

Skills for tomorrow: The role of labor markets in skill formation

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Skill accumulation on the job

- ✓ A substantial amount of lifetime human capital is accumulated after leaving formal schooling and while on the job (more than half in the US)
- ✓ **Which is the contribution of the workplace to skill formation?**
- ✓ Three main channels for skill accumulation:

- Training



- Learning by doing



- Learning from peers



- ✓ How important are these channels in Latin America?

Measures of job-related learning and skill accumulation

✓ Measures of **skill accumulation**:

1. Compared to when you started working in current employment, how your **technical/personal skills** (related to the professional performance) have changed? (From 1 “They have worsened a lot” to 5 “They have improved a lot”)
 - Technical skills: IT knowledge, job-specific skills, firm-specific skills, etc.
 - Personal skills: team work, leadership, interacting with workmates, negotiating, etc.

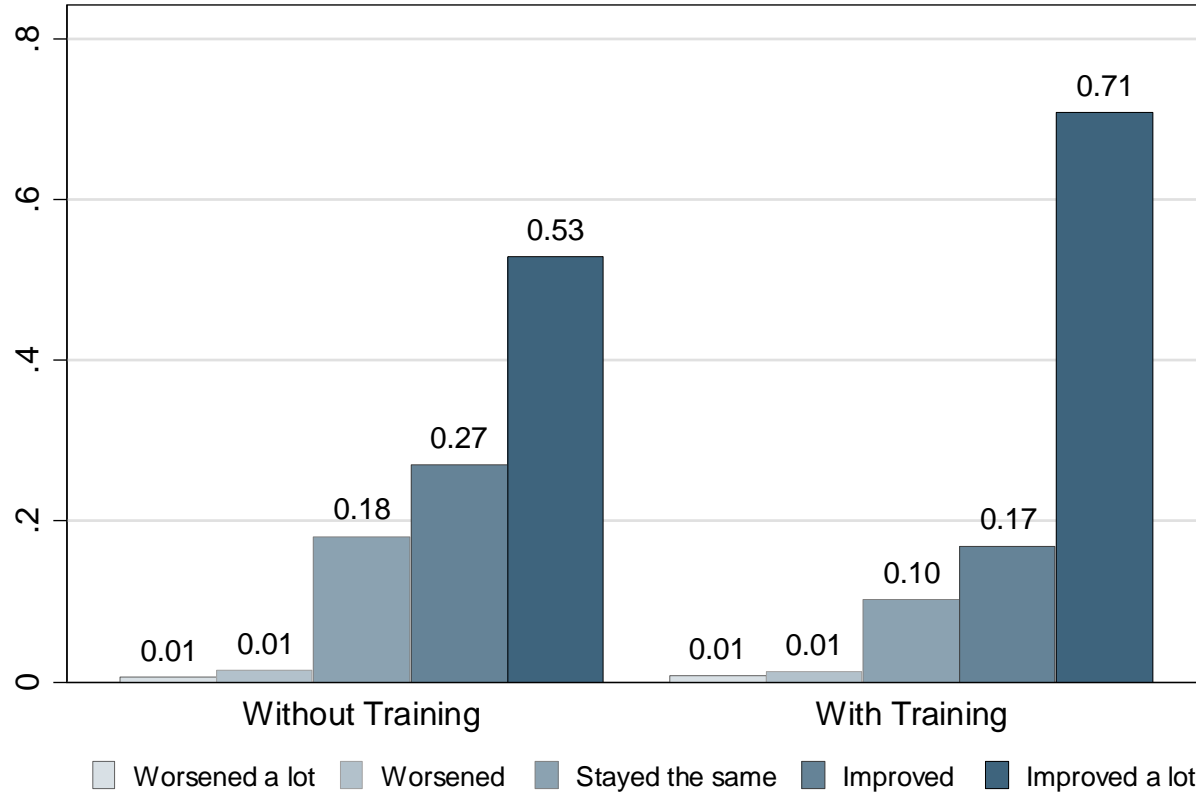
✓ Measures of **investments in skill formation**:

