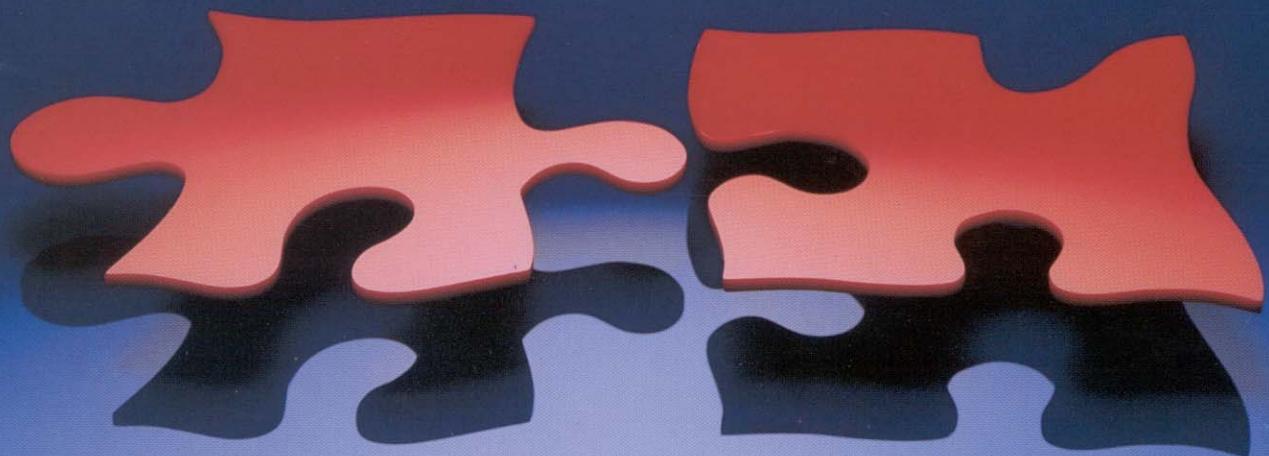


# VOCATIONAL TRAINING

EUROPEAN JOURNAL



## Training and the labour market





**CEDEFOP**  
**European Centre**  
**for the Development**  
**of Vocational Training**

**Jean Monnet House**  
**Bundesallee 22**  
**D-10717 Berlin**  
**Tel.: 4930+88 41 20**  
**Telex: 184 163 eucen d**  
**Fax: 4930+88 41 22 22**

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- trends in qualifications**
- trends in training systems**

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The following topic is currently being prepared:

- "Informal apprenticeships in the company"



# Editorial

The need to increase productivity and reduce costs, brought about by competition, is reshaping the links between economic growth and the dynamics of employment. Several countries of the European Union are confronted today with the paradox of the coexistence of economic growth and rising unemployment. Solving the unemployment problem has become a prime aim for all EU Member States in a context marked by globalization of the economy which is rendering national approaches more complex.

Against the current backdrop of profound technological and organizational change, traditional labour market policies are relatively ineffectual in reducing unemployment (see P. Skedinger concerning Sweden), or in integrating and reintegrating disadvantaged groups (H. Rainbird). Today, on account of the decisive role played by the working situations for a number of apprenticeships, exclusion from employment increasingly signifies exclusion from apprenticeship opportunities and from skills acquisition.

However, certain countries, including the major competitors to the European Union, namely USA and Japan, seem to be less subjected to the paradox of economic growth and increasing unemployment and with similar growth rates are creating more employment than the EU Member States. While explanations for and interpretations of this phenomenon vary, (C. Callieri and B. Trentin) they remain facts which Europe cannot ignore in view of the globalization of markets.

Besides, the structure of current unemployment shows considerable differences between EU Member States and there are wide gaps between youth unemployment rates (see in this respect E. Verdier and L. Tanguy). The ways in which labour markets operate (E. Verdier), the ways in which the social partners tackle the issue of integrating young people (R. Zedler) and public job creation initiatives (C. Borgomeo), seem to be the main keys to understanding these differences.

The inadequacy of institutional structures in the labour market, restrictive and protectionist practices of those involved and, more generally, inflexibility in the way the labour market operates, are the arguments used to explain high unemployment rates in a number of EU Member States (C. Callieri, G. Eliasson). Nevertheless, there are signs of greater flexibility and even deregulation of the markets, (H. Rainbird, F. Lefresne) which are challenging the traditional means of social regulation.

In a number of countries such as Italy, it would appear that an increasingly flexible labour market is becoming more important than stable employment (B. Trentin). The traditional paths through which individuals acquired specialized training after initial training linked with stable employment in a particular sector seem to be disintegrating. We are in all likelihood witnessing profound changes in the internal and external ways labour markets function and this is throwing into havoc the social status of certificates, training and trades (E. Verdier).

Instabilities in the labour market which disadvantage young people and those with low levels of qualifications (see particularly H. Rainbird, A. Hasan, E. Verdier, B. Trentin) underline the importance of training for employability and militate for giving training issues priority in negotiations between the social partners. Nevertheless, analysis of negotiations in EU Member States seem to indicate that the trade unions react to employers' initiatives rather than take their own initiative in negotiations on training (H. Rainbird).

This poses a challenge to economic and social policies and particularly to education and training which being unable alone to resolve the problem of unemployment, should promote the integration of individuals in the labour market and should reduce exclusion risks.

If the prime problem today is that of creating employment and of managing the redistribution of employment and ap-



prenticeship opportunities, it is of no less importance to know which types of education and training are most suited to produce skills which can guarantee the competitiveness of individuals on the labour market and can help them adapt to increasingly complex and changing work situations.

Labour market trends, recruitment policies and forms of work organization force reconsideration of the contents and nature of initial and continuing training as well as the forms of certification and funding of the latter (see, in particular, G. Eliasson, C. Callieri, B. Trentin, A. Hasan). But, as G. Eliasson stresses, malfunctioning of the labour market can render even the best vocational training system inefficient.

As J. Rose and L. Tanguy point out, restructuring the link between training/employment and the growing need for

comparative analysis call for research on the part of the social sciences, posing new questions and questioning the traditional borders of certain areas of research arising from methodological and conceptual issues and calling more than ever for a multidisciplinary approach.

Regarding the problem of occupational integration of young people J. Rose mentions the need to reexamine all forms of organizing the transition by means of a theory linking this concept with those of mobility, socialization and remuneration. L. Tanguy stresses the need to "reflect on the categories and nomenclature used", illustrating this through ambiguities in comparing indicators of and means of measuring youth unemployment.

**Fernanda Oliveira Reis**



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# Educational efficiency and the markets for competence

The mature industrial world is currently in the midst of a slow-motion change of its production technology. This transition is hardly noticeable from year to year, but when seen in a historic perspective it will constitute a radical change in the organization of production of the now mature industrial economies. For this transition to be successfully concluded, however, the mature industrial nation requires a significant amount of industrial, social and political competence on the part of its firms, its population and its political representatives. The bulk of this transition will be concluded through the labour market (see Figure 1).

tion in which human competence and small scale are increasingly accounting for the high value added production of a successful economy (Eliasson 1994). This transition is made possible by the innovative creation of new technologies, but also, and increasingly forced on the mature industrial economies by competition from previously not industrialized countries. The currently liberalizing, formerly planned economies constitute a particularly dynamic element in this process. These nations are rapidly learning the old industrial technologies and making it impossible for the rich and high-wage countries to profitably continue simple production at high wages. This development



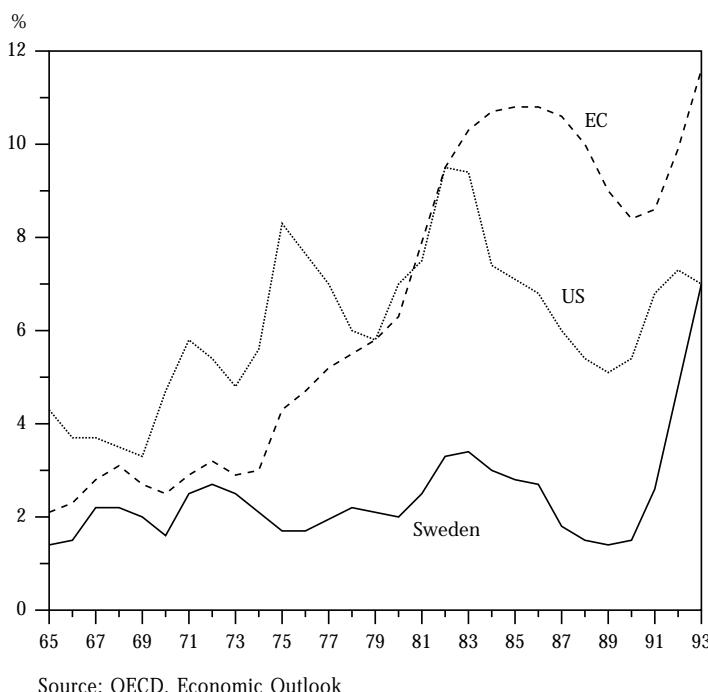
**Gunnar Eliasson**

Professor of Industrial Economics at the Royal Institute of Technology (KTH) Stockholm. Prior to this, he was Director of the Industrial Institute for Economic and Social Research (IUI), Stockholm.

