

¹ SKOPE, Department of Education, Oxford University.

² Business School, University of Sydney

³ SCER, University of Strathclyde.

⁴ We recognise social mobility is also a key policy concern with regard to HE expansion but this issue is not addressed in this paper.



academic debates about skill equilibriums: firms operating in high value added market segments have higher skilled workers; firms operating in low value added market segments have low skilled workers typically (Finegold and Soskice 1988)⁵. Government legitimisation for expanding HE thus assumes that external workforce development (the improved supply of workers with more, better skills) impacts on organisational development (the need to make better use of these highly skilled workers), which then triggers business development (the need to accommodate these changes by pushing the firm up the value chain).

However this assumption is misaligned with reality. An increase to 45.5 per cent in the participation rate in HE (DBIS 2010) has failed to deliver superior national competitiveness. Moreover with the current economic downturn, around 20 per cent of recent graduates are unemployed (ONS 2011). Despite these inconvenient truths, there is still a belief that graduate skills are important for leveraging the country out of the downturn.

Whilst having difficulty jettisoning a belief in the efficacy of supply-side interventions to increase the supply of graduates in the labour market, government policy thinking across the UK has shifted somewhat recently to recognise the importance of employer demand for these skills. Employee skills and how they are utilised are now more recognised to be a 'derived demand' (UKCES 2009). To reverse the previous argument, there is some appreciation that business development drives organisational development, which in turn drives internal workforce development. As such, skills are a third or even fourth order issue for employers (Keep and James 2010). Unfortunately, little research evidencing actual enhanced graduate skill utilisation in the workplace exists (Keep and Mayhew 2010).

Conflicting Academic Accounts of the Current Problems with Graduate Labour

This policy shift to recognising that the demand-side matters too has occurred whilst understanding of the impact of graduate skills is patchy. It is recognised that graduates continue to enter jobs in the traditional professions (i.e. SOC major group 2) requiring Level 4 (i.e. degree level) qualifications. However, with their increased supply, graduates are now also entering occupations previously non-graduate (i.e. SOC major group 3) and which previously required Level 3 (sub-degree level) qualifications. This cascade in the occupational hierarchy has led Elias and Purcell (2004)

to redefine a 'graduate job' to be those jobs that graduates do rather than graduate jobs in the traditional professions.

Beyond this cascade, and in the absence of robust research, academics have struggled to understand what is happening to graduate labour, with a number of differing accounts being offered. Some claim a 'skills mismatch', whereby the supply of graduate skills is outstripping employer demand, resulting in an over-qualified workforce (Felstead et al. 2007). However being a graduatised occupation can be a strategy, enabling some occupations to intentionally pursue a professionalisation project whilst the nature of work within these occupations remains relatively unchanged. Both nurses and physiotherapists, for example, have climbed up the SOC hierarchy through a demand for graduate-only entry (Anderson 2009).

'Multiple matching' has also been suggested, with graduates from different types of universities servicing different levels of occupation (Chillas 2010). Old universities' graduates enter the traditional professions and newer universities' graduates the associate professions. This translation is causing a tight coupling of university type and occupational pathway, but with no real suggestion that the skills for these two levels of occupation have converged. Part of the problem is that, even if useful, such accounts are limited because they are derived from labour market surveys, most obviously, the expansion of graduate entry to non-graduate jobs rather than an empirical examination of the use of graduate skills in the labour process of these jobs.

Other accounts argue that the possession of a degree acts simply as a labour market signal of ability with an open question about this ability's actual use in the labour process. Quite rationally, employers, faced with a better qualified workforce, select workers with better qualifications. Employers are often unaware of the actual skills possessed by a new hire and the worker's productive capabilities can be under-employed, at least in the short-term. Having a degree is therefore mainly a labour market ticket, disconnected from the demands of the labour process (Warhurst and Thompson 2006).

Consequently, there is a need to distinguish between the 'skills' that: a) graduates possess prior to entering higher education; b) acquire through higher education; c) are required to demonstrate in order to obtain employment; and d) are required to be deployed in work (Brown and Hesketh 2004). It is noteworthy that many of these 'skills' are not accredited skills but 'soft skills' analysed through the conceptual lenses of emotional and aesthetic labour and, which in the past, might simply have been associated with personality or acquired through familial socialisation (Warhurst and Nickson 2007).

