WHY IS MEASURING SKILLS IMPORTANT?

#1 More information on skills is needed

SUPPLY → **SKILLS** → **DEMAND**

More people are going to school
BUT
we don't know their skills

Firms demand more skills
BUT
we don't know which ones

#2 Skills are a priority for countries

POLICY MAKERS AROUND THE WORLD EMPHASIZE DEVELOPING THE RIGHT SKILLS TO ACHIEVE

JOB CREATION AND PRODUCTIVITY GROWTH

When workers have the right skills, capital and labor become more productive. This facilitates the invention and adoption of new technologies. Research shows that inequality in skills is associated with inequality in income.

STEP offers two types of survey instruments to asses both the demand and supply of skills

HOUSEHOLD SURVEY

SKILLS SUPPLY

EMPLOYERS SURVEY

SKILLS DEMAND

STEP Surveys measure three broad categories of skills

Either by direct measurement or by self-reporting

COGNITIVE SKILLS

They relate to the ability to process information, understand complex ideas, learn from experience, reason, remember, relate and overcome obstacles by taking thought (e.g. literacy and numeracy skills).

SOCIO-EMOTIONAL SKILLS

They include learned knowledge, attitudes and skills necessary to understand and manage emotions, set and achieve positive goals, establish and maintain positive relationships, and make responsible decisions (CASEL 2014). These are also referred to as non-cognitive, behavioral, soft or life skills.

JOB - RELEVANT SKILLS

They are task-related and combine cognitive and socio-emotional skills. They include computer use, equipment operation and maintenance, contact with clients, supervision, and problem solving.

Key features of the STEP surveys

HOUSEHOLD SURVEY

SKILLS SUPPLY

EMPLOYERS SURVEY

SKILLS DEMAND

Each survey instrument has unique features and a distinct structure

- Measures the skills of the working age population (employed, unemployed and inactive)
- Tracks skills acquisition and maintenance through detailed education and training history, including non-formal and formal apprenticeships
- Includes information on transitions in the labor market, such as first job, current and previous spells
- Provides information on the labor market success of self-employed workers (e.g., start-up capital, earnings, sales, business expansion, etc.)
- Contains a direct assessment of reading proficiency measured on the same scale as OECD's PIACC

- Applicable to firms of any size, formal or informal, across economic sectors
- Provides comprehensive skills modules for selected types of occupations
- Measures skills that are directly comparable to those of the household survey
- Provides information on employers' perceptions of the scope and quality of education and training institutions

STRUCTURE

HOUSEHOLD INFORMATION

- Age, gender, education status of all household members aged 6 and over
- Household dwelling characteristics
- Labor force status and background of all members aged 15 and over

INDIVIDUAL INFORMATION

(one respondent, aged 15-64, randomly selected)

- Comprehensive skills modules
  - **Cognitive**: Self-reported reading, writing and numeracy, plus direct assessment of reading proficiency
  - **Socio-emotional:** Big-five, hostile attribution bias, growth mindsets, decision-making, risk and time preferences
  - **Job-relevant:** Computer use, solving and learning, autonomy, physical tasks, job requirements and learning times
- Education and training
- Employment history
- Family background and language
- Health

COMPOSITION OF THE WORKFORCE

- Age, gender, education and skills profile of workers
- Occupational distribution in the firm (1 digit ISCO classification)

HIRING PRACTICES

- Recruitment practices, trends, and characteristics of recent hires

SKILLS USED BY THE CURRENT WORKFORCE

- Employer perceptions of skills gaps for two selected occupations

TRAINING AND COMPENSATION

- Training activities and perceptions of the general education and training system in the country

FIRM BACKGROUND

- Firm performance, and perceptions of labor market and investment-climate constraints

SAMPLE SIZE
2,000 - 3,500
HOUSEHOLDS IN URBAN AREAS (AGES 15-64)

LENGTH
120 - 150
MINUTES

SAMPLE SIZE
300 - 500
FORMAL SECTOR FIRMS

LENGTH
45 - 60
MINUTES

What has the STEP data taught us so far?

It is never too early to start

Adults who participated in early childhood education as children have higher reading literacy proficiency and are more likely to have started primary education at the right age than those who did not participate.

Background matters

Past socioeconomic status correlates with the development of socio-emotional skills; however, a high-quality educational system can play an important role in reducing skill gaps.

A strong foundation is key

Solid cognitive and socio-emotional skills are a prerequisite for developing job-relevant skills. The educational system, training and apprenticeship programs should focus on strengthening these skills.

Socio-emotional skills facilitate school-to-work transition

Workers who report a smoother transition from school-to-work have different socio-emotional skills than those who took longer to find their first job (they tend to be more conscientious, emotionally stable and have more grit).

Skills pay off

Cognitive, socio-emotional and job-relevant skills correlate with higher wages above and beyond a worker's educational attainment. However, there are gender differences in the associations between skills and earnings.

Workers' skills are yet to be fully utilized

Firms are not making full use of their workers' skills sets. For example, many employees are not using their computer skills in their current jobs.

Learn More: STEP Skills Measurement Program
http://microdata.worldbank.org/index.php/catalog/step/about

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