The Impact of Vocational Qualifications on the Labour Market Outcomes of Low-Achieving School-Leavers
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Aims and Methodology

The aim of this study was to investigate how many young people leave school with no or only low-level qualifications, how many acquire qualifications after leaving school, and at what level, and if so, what effect such qualification acquisition has on their labour market outcomes such as employment likelihood and wage rates.

The methodology involved analysis of data from the UK's Labour Force Survey (LFS). For most of the project, data from 2002 were used. The sample was restricted to those individuals aged between 22 and 29. The lower age limit was to allow individuals time to complete the normal route of education to HE level, while an upper age limit was chosen, so that the results were representative of recently acquired vocational qualifications, rather than qualifications that may have been acquired a long time ago and hence of questionable relevance to current policy decision.

Key Findings

- The results show that a quite large proportion of this cohort failed to obtain any meaningful school qualifications. In 2002, 21 per cent of the males and 17 per cent of the females in the studied age range reported holding no school qualifications. These numbers seem quite high, and there is some suggestion that respondents to the LFS do not bother to report their qualifications when they have only low level GCSEs

- Figure 1 below shows the proportion of each school qualification group (none, low grade lower secondary (i.e. fewer than 5 good GCSEs), high grade lower secondary (i.e. 5 or more good GCSEs) and upper secondary (i.e. A levels)) who fall into each possible labour market state, for males in the age group studied

Figure 1: Labour Force Status by School Qualifications Acquired, Males Aged 22-29, 2002
The figure shows that men who leave school with no qualifications are much less likely to be employed, and more likely to be unemployed or, in particular, inactive, than those who do acquire qualifications at school. The differences between the three groups with some school qualifications are not too marked.

For women, the disadvantage of the unqualified group is even more noticeable, as shown in Figure 2 below. The full-time employment rate amongst young women rises steeply with level of attainment in school. If no qualifications are acquired in school, such women have only a 28% chance of being in full-time employment in their twenties. The figure also shows that it is into labour market inactivity, rather than unemployment which carries with it some labour market attachment, that unqualified female school leavers move.

Figure 2: Labour Force Status by School Qualifications Acquired, Females Aged 22-29, 2002
Policy issues

- One possible solution to this problem of a lack of employment would be for those who left school with no qualifications to acquire some qualifications post-school. Those individuals who left school with no qualifications but go on to acquire vocational qualifications at levels 2 or 3 have employment rates quite similar to those who reached these levels via academic qualifications at school (i.e. GCSEs and A levels respectively). Thus, for example, men who leave school with no qualifications, but subsequently acquire a level 3 vocational qualification are 10 percentage points more likely to be employed in their twenties than those men who remain unqualified. Similarly, men who leave school with A levels are also 10 percentage points more likely to be employed than men who remain completely unqualified. It has to be said, also, however, that the standard of job acquired by those qualified via the vocational route is probably lower than that acquired by those qualified via the academic route, since unqualified school leavers who acquire level 2 or level 3 vocational qualifications still earn less on average than individuals who acquired GCSEs and A levels, respectively, at school.¹

¹ A potential problem with the vocational-qualifications’-impact-on-employment results is that they may actually reflect reverse causality, such that individuals already in work are more likely to receive the training to equip them to obtain vocational qualifications. Such a possibility was investigated by using the panel element of the LFS, whereby individuals are followed in the data set for five successive quarters. The results showed that, amongst the group of respondents out of work in one quarter, those who had acquired a vocational qualification by the time of the next quarter’s interview, were more likely to be employed in that quarter. This effect was observed for all school qualification groups, except those holding A levels.
• The results therefore point to the beneficial impact of acquiring vocational qualifications for unqualified school leavers, in terms of their likelihood of finding work. The problem is that few of the unqualified school leavers acquire these vocational qualifications. Figure 3 below shows, for each level of school qualification, the proportion who acquire no further qualifications after school, the proportion who acquire a level 1, level 2 or level 3 vocational qualification, and the proportion who acquire a qualification above level 3, separately for men and women.

Figure 3: Subsequent Qualification Acquisition by Level of School Attainment, Males and Females Aged 22-29, 2002

- Figure 3 makes clear that, amongst unqualified school leavers, almost half the men and two-thirds of the women fail to acquire any qualifications after school either, while only about 10% manage to reach level 3 post-school. This contrasts with the groups who did acquire some qualifications at school, far fewer of whom fail to add further qualifications after leaving school.

- It would appear therefore that vocational qualifications offer a real chance of labour market success for those who leave school with no qualifications, but at present too few such people are taking this chance. It needs to be understood why this is the case, and what can be done to encourage more low-attaining young people to complete recognised vocational courses at NVQ Levels 2 and 3.