1. **Training**: Have you participated in training or learning activities organized by your employer during the last 12 months? (yes-no)
2. **Learning by doing**: How often does your job involve learning new things through practice? (From 1 “never” to 5 “always”)
3. **Learning from peers**: How often does your job involve learning new things from supervisors/colleagues? (From 1 “never” to 5 “always”)

Work-related skill accumulation: training



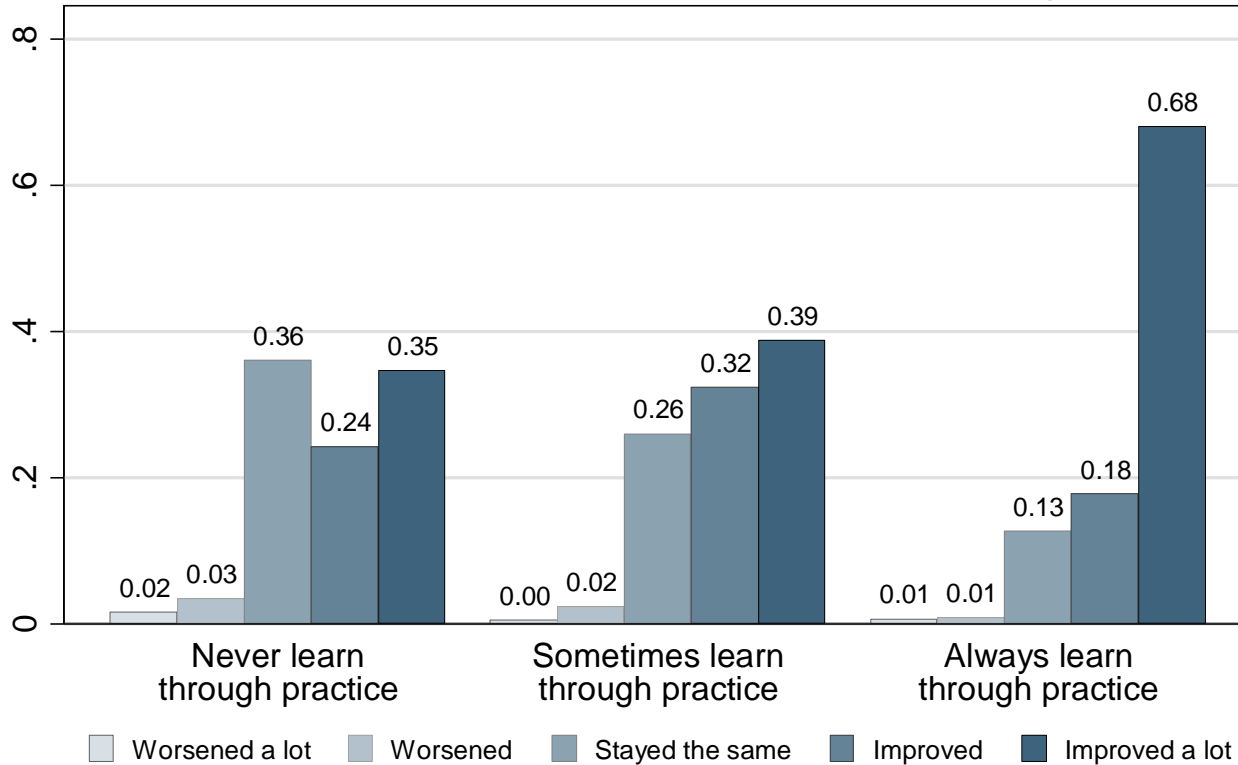
Compared to when you started working in current employment, how your **technical skills** have changed?