**The mature industrial economies are in the midst of a slow motion change of production technology, forcing simply high-wage production to close down, hopes for the future being pinned on the establishment of new, high value-added and small scale competence-intensive production. Europe is in bad condition compared to the US, exhibiting high unemployment, rigid labour market institutions and low mobility.**

**Education not only provides knowledge and skills but also offers a selective path into the job market. The possibilities of pursuing that path depend on the operational characteristics of the labour market and the willingness of individuals to move in search of better job opportunities. Individual welfare and economic efficiency, hence, depend critically on the ability of policy makers to forge a competitive combination of educational efficiency, labour market flexibility and social insurance.**

**Figure 1:**  
**Open unemployment 1965-1993 in the U.S., in Europe and in Sweden**



The old hardware-based mechanical engineering technology on which the industrial revolution was once based is giving way to a different production organiza-

is likely to continue and to force these industries and high-wage labour on simple production tasks to move to other markets and more advanced jobs.



***"The adjustment and the policy solutions are to be found at the micro level, ... attention will have to be refocused towards the selection phenomena that dominate the labour market process and the relative importance of internal and external labour markets."***

This ongoing transition of rich industrial nations, creating unemployment and labour market distress in its wake, thus places education and human capital in focus. Without appropriate retooling of the labour force, future economic growth and welfare will be at peril, as we are now beginning to understand.

This paper focusses on certain characteristics of human capital that play critical economic and social roles in the current transition processes of mature industrial nations. The prime educational concern is vocational training, but we find that vocational training has to be very broadly defined to capture the competence that is eventually put to productive use in the economy; in fact most of the educational system of the economy.

Not much research has been carried out on the nature of competence put to use in production. Therefore, most references are to U.S. and Swedish research literature. The problem is, however, common to practically the entire industrial world, although Europe appears to suffer most in the transition.

## **Education is becoming really important**

Economic progress, technical change and adjustment to competitive challenges in international markets are synonymous with constant change in the organization of production. As this transition speeds up, increased pressure to perform will be placed on the labour markets of mature industrial nations, or rather on their *markets for competence*, since both individual, firm and macroeconomic performance will increasingly depend on how

1. scarce human capital is allocated to jobs and
2. individual and organizational (firm) competence capital are created and accumulated.

Efficiency in both respects is vested in the institutions of the labour market. The labour markets of Europe do not appear to have functioned well after the oil crises of the 1970s compared to the labour markets in the US (see Figure 1). Also the

Swedish labour market, famous for its mobility policies and retraining programs now appears to have become stuck close to the two-digit European unemployment level.

Apparently this policy challenge of western industrialized nations, and Europe in particular, cannot be dealt with intellectually in simple macroeconomic categories. The adjustment and the policy solutions are to be found at the micro level, and even though human capital or competence will play a decisive role, attention will have to be refocused towards the selection phenomena that dominate the labour market process and the relative importance of internal and external labour markets (Eliasson 1991, 1992c). *Educational and labour market performance will have to be regarded in one context.*

## **Human capital is different**

Human capital distinguishes itself from other forms of capital in three important respects. It is

- extremely *heterogeneous*
- *redundant* in each application and
- its economic value depends on how it has been *allocated*.

These three properties also define the competitive advantages of human capital, its flexibility and its dominance over all other forms of capital. The capacity of a human being to perform all kinds of tasks is enormous (heterogeneity). This, however, also means that most of the intellectual capacity of a human being is idling (redundant) most of the time and that the productivity and the earnings capacity of an individual will normally be below potential if he or she has not happened to find the job which best suits his or her very diverse intellectual capacities. Heterogeneity and complexity (of human capital) increase with education and accumulated experience. The more advanced the economy the more varied the particular characteristics of individual human capital that are put to use in each job context, and the larger the resources



that have to be invested on the job to match the worker with his or her task. As a consequence, *the more advanced the economy, the more important* for its performance and for the wellbeing of its citizen are the matching functions of the markets for competence.

The fact that human-based competence in individuals and firms dominate other forms of capital used in production means that the productivity of all resource inputs in production depends on the competence of those managing them, be it the top competent team of a firm (Eliasson 1990b), the head of a factory or the skilled worker operating an expensive machine. It therefore becomes important to organize markets such that this ultimate, human based competence capital is efficiently allocated. This is the task (for individuals) of the labour market and (for the firms and parts thereof) of the market for corporate control (Pelikan 1989, Eliasson 1991). The negative consequences of a misallocation at that level of the economy may be very serious. This makes it important to understand, not only how skilled labour and executives are compensated and allocated, but also the inputs of competence among central policy makers, i.e. among those who have taken responsibility for solving the European unemployment problem.

## The labour market mismatch

The classical economist would refer to the high open unemployment in Europe as a classical problem of imperfect pricing in the labour market. With more flexible wages the unemployment problem would go away. Even though this may be the case in a trivial sense, and even though the institutions of the overorganized European labour markets can be blamed for a large part of the extreme open unemployment, the problem goes much deeper than that. The increased rate of structural change in the mature industrial economies forces a larger proportion than before of the labour force into unemployment. The imperfect labour markets of most industrial nations may, therefore, no longer be capable of matching the increasingly heterogeneous competence characteristics of

human beings with unclear competence demands. Since job specifications are becoming increasingly diffuse and subject to constant change, job matching has increasingly become associated with a significant investment in adjustment training at the workplace. The profitability of that investment, and therefore also the placement potential of the individual depends critically on earlier educational performance (receiver competence). This is making individuals with insufficient education increasingly difficult to place at wages considered reasonable in a rich western society. As I will argue below, full employment will require both a motivated school experience of the individual and an active labour market search by the individuals themselves that may not be compatible with the standard wage earners employment contract, so common in Europe. As a consequence, if not radically reorganized, the labour markets of the industrial nations may no longer be capable of achieving a full employment economy.

That imperfect pricing in the labour market can cause unemployment is an irrefutable proposition. In a functioning labour market young new entrants would fetch very low wages, since they are normally not very productive. Unions may, however, think of new entrants as a competitive threat to their members, insiders, and thus negotiate for very high entrance wages for the newly employed, thus causing unemployment among the young, and worse, a tendency among employers to try to make the young entrants productive very quickly by putting them on simple manual tasks, thus giving them few opportunities for internal competence development (see Eliasson 1992c).

The standard policy to counter youth unemployment has been to subsidize such jobs out of public budgets, and/or to provide unemployment benefits that are often larger than the young worker would fetch during this first year, thus depriving him of the economic stimulation to search for the best opportunities in the labour market. Also minimum wages have been demonstrated to cause positive but not very strong unemployment effects, reflecting the fact that minimum wages are very low and that very few people ever reach that level. Strong unemployment effects,

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***“The classical economist would refer to the high open unemployment in Europe as a classical problem of imperfect pricing in the labour market ... the problem goes much deeper than that.”***

***“Since job specifications are becoming increasingly diffuse and subject to constant change, job matching has increasingly become associated with a significant investment in adjustment training at the workplace. The profitability of that investment, ... depends critically on earlier educational performance (receiver competence).”***



***“... the labour market policy challenge of Europe boils down to a choice between the ‘negative’ solutions of free and unrestricted wage setting or continued high unemployment, on the one hand, and the possibility of a ‘positive’ educational solution on the other.”***

***“... the only ... solution is to change the institutions of the European labour markets to facilitate, not hinder an increasingly complex matching problem. To achieve that school and the labour market have to be brought together at the micro level.”***

***“Matching in the labour market is a resource-using process, and resource use increases the more heterogeneous human capital and job specifications.”***

***“... a badly organized labour market may make even the best educational and training system ineffective.”***

on the other hand, have been found to be associated with (actual) high youth wages (Hamerl mesh 1993). High entrance wages imposed in a cartelized labour market, hence, is probably the main reason for high unemployment among the young.

