

THE GROWTH AND VALUATION OF GENERIC SKILLS

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May 2002

JEL Numbers: J31

Keywords: Skills, Wages, Computers

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Acknowledgements: This is a substantially altered version of an earlier paper, presented at the EEEG Annual Conference, Newcastle University, June 1998. We are grateful for the helpful suggestions of participants and of subsequent commentators, including Anna Vignoles and John Bynner. Funds for the 1997 Skills Survey were provided by the Economic and Social Research Council through its research programme entitled "The Learning Society", under Grant No. L123251032.

The 2001 Skills Survey was funded through a contract between the UK Government's Department for Education and Skills and the Centre for Skills Knowledge and Organisational Performance (SKOPE) at the Universities of Oxford and Warwick. We are grateful to Ken Mayhew, the Director of SKOPE, for continued support and to Rosa Fernandez for research assistance. The full set of papers to be published within this contract are:

Dickerson, A.P. and F. Green, (2002). *The Growth and Valuation of Generic Skills*.

A. Felstead and D. Gallie (2002) *Non-Standard Jobs, Skill And Employment Insecurity*.

Gallie, D., A. Felstead and F. Green (2002). *Changing Patterns of Employee Involvement*.

Green, F. and D. Gallie (2002) *High Skills and High Anxiety: Skills, Hard Work and Mental Well-Being*.

Green, F. and S. McIntosh (2002). *Is there a Genuine Underutilisation of Skills Amongst the Over-qualified?*.

The report of the survey is published as:

Felstead, A., D. Gallie and F. Green (2002). *Work Skills In Britain 1986-2001*. Nottingham, DfES Publications.

NON-TECHNICAL SUMMARY

This paper investigates changes in the use of generic skills in Britain's workplaces, and examines which generic skills may be having an impact on wages over and above traditional human capital indicators such as education and work experience. We use instruments borrowed and adapted from commercial psychology to derive quantitative measures of generic skills used. The analysis shows that:

- (a) With the exception of physical skills, most generic skills are becoming more important in Britain's workplaces. Computing skills especially stand out as expanding rapidly. Thus the diffusion of computing technology has not reached saturation point.
- (b) Both high-level communication skills and computing skills carry positive wage premia, controlling for all other indicators of skill, conventional or otherwise. Moreover, advanced and complex usages of computers earn a higher premium than more straightforward usage. This finding differs from earlier findings based on individual longitudinal data for France in the 1980s and later for Germany. The difference can be attributable to the richer skills data afforded to us, or to our applying it in the context of Britain's flexible labor markets at a (different) time with very rapid diffusion of computing technology. The computing effect remains when we analyse within-cohort changes between 1997 and 2001.
- (c) Over and above the impact of the job-holder's actual job tasks, the extent to which the establishment's work force uses computers raises pay. Together with b), this finding suggests that computing may be having an effect on the wage structure in Britain.
- (d) Other generic skills are also significantly associated with pay, some positively and some negatively, but these associations may not reflect causal effects. The change-within-cohorts estimates are not precise enough to be sure that any of these other skills have significant causal impacts on pay.
- (e) There are significant differences, as one might expect, between the generic skills in jobs held by men and by women. However, these differences do not contribute to accounting for any of the unexplained gender pay gap that is conventionally attributed to discrimination.