Work-related skill accumulation: learning by doing



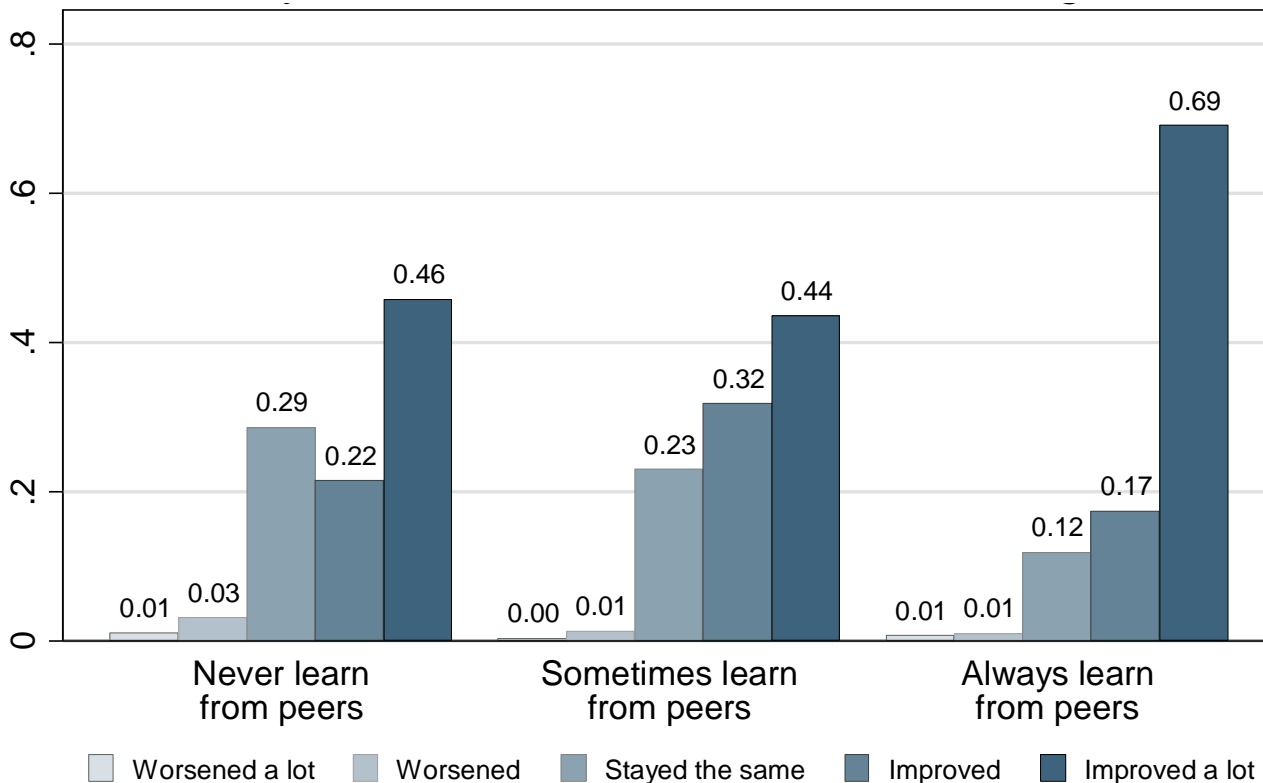
Compared to when you started working in current employment, how your **technical skills** have changed?