As it appears in the policy discussion the labour market policy challenge of Europe boils down to a choice between the “negative” solutions of free and unrestricted wage setting or continued high unemployment, on the one hand, and the possibility of a “positive” educational solution on the other. If the educational solution does not work, Europe will be stuck with continued high unemployment and/or widening income distributions, since an increasing number of people will not be found competent for the new jobs created. The positive educational policy solution, however, is only a possibility, and it very much highlights the theme of this paper, namely that competence is necessary but not sufficient. The labour market has to be more informed and radically deregulated. Potential employers have to be competent in identifying those workers looking for a job that possess the demanded qualifications, and job contracts have to be redesigned not only to recognize the possibilities of mistakes but that also enforce the supply effort expected. Furthermore, we have very vague ideas about what it means to be competent. Research, unfortunately, has not been very helpful. Economics, and labour market theory in particular, guided by human capital theory, for long have been uninterested in human competence *in a labour market matching context*. In fact, very little in the form of systematically documented knowledge on the economics of human knowledge accumulation exists. This is surprising considering the large resources spent on education in the industrialized countries.

Formulating the problem like this, however, also means that we implicitly recognize that education and training will not be capable of solving the European unemployment problem alone and that we do no longer believe that unemployment will go away if we accept more inflation. Since it won't be socially and politically acceptable to let wage adjustment reduce European unemployment, the only remaining solution is to change the institu-

tions of the European labour markets to facilitate, not hinder an increasingly complex matching problem. To achieve that school and the labour market have to be brought together at the micro level.

## **Heterogeneity and labour market efficiency**

Matching in the labour market is a resource-using process, and resource use increases the more heterogeneous human capital and job specifications. Hence, the more advanced production technology the more important the organization of the path from school into the labour market and the higher the demands on the matching institutions in the markets for competence. This explains why *school is increasingly becoming a path into the labour market*. But to organize itself efficiently for the new, small scale and human capital intensive production that will replace machines and factory organization of work as the dominant production form also requires that the dominant *standard contract*, the *wage earners contract* be abandoned in favor of a work organization that is much more conducive to the education and on-the-job training that is critical for individual as well as industrial and economic performance. The reason will not only be that labour has to acquire new knowledge or learn new skills, but that education, notably its later vocational stages, becomes an integrated part of the signalling and incentive systems in the labour market that contribute to the efficient matching of competencies and jobs. When seen in this perspective it becomes obvious that *a badly organized labour market may make even the best educational and training system ineffective*.

## **Education as an investment or a sorting device**

All analysis of education is frustrated by the classical problem of distinguishing between education as an *investment* in human capital and as a *filter* that sorts individuals according to original talent (Arrow 1973, Stiglitz 1972, Spence 1973).



This problem is formidable and according to some without a scientific solution. Hence, arguments tend to be 100 percent for or 100 percent against (Griliches 1988) education as a filter. The truth of course, is somewhere in between, but exactly where nobody can tell on objective grounds, even though it may be possible by modern econometric techniques to sort out the relative influence of family social capital and education (Kazamaki Ottersten, Mellander, Meyerson and Nilson 1994). The problem, in this context, is that the more important the filter function of education, and the less important the investment side, the more reliance has to be placed on the individual and the institutions of the labour market when it comes to solving both the individual's social problems and the growth and unemployment problems of the economy.

Above all, *policy advice depends entirely on what one assumes about the relative importance of education as a filter and as an investment*. The filtering of talent being the most important function of education, the less of education and training is needed, and vice versa. In fact, if education has exercised more influence as a filter of original talent than as an educational institution both the school and the training institutions ought to be reorganized. The functions of the labour market, furthermore, gain in importance over education, since identification of competence, talent and aptitude is the prime matching function of the labour market. The problem, however, is that research has been unable to come up with much more than assumption and argument on this critical balancing issue.

## The labour market contract

What research may not be able to reveal, the individual and the employer are trying to figure out in the matching process of the labour market. What is more important than research, therefore, is the problem of writing effective labour market contracts that provide the right incentives for labour to perform and to reveal their competencies, and promote flexibility. Each industrial structure has its particular optimal contract forms. Over the past century or so the *standard wage*

earner's contract, suitable for large-scale factory production with a limited need for flexibly available human competence has come to dominate the labour market of industrial nations. This may, however, not be the right contract technology for the future industrial environment of successful industrial nations, demanding more flexibility in specification at the expense of the scale economies associated with standard contracts. This problem surfaces both when the young people enter the labour market, and, more importantly for the future, when workers lose their jobs and have to engage in the job competence matching process a second time.

If flexible labour market contracts are not allowed the art of advance filtering for competence and talent becomes a critical device for the employer. Different *signals* or indicators are used to spot low-ability workers in advance, since employers do not want to risk hiring low-ability workers (so-called lemons; see Greenwald 1986) on a long-term contract. This is the reason why employers tend to look at new recruits as inspection goods, to use Hirschleifer's term (1971) whose performance they monitor for considerable time before they offer a permanent job contract. If labour market law and regulation do not allow for such flexibility in contract formulation, unemployment will run correspondingly higher. This is one important reason<sup>1</sup> for the difference in unemployment performance between the US and Europe in Figure 1. But these negative effects are not fairly shared. A low level of information in the labour market lowers its efficiency and paradoxically hurts the low-ability workers most. At a lower information level a larger number remains longer on the employer's "inspection list". With an artificially lowered matching efficiency fewer low-ability workers find the smaller number of jobs that may fit them.

## Demands on education and secondary trading in human competence

Besides the disadvantaged worker and the young new entrant, the most exposed individual is the unemployed looking for a new job in the labour market. He or

***"What is more important ... is the problem of writing effective labour market contracts that provide the right incentives for labour to perform and to reveal their competencies, and promote flexibility."***

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<sup>1</sup> Another is the generous unemployment benefit systems compared to those in the U.S., which sometimes makes it privately unprofitable in the short run to take a job. The so-called reservation wage that the worker compares with his wage offer is too high in Europe, often making him prefer to stay on welfare. From a training and competence development point of view such a situation spells disaster for the young workers.



***"An increasingly abstract job environment requires more academic skills."***

***"An individual who has not managed his or her continuous education on-the-job will be seriously handicapped and his or her intellectual retooling problem may be prohibitively difficult."***

***the labour market risk incurred by free and flexible contracting  
"... means that substitute insurance arrangements will have to be devised."***

***government has an important role to provide insurance of last resort, as "... there will be workers who will be unable to pay for the premia needed to cover their labour market risks."***

she is stigmatized by the very fact that he or she has become unemployed, signalling, on the basis of widely known experience, that the employer has laid off his bad workers first. He may also suffer from the additional stigma problem, often associated with Government-operated vocational training and placement programs with a record of being populated by the most difficult cases. Again if signalling and filtering is what matters rather than training as an investment in skills, this stigma signal may become dominant, making even good vocational training programs ineffective. Contract designs in the labour market offering flexibility therefore become increasingly important to reduce unemployment. The standard wage earners contract with restrictive lay-off possibilities after a short period of employment may therefore have negative effects on employment in times of rapid structural change and labour market turbulence. A more flexible contract type, on the other hand, which takes in some of the freelance or self-employment features so common among professionals may do wonders in the market.

An increasingly abstract job environment requires more academic skills. Abstract thinking and problem-solving capacity matter more and more on many jobs (Eliasson 1992a). Even so, intellectual educational demands at school or on jobs when entering the job market, will never be prohibitive for a normal person (see Kazamaki Ottersten 1994). Two complicating factors, however, enter the picture. The future, more dynamic small-scale industrial environment will mean that no individual worker can count on holding the same job for his or her lifetime. The probability that he or she will be in the job market looking for a new job will increase. On that occasion competence demands on the now 35-year old individual will be much higher than at new recruitment. An individual who has not managed his or her continuous education on-the-job will be seriously handicapped and his or her intellectual retooling problem may be prohibitively difficult. Therefore arrangements like the individual educational investment account that I have discussed in a separate article (in this issue of the journal) will have to become a critical part of future social insurance systems, especially in allowing individuals to take

initiatives and to finance competence development ahead of a deteriorating job-market situation.

