**Summary findings of literature review**

**The role of higher education institution employability practice in graduate labour market outcomes: weak evidence, labour market imperfections, moral panic and the neglected equity perspective**

# Introduction

The global economic crises and the social problems associated with unemployment, and in particular with youth unemployment, have reinvigorated public debates around the contribution of higher education to employability.

Higher Education (HE) has expanded gradually since the Second World War (Lee & Lee, 2016) and in 2017, one third of the EU-28 population aged 25 and over had completed tertiary education (Eurostat, 2018, p. 8). However, many graduates are not able to access the employment and earnings benefits historically associated with earning a degree (Hermannsson, 2016). For some graduates, time and money invested in education do not translate into the expected economic and social benefit.

The issue of graduate labour market outcomes translates into increasing pressure for Higher Education Institutions (HEIs) to adapt curricula timeously to reflect changes in fields of knowledge and introduce elements of employability and Work-Based Learning (WBL) to foster skills and align them with market needs.

Over the last decades, employability support units in higher education have flourished prompted by the pressure to enhance graduate employment skills, a measure which has also been highlighted in several EU documents. However, one significant obstacle for improving graduate attributes and employability outcomes is that academic and administrative staff working on programme and course development are not labour market experts and therefore may be unable to identify and utilise available information on skills demand.

Against this background, this paper sets out to identify where the research frontier sits on employability practice, intended as activities to improve employment outcomes of individual graduates and distribution of outcomes between privileged and disadvantaged groups of graduates. We examine three research questions: a) What are the key challenges for enhancing employability programmes and graduate outcomes? b) What is the stated or implied theory of change underpinning employability practice in HEIs? c) What methods are used to evaluate employability practice and how robust are they?

1. **Youth employment and employability programs in the higher education system**

In the literature on labour market participation, young people are often considered as outsiders, as they are characterized by disadvantaged conditions and less opportunities, as well as temporary and non-standard work arrangements, particularly if compared to other groups like, for instance, middle-aged males, that typically have permanent working positions (Lindbeck & Snower, 2001; Emmenegger et al., 2012).

This is somehow paradoxical, as younger generations are on average better educated than older cohorts. However, when caught in the school-to-work transition phase, they often lack the job experience requested by employers. Therefore, stable employments in permanent and well-paid jobs are quite hard to reach for young labour market entrants.

In this context, the debate on policy making often shifted to the role of educational institutions and programmes in preparing young people for labour market entrance, addressing the necessity of both increasing qualifications and job-related experience. In this sense, higher education institutions are assumed to upgrade their role from merely being providers of knowledge that increases the human capital endowment of their students, to become providers of work-ready skills, as well as train and prepare graduates to have a successful school-to-work transition experience

Indeed, creating coherent pathways that lead from school to more stable employment is assumed to provide lasting benefits, helping students to acquire working experience that will help them enter the desired career field, and this is particularly so in a knowledge and learning economy (Lundvall, 2016) that obliges workers to become more flexible and adaptable to technological and production shifts. To this extent, work-based learning (WBL) might represent a suitable strategy to prepare graduates for a more learning-intensive work and a way to retrain efficiently the workforce.

Various forms of policy initiatives have been therefore promoted by EU and OECD countries to foster WBL as a crucial component of the skills agenda. From the corpus analysed, this is illustrated through courses combining class and work-based learning (with various tools and modes) by HEIs and faculties, as a way to adapt and improve the curricula offered to students.

1. **Systematic literature review: Methods and descriptive findings**

The purpose of the literature review is to systematize available evidence on the design of different employability programmes in higher education sector, as well as their interactions with the educational and local economic context.

The review selected 155 scientific papers from SCOPUS and JCR using the search terms based on six combinations of keywords previously agreed by the project consortium and consulted with stakeholders. We proceeded to review 87 of these following a screening process. The literature for the review was initially conducted in two ways: i) a search in Scopus; and ii) literature recommendations solicited from a project advisory board made up of expert practitioners and researchers. Some of the references cited by the authors of these studies were also reviewed. This approach to the sources of the literature, combined with the selection criteria and the use of quality control, resulted in a total of 87 academic articles, studies, reports, and peer-reviewed books.

The data gathered was organized in an extraction form which enabled us to systematize the evidence and contextual information about the corpus. Additionally, we proceeded to rank the quality of the studies surveyed using criteria devised by Gorard et al. (2019). We find that the corpus is dominated by case studies of higher education institutions in the US and the UK with few exceptions, mainly from East-Asia and Australia.

1. **Key themes in peer-reviewed academic research on employability**
	1. **Graduates labour market outcomes**

HEI Employability programmes are deemed to provide faster transition to employment for graduates. However, most of the studies in the corpus do not assess empirically graduate labour market outcomes. Rather, they focus on the characteristics of WBL training, looking at possible benefits for the students in terms of future opportunities in the job market.

The alleged chief advantage on the students-side refers to the development of generic employability skills to the notion of a “work ready” graduate, with discipline-specific knowledge and industry-specific skills developed through experience in the workplace (Pegg & Caddell, 2016). This “work ready” element implies a reduction in uncertainty in terms of future working perspectives, especially if compared with more general training programmes (degree studies) that do not provide equal possibilities to find a job in the short term.

This aspect could make employability training more attractive for a part of the population that has a lower risk propensity and who sees this applied training trajectory as more appropriate with respect to their starting position.

## **Firms, context and labour market imperfections**

From a business point of view, firm participation in employability programs depends largely on its cost-benefit assessment. This aspect is related to the intrinsic conditions of the company (i.e. size, productive sector, type of production or local environment) and generally represents an important barrier in terms of the expansion of an employability program.

One of the dilemmas of work-based training is that all companies can benefit from better-educated graduates, but this does not mean that each of the companies has sufficient financial incentives and human resources to decide to train students themselves. The size of the firm largely determine the cost and availability of trainees. This is one of the main reasons why firms that are involved in employability programs are medium-large firms. In this sense, the incentives set from governments and local institutions can help to incentivize firm to have higher education students. In contrast with TVET sector, where there are schemes that share the training cost between government and firms, HEIs do not have neither the resources neither the scale of operation to set such a scheme independently.

## **HEI and characteristics of the programmes**

Usually, the practice of work-based learning includes a non-systematic and wide range of activities, going from brief visits to worksites, or job-shadowing to observe the process of work, to school-based enterprise, work-placements, internships, and apprenticeships (Stern, 1999).

HEIs are essentially the initiators and the key players in setting and governing employability programmes. The involvement and ties with local environment and economy varies largely by type and historical mission of higher education institutions.

In order to create and maintain good WBL experiences for their students, there is a need for HEIs to take a systemic strategic approach, based on long term relationships with employers

1. **Discussion and conclusions**

Main findings:

* HEIs are not all the same. There are wide differences in WBL activities by type of university and the degree subject
* Most WBL initiatives are HEI-led, and driven by local economic context, literature points to the need for a strategic top-down approach within universities
* Students are not all the same. There is much evidence that WBL needs to be well designed to assist those from a lower Sociological background overcome often unseen barriers
* There is need for much broader empirical research on WBL interventions to highlight where improvements can be made to assist all students have equal opportunities for appropriate employment

# References

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