Work-related skill accumulation: learning from peers



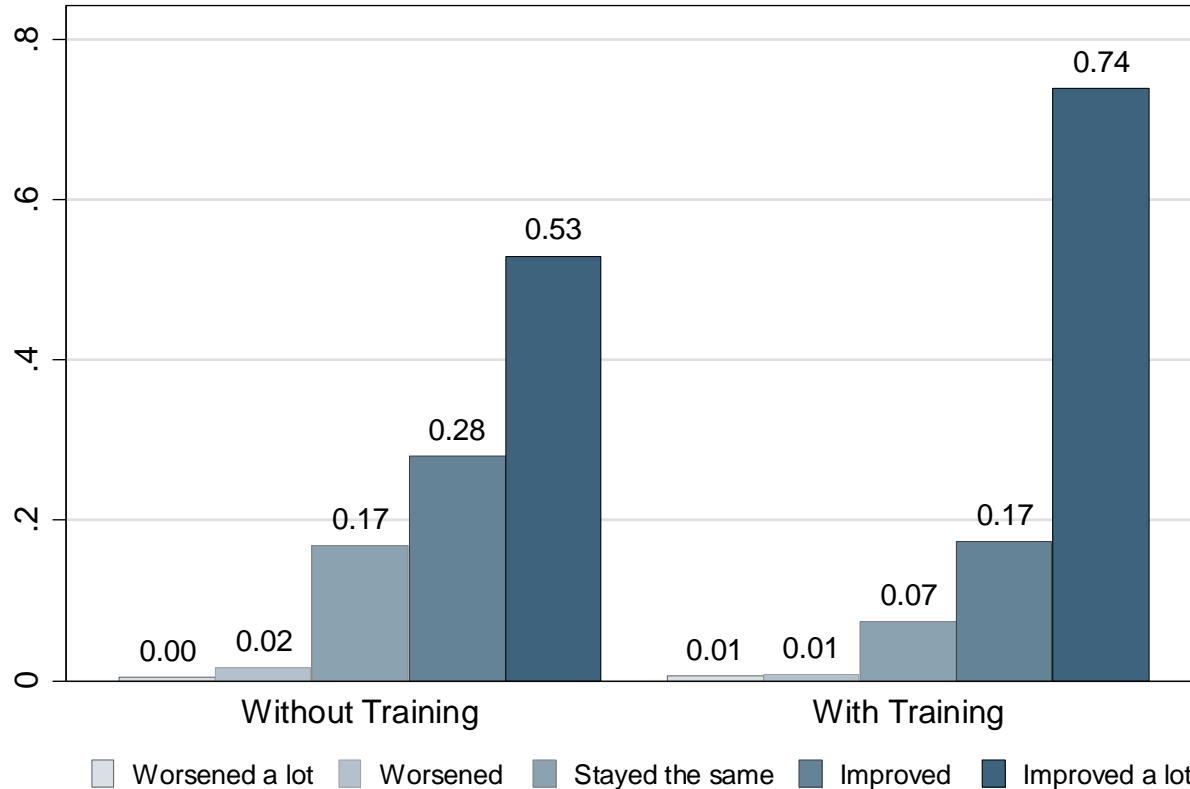
Compared to when you started working in current employment, how your **technical skills** have changed?