The second problem refers to education per se and the job market entrance. For a normally talented student who has performed normally at school there should be no problem. Schooling, as well as on-the-job learning is a cumulative process that steadily upgrades the capacity to learn more. Bad performance at earlier stages of school therefore will mean the cumulative development of a handicap in those communication skills that are necessary as a platform for continued learning. For students who fall into this trap the job-market entrance may mean prohibitive demands. To prevent this, discipline at school has to be enforced and incentives to pursue individual competence development have to be strong. This, of course, is largely a matter of compensation for skills and competence.

## **Economic progress means organizational change and requires efficient social insurance**

Free and flexible contracting in the labour market cause two types of problems. *First*, the individual will be at great risk with a contract that allows speedy lay offs without motivation. This means that substitute insurance arrangements will have to be devised. *Second*, while such an insurance market will be perfectly feasible for the normal worker, there will be workers who will be unable to pay for the premia needed to cover their labour market risks. Here, of course, Government has an important role to provide insurance of last resort. There is, however, no rational foundation for Government to take over, and monopolize the entire labour insurance market. Evidence and experience would rather suggest the opposite.

The difficulties confronting labour market life among the rich industrial nations are that politicians have been unwilling to stigmatize the bad labour market risks, and aimed for comprehensive insurance in combination with labour market legislation, forcing employers to become complementary insurance providers through



job guarantees. Besides decreasing labour market efficiency and increasing direct and indirect insurance costs this arrangement has very unfair distributional effects in periods of rapid technological and structural changes like the past two decades. Insiders holding jobs will be protected while outsiders (young people and unemployed) will be badly treated (Lindbeck and Snower 1988). The value of the job guarantee is very high in the large successful corporation, while it is

close to nil in the small firm in financial distress. Apparently job security legislation causes both higher unemployment and significantly increased long-term unemployment (an OECD study shows). These are examples of the indirect effects of labour market policies, discussed in Per Skedinger's article (in this issue), that may together have cancelled the positive effects of labour market policy, and even made the net effect negative.

***"Apparently job security legislation causes both higher unemployment and significantly increased long-term unemployment..."***

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## Abrar Hasan



*Head of Education and Training Division, OECD - Organization for Economic Co-operation and Development. Prior to this, he was Head of Central Analysis Division and the chief editor of OECD's annual publication "Employment Outlook".*

**The paper describes structural changes in OECD labour markets and examines their implications for education and training (E & T) policy. Turbulence in the labour market, higher incidence of unemployment, changing nature of jobs, skills and competences, in part generated by changes in firm strategies, are described. There are increasing pressures for E & T systems to respond. Both the content of E & T and its structure require major changes. Given the need for wide-ranging changes, a lifelong learning approach is called for so that learning needs of all age groups are articulated and met. Within this framework, a better balance is required between different components of E & T, and within each component a focus on promoting the ability to learn becomes crucial. Closer co-operation is needed between the public sector and a range of private sector interest groups, as well as greater coherence between E & T, labour market and social policies.**

<sup>1</sup> The views expressed here are those of the author and cannot be held to represent those of the Organization or its Member governments

# Labour market developments and education and training policy<sup>1</sup>

## A. Introduction

Education and training (E&T) systems are societal responses to multiple economic and social objectives. They reflect the imprint of deeply-held values, usually very specific to national, even regional and local circumstances, whose unique features can be seen in the diversity of E & T systems across OECD Member states. Notwithstanding, the progress made over the preceding decades, E & T systems in all OECD countries are under pressure to change and respond to changing social and economic needs and priorities.

New pressures arise from several sources. The purpose of this paper is to highlight the stimulus coming from changes in OECD labour markets. Section B examines some contextual factors that are important for labour market developments. Section C focuses on the labour market developments themselves, while Section D traces their implications for E & T policies. Section E offers some concluding remarks.

## B. Some Contextual Factors

Labour market changes themselves take place in relation to other ongoing contextual processes. Rising social and economic standards attained over the decades since World War II, longer-run patterns of demographic change, the processes of globalisation and technological change are among such processes. This section makes a brief mention of the population profile and takes up globalisation and technological change as they have particular significance for human resource development.

The demographic picture shows a greying tendency in OECD countries: Population projections developed by Eurostat, which compare alternative scenarios for 2020 with the base year of 1990, provide

a good illustration. In all scenarios, the proportion of age group 0 - 19 will drop (from 25 per cent to about 20 per cent) while the proportion of the elderly (60 years and over) will continue to increase (from 20 per cent to about 25-26 per cent) [Eurostat (1991)]. The working-age population, defined by the age group 15 to 64 years, is growing much more slowly (1/2 per cent per year in the early 1990s) than the over 1 per cent rate of the early 1970s. At the same time, there is a trend increase in the participation rate — the percentage of working-age population that is in the labour force — from 68 per cent in 1973 to 71 per cent in 1993. The overall trend camouflages two contradictory trends: participation rates have generally been rising for women and falling for men.

Economic historians believe that information technology (IT) represents a structural break of the order of the dynamo revolution [Paul David (1989)]. Moreover, IT is only one such technology; other potentially revolutionary technologies are biotechnology, materials technology, space technology and nuclear technology. More importantly, it is the cumulative nature of technological change, the interaction among a number of frontier technologies, which holds the most dramatic manifestation of what is often described as paradigmatic shift, or a move to new technological trajectories [OECD (1988, Chapter 1), and (1992a, Chapter 1)].

Globalisation is another factor, in itself an agglomeration of diverse forces. The term 'globalisation' is an imprecise one, but it would suffice for present purposes to regard it as a process whereby economic activity at local, regional, and national levels is increasingly responding to economic incentives perceived and generated at the level of global markets. Firm strategies, not only those of large multinationals, are increasingly taking into



account markets at the global level. Although there are no comprehensive indicators of the spread of the globalisation process, available indicators point to qualitative changes as well as to the increasing pace of globalisation [OECD (1994a)].

## C. Main Trends in OECD Labour Markets

### Firm strategies and changes in the nature of skills demand

The nature of the impact of these two structural factors depends to a large extent on the strategies firms adopt. This choice helps shape the level and composition of demand for skills and competences. Recent OECD work has emphasized the role of diffusion in harnessing the social and economic benefits of new technologies and in limiting their negative consequences [OECD (1988, 1991, 1992a)]. Firm strategies and how labour markets are organized, both internally in the firms and externally, are important determinants of the diffusion process. This research has shown that rather than being deterministic, new technologies provide options both for work organization and human resource development. Human resources are becoming a new competitive parameter for enterprises, particularly those operating in the world markets. The strong pressures towards better quality and shorter life-cycles of products and services strengthens the need to develop more integrated strategies for new technology, work organization and skill formation. Full exploitation of the new technologies requires a shift from the Taylorist model of production organization which is proving to be too rigid.

The requirement for changes in management thinking has important implications for organizational and skill structures. From a typical pyramid-shaped structure the move is towards an upgrading and broadening of skills. Narrowly defined job categories are being replaced by broader job classifications, so that workers have incentives in the form of on-the-job learning opportunities. These types of work organization put greater emphasis upon qualities like teamwork, initiative, creativity, problem-solving and openness to

change. There are fewer routine, low-skilled and unskilled jobs, and multi-skilling and customer oriented skills are at premium. There is need for increased levels of literacy and numeracy. Research into the impact of new automated technologies on skill requirements strongly supported the view that "complexity, responsibility, abstractness, and interdependence have risen in most occupations" [Hirschorn (1984)].

Although limited, there is some evidence to support the view that skills and competence of workers influence the performance of enterprises. Some case studies show that firms making the same products with similar technology but with employees possessing different levels of skills find a positive relationship with productivity levels [OECD (1994c, Chapter 7)]. There is also evidence to show that a major cause of productivity gap among otherwise similar firms operating in different countries comes from machine breakdowns, poor maintenance, poor production control and poor diagnosis of faults, which have their origins in technical skills at the level of foremen and operators. Human resources are also critical in implementing "high performance work organization". For example, Brown et al. (1993), report that training and the ability of employees to function in different tasks are important determinants of the viability of high performance work organizations.