⁵ The drive for more graduates in the labour market seems also to be motivated by the idea that advanced economies are involved in a competition for the global supply of high-skilled, high-waged jobs through the superior capabilities of the workforce (Brown and Hesketh 2004).

In addition, enveloping but not exclusively focused on graduate labour, it is now recognised that supportive evidence for skills equilibriums tends to be drawn from manufacturing examples and in national regulatory regimes different to that of the UK, an economy of course that is dominated by services (Hogarth and Wilson 2001). Moreover even within particular national regulatory regimes, firms' skill utilisation can vary by industry, with some industries merely being exhorted to upskill, others having statutory requirements to do so. Thus firms in different industries are required to have different workplace skill deployment – certified upskilling has occurred in financial services but not the hospitality industry because the former is now subject to tighter government regulation for example.

What emerges from these differing accounts is a pressing need for better research about the acquisition and utilisation of the skills possessed by graduates. This research needs to disentangle the various skills supplied, demanded, developed and deployed by graduates in the UK, and which is also sensitive to regulatory and industry differences as well as its impact on non-graduate workers.

The Five Obstacles to Better Research of Graduate Labour

Unfortunately current research designs are fundamentally flawed methodologically and conceptually. In particular, we argue, there are five inter-related weaknesses that obstruct better research:

1. The type of analysis employed is specifically an aligning of skill with occupational classifications. The analyses centre on labour market developments and not labour process requirements. Simply highlighting the employment tendencies of graduates does not indicate if the jobs actually require high(er) skills.
2. The focus of analysis is myopic, centred entirely on qualifications as a proxy of the skills required to obtain employment. Keep and James (2010) highlight the paucity of research examining whether or not the solicited skills at the point of recruitment are then utilised at work. Also, with the flood of skilled graduates, employers could be unconsciously inflating credentials.
3. The focus of analysis is undifferentiating. First, the old and newer graduate occupations in SOC major group 1, 2, and 3 are together presented as high-skilled or knowledge-based work. Yet these groups comprise a wide array of occupations (from shopkeepers to professional cricketers, from comedians to dentists) and performed by a wide variety of workers, using

many types of skills and different knowledges (see Blackler 1995). Utilising the aggregate of these major occupational groups is highly problematic as it oversimplifies the role of knowledge and skills as well as the vast differences within these groups. Second, existing accounts of the graduate labour market and classifications of jobs that are or are not 'graduate' conflate skills and knowledge, not appreciating that the two are conceptually distinct. Thus the skills that graduates acquire through higher education might be deployed in a job but not the knowledge, whether degree relevant to that occupation or otherwise.

4. The conceptual scope of analysis is limited. Building on point two, there is no analysis of the labour process and the potential range of skills necessary to do the work within the job. If any of the policy arguments, old or new, are to be evaluated, there is a real need to analyse if employers use the boosted supply of graduate skills to lever changes in the labour process, innovatively upgrading work tasks and responsibilities.
5. The empirical scope of the analysis is limited. First it is confined to graduate entry to previously non-graduate occupations, ignoring the impact on non-graduates in these occupations. As current research acknowledges, a simple dichotomy may not exist which demands an occupational shift from being a non-graduate and graduate. Rather, a hybrid of higher education acquired skills and non-higher education skills might occur. Since the focus has been predominantly on higher education institutions, in-house training and qualifications have not been studied. Second, and to add to the complexity, different market segments potentially require a different utilisation of skills. Third, as we have noted, research tends to focus on manufacturing industries, while the majority of UK jobs are in the service industry. Research needs to be focused on the areas where it is most applicable.

Conclusion

If better academic understanding of graduate labour is to be achieved, these methodological weaknesses in research design need to be addressed. What is required is new research that examines skill supply and demand, and the development and deployment of these skills. Such research needs to reconfigure the type, focus and conceptual and empirical scope of analysis and be clearer in its thinking with regard to graduate skills, work and employment. This analysis must extend beyond the

labour market and into the labour process. Sensitivity to the potential effect of different business strategies and regulatory regimes needs to be paramount. It is also necessary that this framework reflects the growing sector of service jobs in the UK, and is aware of the impact on non-graduate labour. From such research government thinking about upskilling can be better supported and the efficacy of policy determined.

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