Work-related skill accumulation: training



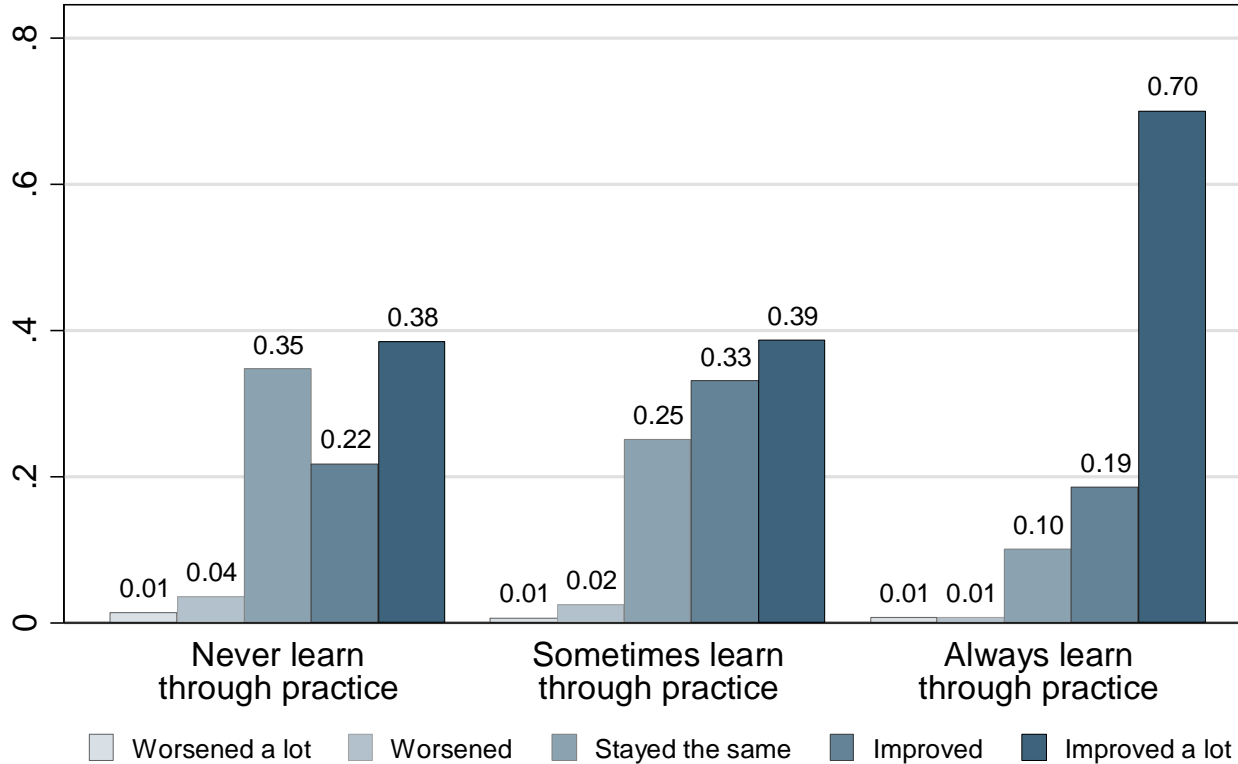
Compared to when you started working in current employment, how your **personal skills** have changed?



Work-related skill accumulation: learning by doing



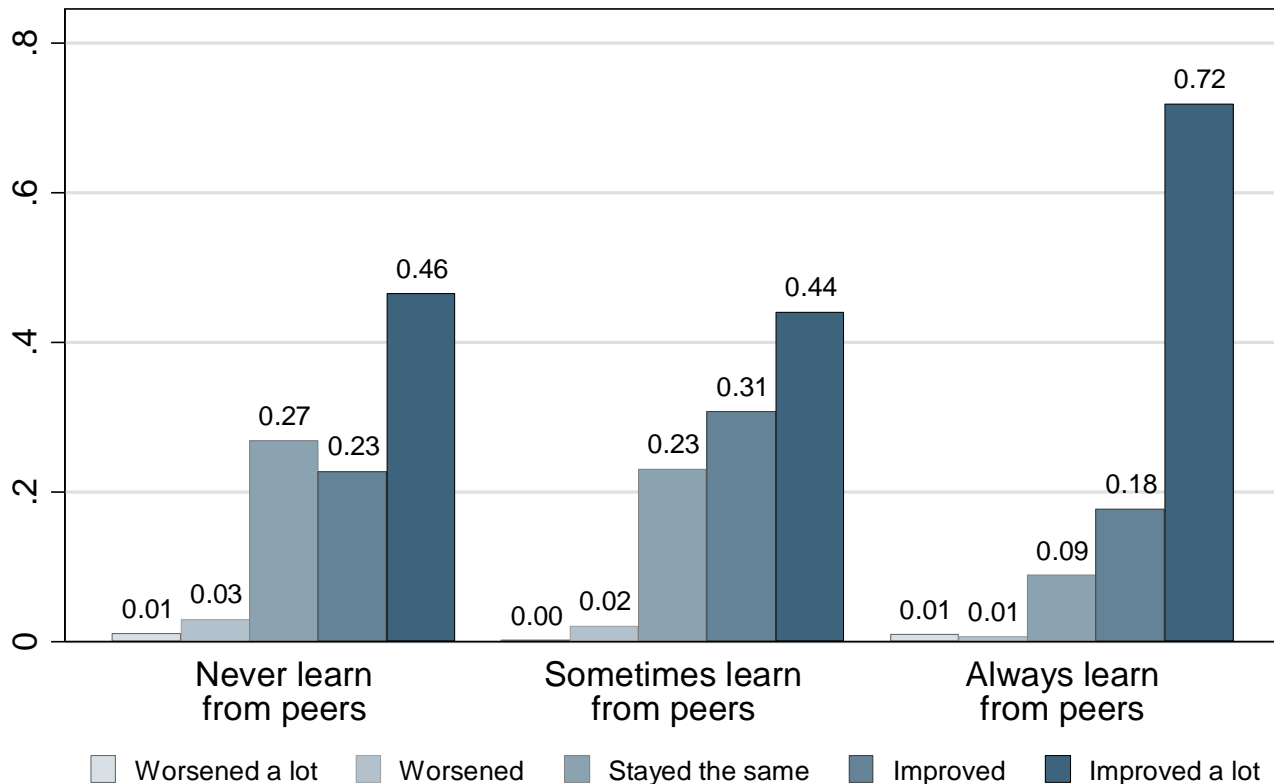
Compared to when you started working in current employment, how your **personal skills** have changed?