### Changes in the nature of employment

The most prominent ongoing trend in employment is the shift in its sectoral composition: there is a secular trend towards increasing share of the service sector in total employment, even though the blurring of the distinction between manufacturing and service employment reduces its significance. The share of the service sector has risen from less than 50 per cent of employment in 1950 to around 65 per cent in 1992. Most of the new job growth during the 1980s occurred in services such as finance, insurance and business services, and community and personal services.

Concurrently, there are changes in the size structures of establishments. Although the share of small firms (less than 100

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***"More and more, employment is now of a type which is often described as being non-standard."***

***an increase in part-time employment and self-employment***

***"These changes in the nature of employment, some representing new trends and some a continuation of the old, imply a high degree of labour market turbulence."***

***"... the share of white-collar employment has been rising in every country."***

employees) in employment (private economy) varies significantly from country to country, ranging from a high of 71 per cent in Italy to a low of 43 per cent in the United States, it has increased in a range of OECD countries. Recent evidence [OECD (1994b)] confirms a slight downsizing of firms when the early 1990s are compared with the late 1980s. A longer historical perspective [reviewed in Loveman and Sengenberger (1991)] suggests that employment shares in small units have followed a 'V' pattern in which declines through the late 1960s/early 1970s seems to have been reversed.

More and more, employment is now of a type which is often described as being non-standard. The proportion of part-time employment to total employment varies considerably across OECD countries, ranging from a low of 6-7 per cent in Spain and Portugal to about 27 per cent in Norway in 1993. While the proportion has risen dramatically over the last twenty years for some countries such as Australia and Canada, for most others the increase has been more modest but nonetheless sustained over the long term [OECD (1994b, Table D, Statistical Annex)].

Self-employment, too, is on the increase. In twelve of the twenty countries for which figures are available, self-employment expanded faster than overall, non-agricultural employment in the 1980s reversing a long-term declining trend. Self-employment makes up over 10 per cent of the employed population in half the Member countries [OECD 1992b, Table 4.2]. Much attention has been paid to temporary employment in recent policy discussions of unemployment experience. Its share of total employment, again, varies considerably across Member countries, ranging from around 3 per cent in Luxembourg to 32 per cent in Spain [OECD 1993, (Table 1.10)], the share has remained relatively stable over the 1980s in most countries, with the exception of France and Spain, where it rose sharply reflecting a relaxation of legislation regulating employment contracts [OECD (1993, Chapters 1 and 3)].

#### **Rising threshold of demand for qualification and competence**

These changes in the nature of employment, some representing new trends and

some a continuation of the old, imply a high degree of labour market turbulence. This can be seen in several indicators such as labour market turnover (defined as hiring plus separation rates measured over a given period), job turnover (measured as the sum of job gains and job losses over a specified time period) and the number of job changes experienced by an individual over a working life. Although country experiences show considerable variation, turnover, in the labour market is large, ranging from 80 per cent per year of establishment employment in the United States to about 25 per cent in Japan and Italy [OECD 1986, Table II.3]. Similarly, a large proportion of job changes each year – the annual rate of turnover usually averages 20 per cent or more of total employment [OECD (1994b)]. In other words, each year an average of one in five jobs changes. Finally, a typical employee can expect to experience several job changes (across firms) during a working life. While estimates are not available for many countries, the number can be as high as 9 in the United States [Hall (1982)] and 10 in Canada [Hasan and de Broucker (1984)].

#### **Occupation and skills**

The developments sketched above signify changes in skill demand. Although data on occupational composition are not precise indicators of changes in skills demanded, they provide a first indication of changes in skill structures. The broadest disaggregation by occupational characteristics into white- and blue-collar workers shows that the share of white-collar employment has been rising in every country. Taking the average value for OECD countries, 60 per cent of workers were employed in white-collar occupations by 1991 compared to 54 per cent in 1981 [OECD (1994b, Table 2.3)]. The impression of changing skill patterns is confirmed by changes within white-collar employment. Over the 1980s the large and relatively highly-skilled group of professional and technical workers increased its share of total employment in each of the eight OECD countries for which comparable data were available.

A more detailed study for the United States [Johnston and Packer (1987)] confirms the rising skill content of new jobs. When jobs



are ranked according to skills “only 27 per cent of all new jobs fall into the two lowest skill categories, while 40 per cent of current jobs require these limited skills. By contrast, 41 per cent of the new jobs are in the three highest skill groups, compared to only 24 per cent of current jobs.” Studies for Australia and Germany, cited in OECD (1994b), support these conclusions.

### Unemployment and threshold qualifications

Recent discussion of labour market problems has been dominated by concerns about the apparently rising structural component of unemployment and long-term unemployment [OECD (1994a)]. One element of this structural relationship is that those who fail to complete upper secondary education or otherwise acquire vocational qualifications are also most at risk of becoming unemployed. Persons who have completed less than an upper secondary education or lack a vocational qualification are typically one-third to more than twice as likely to be unemployed [OECD (1994c)]. Moreover, time-series data for a limited number of countries suggest that the risk of unemployment for the least-qualified increased markedly between the 1970s and 1980s in countries with large numbers of poorly qualified workers [OECD (1994c)]. These data suggest a change in the relative distribution of qualification requirements, with a shift away from unskilled workers — a shift that is consistent with the disappearance of jobs requiring only minimal levels of attainment. The resulting rise in the minimum threshold of requirements falls first and heaviest on the least qualified.

### Relative wages and threshold qualifications

Based on a study of twelve OECD countries, the general conclusion of recent research concerning the influence of education and qualifications on the structure of wages is of a widening of earnings differentials both across and within groups [OECD (1994c)]. While the specific gaps in earnings between different attainment levels varies in size and degree to which they have changed over time, there is a general trend showing that mean earn-

ings differences widen persistently from the more to the less educationally qualified worker. In general, those with no qualifications always do worse than all other groups. This pattern holds across all countries irrespective of their education and training systems or the distribution of workers across the attainment categories. One consequence of these findings is that age/earnings profiles are steeper for workers with a higher level of initial qualifications. The findings are also consistent in showing that participation in further training is associated with higher earnings.

### Initial qualifications and tendencies of labour market dualism

More detailed data for selected OECD countries suggest that workers coming onto the labour market in the 1990s with no qualifications are especially disadvantaged at the start of their career, and the disadvantage appears to persist [OECD (1994c)]. An analysis of five country data shows that workers with no initial qualifications are less likely to receive additional enterprise-based training. Additional data, limited to the United States, show that the gap in provision widened over the 1980s. College-educated workers entering the labour market in 1983 were just over three times more likely to have gone through a formal company training programme, but just over four times more likely in 1991. Relative differences increased over time, even for informal on-the-job training. The evidence suggests that the relationship between low attainment and higher unemployment rates is becoming stronger over time. This is true even when adjustments are made for changes in the shares of labour force for each educational attainment group.

## D. Implications for E & T Policy

These changes in the labour market have implications for the level, nature and composition of skills and qualifications required by the economy. In addition, evidence on skewed distribution of E & T opportunities raises questions about equity of access. Education and training systems are evidently under pressure to change. The wide-ranging nature of changes required suggests that a strategic

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***“... unskilled jobs are in relative decline. At the same time there is a general rise in the educational attainment and skills and competences of young recruits required by employers. ”***

***“There is a premium for problem-solving skills, ability to work in teams, ability to reduce machine down time and help introduce rapidly changes emanating from demand into the re-designing of products and services. ... the focus is on the ability to innovate, to solve problems as they arise, whether in the maintenance of machines, or in meeting the ever-changing service needs.”***

framework approach is needed to address them. The second half of this section outlines the elements that need to be considered in such an approach.

### **Level of qualifications**

Data presented above are consistent with the view that unskilled jobs are in relative decline. At the same time there is a general rise in the educational attainment and skills and competences of young recruits required by employers. Several pieces of information provide support for these views. The positive relationship between low educational attainment and high unemployment rates is a persistently constant finding across countries. The contrasting experience is clearest between those who fail to complete secondary education or otherwise attain equivalent qualifications and others who do.

Against the demand for a higher threshold of qualifications, one observes that a growing majority of young persons in most OECD countries are likely to finish secondary education [OECD (1994c)]. However, many still fail to complete secondary education and enter the labour market with little or no vocational preparation. Even for those who complete upper secondary education or the equivalent in a vocational or apprentice programme, entry into the labour market is often difficult and marked by prolonged and multiple episodes of joblessness or excessive turnover.

### **Nature of qualifications and competences**

The degree to which firms are moving away from Taylorist work organization towards a more flexible specialisation approach remains unclear. What is clearer is that there are serious limitations of a work organization strategy geared to mass production of a few standardized products or services. The principles around which more advanced firms are groping have become clearer and are summarized in OECD (1992a, Chapter 4). There is a premium for problem-solving skills, ability to work in teams, ability to reduce machine down time and help introduce rapidly changes emanating from demand into the re-designing of products and services. As opposed to performing tasks bro-

ken into small specialized routines, the focus is on the ability to innovate, to solve problems as they arise, whether in the maintenance of machines, or in meeting the ever-changing service needs. Since product and service configurations are changing more quickly, a flexible labour force with the ability to learn new skills and perform with new competences is more valuable. The availability of such a labour force is becoming more important in firm strategies for relocation across national boundaries. In calculating net cost advantage, it is not the cheap labour useful for performing repetitive tasks that is more important but a skilled and motivated workforce that can handle rapid changes in product design and service offerings.

### **Sectoral composition of E & T**

The evidence presented above provides some indication of where the key gaps lie in the chain of education and training. Several reasons suggest according high priority to the adult population. The legacies of past patterns of educational provision has produced low levels of educational attainment for the majority of the present day labour force and large numbers of inadequately qualified adults in OECD countries. In half of the OECD member countries, two-fifths or more of the working-age population completed less than upper secondary education. These least qualified adults are likely to lack basic literacy skills. One detailed study of adult illiteracy in Canada found that among working-age adults who had less than upper secondary education, 30 per cent had reading skills “too limited to meet everyday requirements”; a third were totally unable to read” [OECD (1992c)]. In the United States it is estimated that roughly a fifth of all working-age adults “have serious difficulty with common reading tasks.”

Additional evidence points to the increasing importance of adults learning needs. Some 80 percent of the OECD workforce of the year 2005 is already in the labour force. Demographic patterns also mean that the proportion of the young in the working-age population has peaked and will become smaller over the next two decades. The generation now entering work can expect six or more job changes



over working life. Technological change is increasing the pace of obsolescence of skills. All these factors mean that skills and competences need continuous updating in a changing world.

### Distribution of training opportunities

Labour market evidence points to a distribution of learning opportunities which is highly skewed in favour of those with good initial educational attainment. Rather than compensate for the low levels of educational attainment when they first enter the labour market, the patterns of provision of, and participation in, further education and training at present observed in most OECD countries actually widens the skill gap among workers. Those with low educational attainment not only suffer higher unemployment and low earnings in the early phases of labour market entry, the relative disadvantage grows over time. Training opportunities provided by firms differ significantly by firm sizes, with small and medium size firms, which employ the large majority of the labour force, providing a disproportionately small amount of training. Another related feature is the limited availability of such training to women and to those among the disadvantaged groups in the labour market.

### The need for a strategic response

A major rethinking of policy approaches is needed to respond to the developing pressures on the education and training system. A strategic rather than a piece-meal approach is indicated. In redesigning the system a contextual factor to consider is that many OECD countries are experiencing structural budget deficits and there is widespread consensus that these must be cut. Public funding for education and training is likely to remain seriously constrained. This argues for more efficient use of existing resources as well as a search for additional resources from private sources.

### A lifelong learning approach

Developments sketched above point to increased diversity of learning needs. Traditionally, E & T systems have focussed on the learning needs of the young. The increased importance of knowledge in

providing sustained improvements in economic and social standards has highlighted the learning needs throughout working life. This argues for a strategy based on lifelong learning. The implementation of such a strategy needs to address major gaps in provision. Initial education must provide the basis for further learning. Evidence shows that there are major gaps in the quality and amount of initial education provided in OECD countries, especially for the disadvantaged. Beyond initial schooling, major deficiencies exist in the transition process from school-to-work. For many young people the process is painful, beset with high unemployment and for labour market turnover that produces neither stable job matches nor enhances skill formation. There is a traditional separation of tracks between general/academic and vocational training. The major problem is with the general public perception and status of vocational training and the careers it leads to. For the adult population, opportunities for investment in skills are limited and concentrated among the few. Both institutional and market shortcomings mean that incentives to acquire skills are distorted.

Within a lifelong learning framework, there is a need for a better balance of priorities among components of the E & T sector. Several reasons have been advanced above that suggest the need for giving higher priority to the learning needs of the adults. This is not simply a matter of channelling more public funds. Investment in adult skills and competences is a shared concern between employers, unions, educational and training institutions, governments and the individual. These groups need to be brought together in new partnerships to ensure appropriate level and content of skill development. The role of government is to ensure that the required legal, institutional and incentive structures exist for fostering fruitful partnerships.

A major role of government is to ensure that the training market functions properly. There are many barriers to optimal investment in skills, the major problem being the uncertainty attached to returns to skills. For employers there is always the risk that employees they trained are "poached" by other employers. They often find it cheaper to recruit trained

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***“As regards individuals acquiring training, fair returns on investments is linked to the question of portability of acquired skills. This is partly a matter of co-financing (between employers and employees) and partly depends on the existence of a well-functioning system of assessment, certification and recognition of training taken.”***

***“... three areas deserve priority attention. There are ... significant deficiencies to be addressed at the secondary education level, ... School-to-work transition represents a major problem area. ...continuing upgrading and reskilling of the adult population is a high priority.”***

employees rather than do their own training. The development of a distortion-free system of assessment of qualifications and competences, of certification and recognition, is an essential component of the system. An additional factor is that accounting practices do not take full account of the assets created through enterprise training. As regards individuals acquiring training, fair returns on investments is linked to the question of portability of acquired skills. This is partly a matter of co-financing (between employers and employees) and partly depends on the existence of a well-functioning system of assessment, certification and recognition of training taken.

## E. Conclusions

Education and training systems are designed to serve several objectives. The objective of meeting labour market needs has become more important in recent years in view of high unemployment and other labour market difficulties encountered by OECD economies. These experiences are putting new pressure on E & T systems.

These systems have undergone considerable change over the post-War period. One of the major developments has been the drive towards greater participation in educational institutions. The expansion of post-secondary education was, for example, an important instrument of social equity. Another feature has been the emphasis on quality of provision. The rapid economic expansion up until the early

1970s made it possible to pursue simultaneously these two objectives. From the mid-1970s on, there were growing constraints on public resources, which shifted the focus to the allocation and use of educational resources.

The developments sketched above call for wide-ranging changes in E & T systems. There is a need for adopting a lifelong learning approach to meet the increased diversity of learning needs and methods of provision. Within this framework three areas deserve priority attention. There are still significant deficiencies to be addressed at the secondary education level, some of which can be traced to deficient pre-schooling systems, especially for the disadvantaged. School-to-work transition represents a major problem area. Approaches to address this problem include efforts to bring together the highly segregated paths of vocational and academic education, improving social and economic status of vocational education, reform of curricula to raise the quality and improve the relevance of educational provision, and greater co-operation with employers and unions to bring E & T systems closer to the world of work. Finally, continuing upgrading and reskilling of the adult population is a high priority. New institutional arrangements and improved functioning of the market for investment in skills are needed. The reform of the tertiary education sector could equal in scope the changes introduced by commitments which made first cycle secondary level education available to all in the 1950s and 1960s.

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# What new challenges will arise for education and training in Europe?

**Employment and the labour market in Europe today are undergoing profound transformations which cannot be ignored in terms of their effect on education and vocational training. Keeping in mind the significance of these issues for the actions of the social partners, we wanted to discover their point of view towards the major trends and on the future of education and training in the context of such transformations, and to find out how their future activities will be re-designed within this context.**

## Interview with Carlo Callieri, vice president of Confindustria<sup>1</sup>,

talking to Fernanda Oliveira Reis

**FOR - The globalization of markets forces us to see changes in Europe in the same perspective as the changes affecting Europe's main competitors on a global level. When we compare, we see that the effect of growth on employment in the European Union is relatively weak in contrast to the situation in the United States or Japan. How would you account for this phenomenon?**

CC - As a first explanation, we would have to look at the differences in terms of state participation in the economy. In the European Union, the presence of the state in the economy is, on the average, more than 50 %, in contrast to about 40 % in the United States and between 25 and 30 % in Japan. A first conclusion to be drawn would thus be that the dynamic effect of the market on growth in general and employment in particular is greater than what can be generated by state management.