Work-related skill accumulation: learning from peers



Compared to when you started working in current employment, how your **personal skills** have changed?





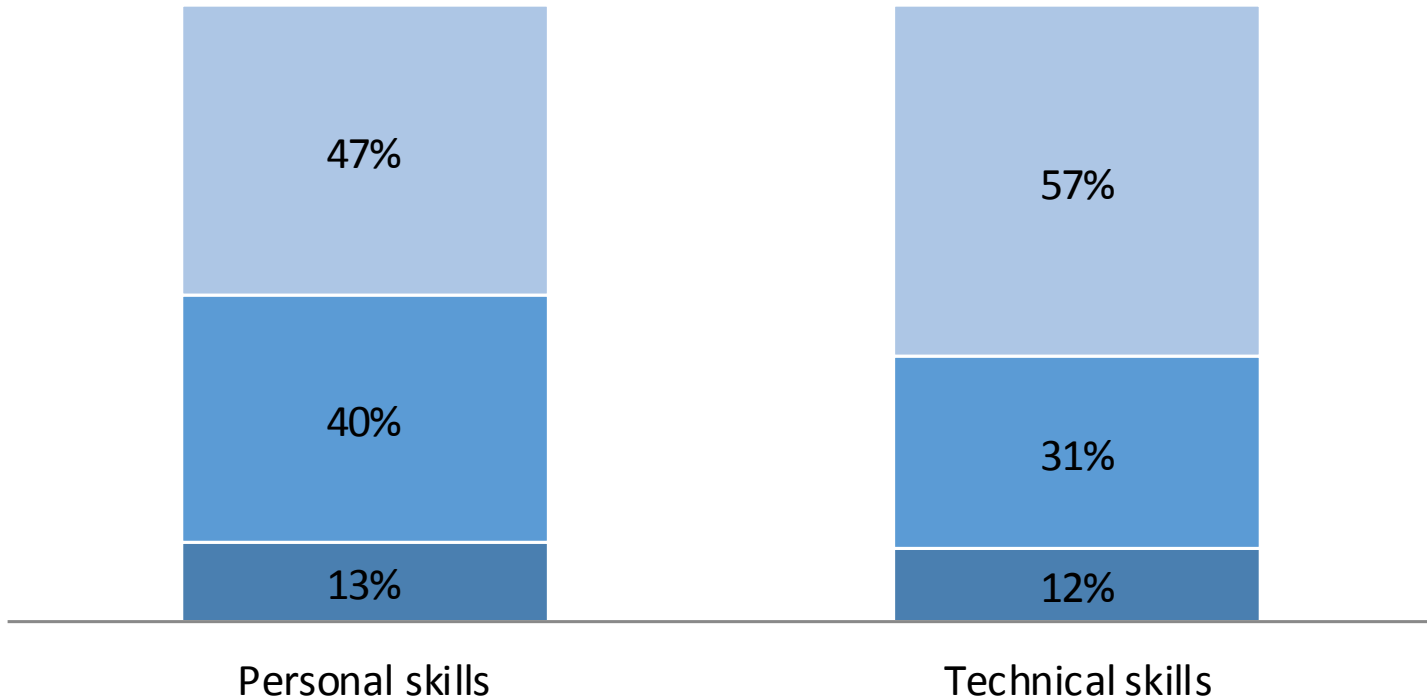
Work-related skill accumulation

- ✓ All the three channels for skill upgrading matter
- ✓ But which one matters more?
- ✓ Is this different for different types of workers or firms? Does it depend on the quality of the match?