Secondly, technological change and market evolution in the area of large communication and information networks in the United States were considerably more significant than in Europe, a factor which has led to increased employment there. I

am convinced that one of the reasons for growth and competitiveness in the United States has been the emergence of the networks that followed the break-up of the BELL monopoly. Europe must move for-



ward in the construction of an infrastructure of European networks.

The third reason is connected to the mechanisms of the labour market. Europe has what I would call a "protectionist" concept of the labour market. In the United States, the attitude is more "pragmatic", and I think this philosophy is more suited to establish a balance between job

## Carlo Callieri

graduated in Law from the University of Rome. He entered Fiat in 1967 assuming responsibility for various companies within the group. In 1977 he became editor in chief for the industrial section of the newspaper, *La Stampa*. In 1978 he became a joined the Ministry of Labour as an expert (labour costs and wage negotiations). In 1979 he became head of human resources at Fiat Auto. Following a period as delegated administrator for the Rizzoli-Corriere della Sera group

he returned to Fiat in 1984, responsible for the industrial component sector (1986) and director general of a number of companies in the group and of the Fiat research centre (1987). Since 1990 he has assumed responsibilities for the strategic development of the group. Since June 1992 he has been Vice President of Confindustria.

<sup>1</sup>Confindustria encompasses the company associations in Italian industry



***“Europe has what I would call a “protectionist” concept of the labour market.***

***In the United States, the attitude is more “pragmatic”, and I think this philosophy is more suited to establish a balance between job demand and supply.”***

***“... school must provide a broad base of general knowledge beyond traditional subjects, including methods and knowledge such as analysis, statistics, the cause and effect relationship, etc.”***

***“The new forms of work organization are based on objectives rather than on behaviours, and they are based on different methods, such as problem-solving. This radically changes the nature and time-frame of our needs ...”***

demand and supply. “Protectionism” generates dysfunction between supply and demand, and substitution mechanisms through externalization of the production processes.

***FOR - The “pragmatism” you mentioned - could this not lead to unstable employment, employment involving little or no qualification, becoming the norm?***

CC - It could, at the beginning, generate job opportunities involving little or no qualification. But as soon as markets open up with new products and new services, competition will inevitably generate growth within the companies, further qualification of the workers and thus an improved qualification level of job supply. And this is exactly the development we have seen in the services sector, where competitiveness is guaranteed by performance quality.

In the field of telecommunications, for instance, the job supply at the beginning was not what could be described as highly qualified. Looking at telex and facsimile services, one sees that these involve very simple operation - they require good organization, a good network, a system of line concentration and availability for night-time services, but not very sophisticated technology. However, competition has forced suppliers to constantly offer “more”, which in turn has led to new qualification needs, for instance the possibility of offering integrated products.

***FOR - How do you see the development of education and training with regard to an active employment market policy?***

CC - Europe is behind and must catch up if it wants to remain competitive. This lag is basically cultural: we have to give up the idea that security is a primary need and that competition is a problem. From my point of view, competition is the primary factor of progress, while excessive security destroys competitive momentum.

And the instrument of competitiveness is knowledge, learning in its various forms: general, specific, technical ... And as knowledge is primarily the domain of education, it is also the responsibility of

education to prepare individuals for competitiveness.

***FOR - Can education, which functions according to its own logic, be given the sole responsibility of promoting competitiveness?***

CC - There are certainly areas of responsibility that are shared between state and school on the one hand and between the economy and the corporate world on the other.

***FOR - What are, in your opinion, the modes, the moments and the places of influence of the economy on education and training?***

CC - We are customers, and certainly not minor ones. I therefore see these relationships in terms of relations between a supplier and his customer. First of all, we must identify the needs and then organize the response to these needs.

***FOR - One criticism often heard regarding excessive closeness between education and the corporate world is the risk of too immediate and short-term response, as we know that individuals must be prepared to face situations that are more and more complex and changing.***

CC - We believe school must provide a broad base of general knowledge beyond traditional subjects, including methods and knowledge such as analysis, statistics, the cause and effect relationship, etc.

On the other hand, we have to keep in mind the changing needs generated by the competitive model and the technological and organizational changes that we are currently undergoing. One of the prime objectives of the current forms of organization is quality. The new forms of work organization are based on objectives rather than on behaviours, and they are based on different methods, such as problem-solving. This radically changes the nature and time-frame of our needs, because it means that empirical knowledge that could be developed through experience is no longer sufficient.

***FOR - In terms of financing for training, what is your view on the evolution of the distribution of responsibilities***



### ***between the state, the corporate world and individuals?***

CC - Regarding training for young people, the example I would give is the participation of enterprises in work/training contracts, one of the measures adopted in Italy to promote the vocational integration of young people. Another measure has been the revival of the apprenticeship system, which in spite of its strong tradition had weakened in the last few years. We also have proposals for the vocational integration of young people that will be looked into by the next government, as we believe young people are essential to our competitive strength.

In terms of ongoing training, companies are investing considerable sums into vocational training, but we must not forget that the corporate world is an economic system based on production and competition. Individuals also have a share of responsibility, because they are also subject to competition on internal and external employment markets.

And national and European governments also have a responsibility for establishing adequate policies. If politicians are busy building a European market and a European currency, it is no less essential to build a European policy that can contribute to a new balance in the world.

***“... companies are investing considerable sums into vocational training, but we must not forget that the corporate world is an economic system based on production and competition.”***

## **Interview with Bruno Trentin, General Secretary of CGIL<sup>1</sup>**

**talking to Fernanda Oliveira Reis**

**FOR - From your point of view, why are the effects of growth on the employment situation weaker in Europe than in the United States or Japan for instance?**

B.T. - The first problem is the question of statistics, and it should not be underestimated. We have no homogeneous statistics at our disposal either for the European Union or for other industrialized countries. The criteria for defining both employment levels and unemployment rates vary widely and the divergences in these figures are probably more the result of classification problems than of real factors. Of course, statistics don't explain everything.

In the United States, the relationship between the increase in GNP and rising employment figures is linked to a growing trend towards relatively precarious employment forms. Even though American statistics do not allow for a clear distinction to be made between part-time employment, fixed-term employment and other employment forms, at least on a federal scale, it is clear that at a certain point the American government made the choice of holding up development and rationalization trend resulting from technological change in the services sector so



as to promote all types of employment in that sector.

The strong growth in employment in the United States is thus fed primarily by non-stable jobs resulting in general from a direct relationship between the worker and the employer and thus not subject to

### ***Bruno Trentin***

*graduated in Law from Padua. He was a member of the national parliament from 1962-1966, resigning in 1966 on account of the incompatibility of this and other tasks. He commenced working at the Office of Economic Studies of the CGIL in 1949 and in 1958 was nominated Deputy Secretary of the CGIL. He became Secretary General of the FIOM in 1962. Until 1977 he was Secretary General of the FIOM and Secretary General of the Metalworkers' Federation (F.I.M.) when he became National Secretary of the CGIL. On 29 November 1988 he was elected Secretary General of the CGIL and continues to hold this office.*

<sup>1</sup> CGIL is one of the three large Italian worker federations



***"The strong growth in employment in the United States is thus fed primarily by non-stable ... not subject to collective wage negotiation ... characterized by uncertainty and very high mobility alternating with periods of unemployment."***

***"We are ... faced with a transformation of the employment market and of employment relationships which, ... meshes in with a system of enterprise networks having a relatively small core of workers under permanent contracts..."***

***"... I am sure that if we had statistics on the 'informal forms' of work, i.e. unregistered employment, the differences among the countries of the European Union would be considerably attenuated."***

collective wage negotiation - jobs characterized by uncertainty and very high mobility alternating with periods of unemployment. And yes, employment rates have indeed risen considerably in the services sector, while at the same time industrial productivity declined, a trend which partly delayed the process of "expulsions" in this sector.