Informal learning is important for skill formation

Relative contribution to the skills change by channel

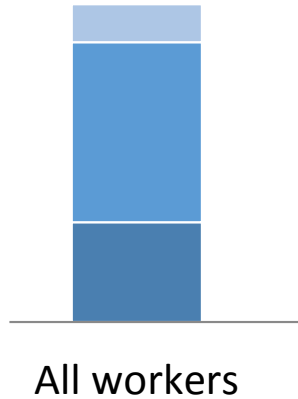
■ Training participation ■ Learning by doing ■ Learning from others



Informal learning is important for skill formation

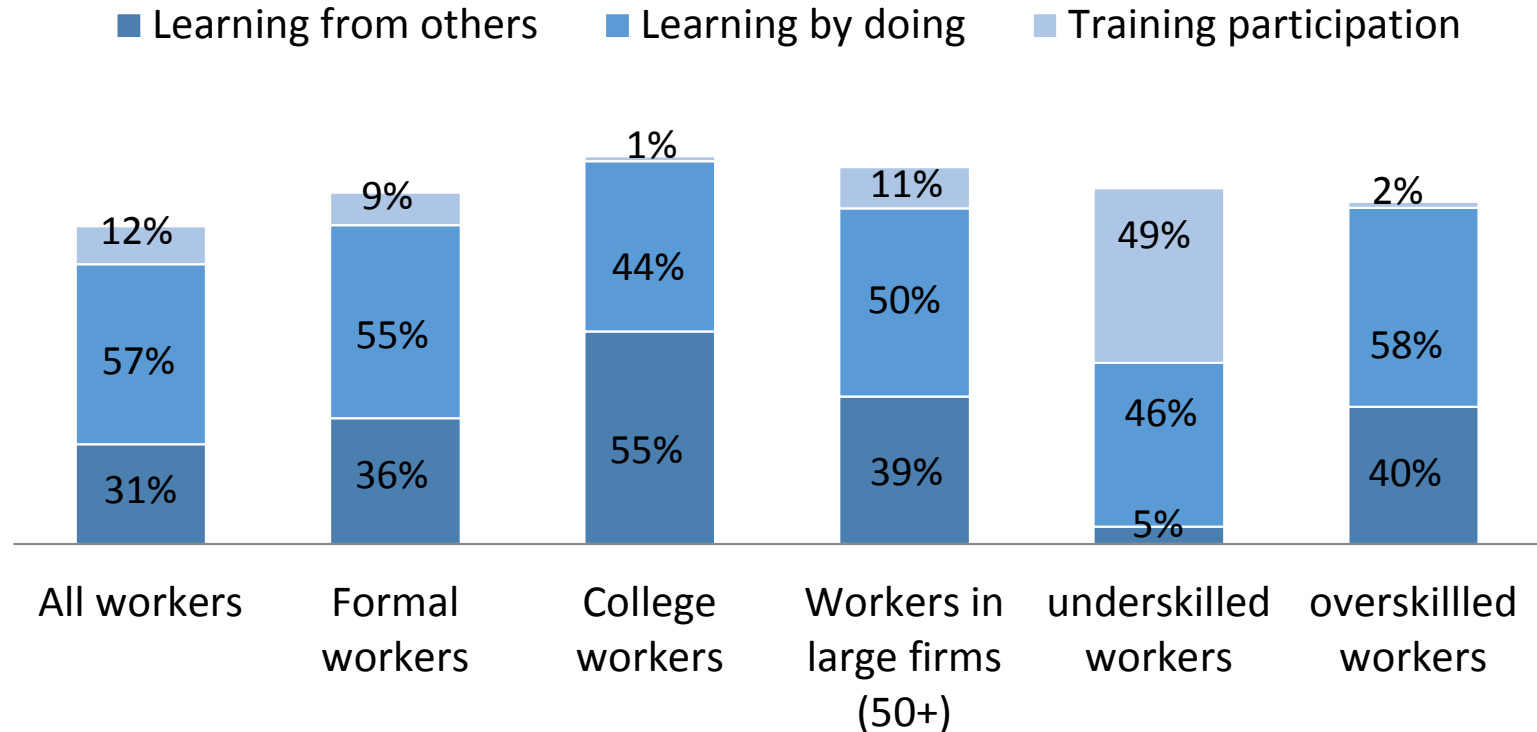
Relative contribution of each channel by worker/job characteristics. Technical skills

■ Learning from others ■ Learning by doing ■ Training participation



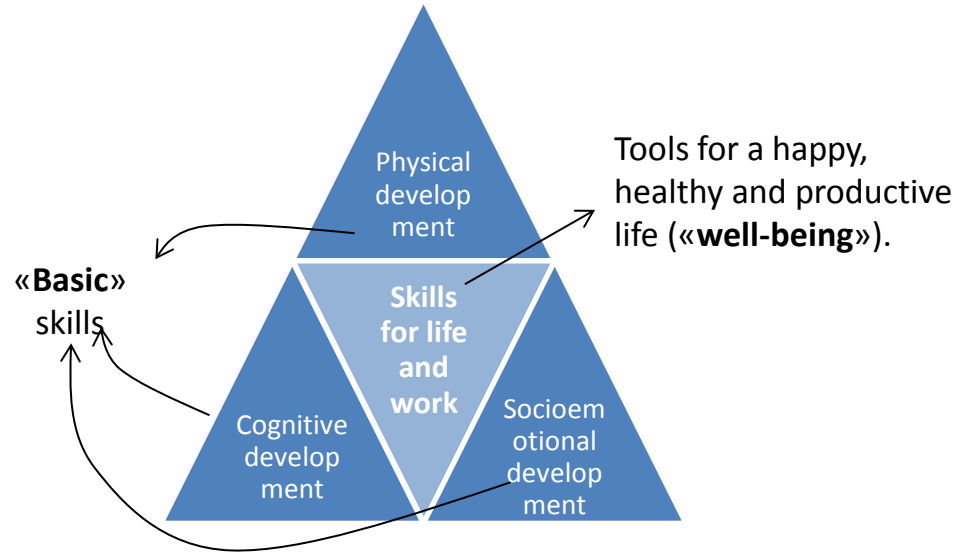
Informal learning is important for skill formation

Relative contribution of each channel by worker/job characteristics. Technical skills



Skill formation: RED 2016 on “Skills for life and work”

- ✓ Both technical and personal skills stem from a set of more «**basic**» domains of human development:
 - a. Cognitive development
 - b. Socioemotional development
 - c. Physical development (≈health)



- ✓ Skills are accumulated **since birth**, and there are **strong complementarities** between them.
- ✓ **Four key institutions** intervene in this process: the family, schools, the physical and social environments (e.g., neighborhoods), and labor markets.

Skill formation: The role of different institutions along life

Prenatal and babyhood	Early childhood	Childhood	Middle childhood	Late childhood	Adolescence	Young adulthood	Adulthood
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Family: investment in resources (time and money), decisions over the time use of kids, family environment, parenting, etc.

Workplace: formal and informal learning.

Schools: Quantity and quality of material and human resources (teachers), curricula, pedagogy, safe infrastructure and spaces, enriching interactions and exposition to different subjects, etc.

Physical and social environment: public service infrastructure; public spaces (parks and sports facilities); peer interaction; safe spaces, etc.

Thank you for your attention!

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