In my opinion we should be looking into this trend. In the last ten years, it has involved a drop in mean wages of about 15% for workers with permanent contracts together with the loss of a whole range of social benefits - even though the overall income of the family has not necessarily changed, as a result of contributions made by other family members who have found job opportunities in the services sector.

In the United States today, thought is being given not only to the effects of the "polarization" of salaries, but also to the enormous "wastage" of resources this has entailed: a highly inefficient system of services, very costly for society as the whole, and a persistently low ratio of capital to employment figures. This, in fact, is also the reason that a major issue in the United States today is the importance of rebuilding a national health service that would guarantee health care for working Americans but also allow enormous savings in resources currently being wasted through anarchic rivalry and competition.

With regard to the European Union and the differences between countries, the explanation for the relative "success" of the Italian case can be found in the popularity of employment forms which are quite different from the forms dominating in major companies. Contrary to the Japanese situation, there is no double employment market in Italy, but rather a kind of interpenetration between stable employment forms and forms that often resemble individual or family enterprise forms, working under sub-contracts with large and medium-sized enterprises. In this case, it is sometimes difficult to distinguish clearly between salaried employees and small businessmen.

What has to be stressed, I think, is that in the course of the past twenty years, working at home has taken on a new image,

and undergone a transformation in terms of institutional form and quality. Twenty years ago, this form of employment involved mostly traditional sectors such as the textile and garment industry. Now the trend to working at home has spread to almost all employment sectors, including the mechanical industry, fine chemistry, etc.

We are thus faced with a transformation of the employment market and of employment relationships which, although it has not achieved the dimensions of the situation in the United States and is not concentrated purely in the services sector, meshes in with a system of enterprise networks having a relatively small core of workers under permanent contracts and a significantly greater number of workers with fixed-term contracts who often switch from one sector to another, one field to another, in the course of their working life.

On the other hand, I am sure that if we had statistics on the "informal forms" of work, i.e. unregistered employment, the differences among the countries of the European Union would be considerably attenuated.

***FOR - What position are the trade unions taking in view of the changes on the employment market, and particularly in view of this tendency to move away from the collective dimension of wage bargaining you mentioned about the United States and that can be assumed, probably at a lesser degree, for Europe as well?***

B.T. - First of all, a distinction should be made between the trade unions' loss of negotiating power, which was dramatic in the United States and significant enough in practically all other countries, and the issue of a general system of social protection which can only be guaranteed by legislation acknowledging the universal rights of workers and which must, in part, be secured through collective negotiation.

In the United States, the social protection system depends on collective negotiation in enterprises and it excludes the large number of workers employed in the services sector, the very sector which has been responsible for the increase in



employment figures in the course of the last few years. At the onset of the industrial crisis, the drop in productivity caused a reduction in wages and, straight off, the elimination of a series of clauses which constituted the social welfare system in the USA.

This support system for the social needs of workers and their families, differing widely from company to company, practically collapsed in the course of the last ten to fifteen years. For this reason, the US administration is currently re-examining the issue of the "welfare state" under totally new terms. And I think the US is in a way anticipating the line of thought we should be following here in Europe, because, even though Europe has government systems of social protection on a national level, there is also a growing mass of workers who no longer fulfil the traditional conditions of access to these systems. The problem therefore involves guaranteeing the same rights to a large group of workers who have totally atypical employment relationships and about whom it can already be predicted that they will have to change jobs several times in the course of their working lives.

This forces us to completely re-examine the criteria for financing the welfare state: if a part-time worker has to be protected in the same manner as a seasonal worker who is employed six months of the year or a worker with a series of fixed-term contracts to provide services, the social contribution system can clearly not function.

Policy-makers in the United States are looking for a solution and analyzing, among other proposals, the idea of creating an entitlement card giving anyone working under any form whatsoever access to the benefits of the welfare state, be it in terms of pension fund or health insurance. This universal system would be financed through taxation rather than through social contributions, as is currently the case in all of Europe with the exception of England.

In my opinion, an identical problem will crop up in Europe as soon as not only the demand for employment but also the supply of jobs available evolves towards a domination of atypical employment. I

also believe that within the next few years the distinction between typical and atypical employment will disappear, especially when atypical employment starts to involve the majority of employment forms. What is now atypical employment reflects technological evolution, changes in labour organization, specialization trends, but also the effect of expectations manifested by younger generations.

Let us come back to the issue of collective negotiation and the position of the trade unions vis-à-vis employment market changes.

The trade unions are indeed running the risk of losing control in a society that is currently undergoing fundamental changes, not only from the point of view of the social composition of the working world but also in terms of the priorities and needs expressed by this highly diversified world. But we cannot accept that focus should shift completely to the worker viewed as an individual. I do not believe, for instance, in a system of ongoing training borne exclusively by individuals. We need the collective dimension, especially if we accept that we are heading towards increasing mobility, therefore new needs in terms of basic training, and requalification processes performed at an ever increasing pace.

The major issue facing even the welfare state is redefinition of training in all its aspects as a top priority in modern societies. In fact, even in the United States, when we talk about a drop in wages, statistics show that those who went to secondary school lose less than those who did not, that those who have been to university lose very little and that those who have completed their training tend to gain. This proves that even in a context of deregulation, the weight of training is decisive.

**FOR - What kind of training would you consider suitable to support an active employment market policy?**

B.T. - First of all, we have to give workers, and particularly young workers, the kind of basic training they need to integrate into the employment market, independently of the specific activity that they will exercise. This implies rather

***“... even though Europe has government systems of social protection on a national level, there is also a growing mass of workers who no longer fulfil the traditional conditions of access to these systems.”***

***“I ... believe that within the next few years the distinction between typical and atypical employment will disappear, especially when atypical employment starts to involve the majority of employment forms.”***

***“... even in a context of deregulation, the weight of training is decisive.”***



***"We would also have to consider the possibility of designing diplomas that can be acquired in the course of working life, that would be more valuable in terms of access to training and the employment market than such diplomas are at present."***

***"... we believe there must also be a mandatory contribution on the part of the company, so that it considers the worker as a long-term investment.***

***"We should probably be thinking in terms of territorial or company-based structures, with the state and the trade unions committing themselves to provide basic training to combat illiteracy when this is in any way necessary and elements of vocational culture likely to guarantee versatility in the future."***

radical reforms in the school system and in the vocational training system. A first measure could be raising the age of compulsory schooling in some countries, such as Italy, providing that this would lead to diplomas that are recognized on the employment market. We would also have to consider the possibility of designing diplomas that can be acquired in the course of working life, that would be more valuable in terms of access to training and the employment market than such diplomas are at present. At secondary school level, we would have to have a diploma that would intrinsically guarantee new access conditions to the employment market and serve as a prerequisite for follow-up qualification courses which the state should sponsor in companies by taking over a part of the costs of these courses. Such a choice implies a radical change in the relationship between school and industry, between school and the corporate world.

One of the basic problems we are currently facing in Italy in terms of both initial and ongoing training is the lack of trainers having first-hand knowledge of the technical and organizational changes in the world of work. We therefore have to think in terms of a policy that would include in-company stages and more permanent links between companies and universities and between companies and secondary schools, links that would be based on agreements allowing company personnel, for instance, to contribute to training in regular schools. There are taboos that would have to be overcome, and "transparent" rules would have to be established to reach a balance of "influences" that would be acceptable to all parties involved. The role of the state in this issue is highly strategic.

Another basic issue involves defining the conditions for the establishment of a true ongoing training system. But this would require a totally new concept of in-company training and its financing modalities. While accepting that the worker must contribute to the financing of his own training when the objective of this training is the production of effective results in terms of his vocational and personal path, we believe there must also be a mandatory contribution on the part of the company, so that it considers the

worker as a long-term investment. If training is an investment only for the state or for society, companies will tend to favour a policy of workforce substitution rather than a policy of re-qualification, for the very reason of not having invested in their human resources.

In Italy we have experimented with a co-financing model which would still deserve being looked into and used again; it involves allowing workers a certain number of hours paid by the employer for training purposes of any sort, providing that the worker can prove that he is investing at least twice as many hours in this training as those paid by the employer.

***FOR - Unemployment nowadays is to a large extent long-term unemployment, and it affects persons with low qualification levels more than others. Even though training alone is not enough to generate employment, what training measures would you recommend for persons belonging to these groups?***

B.T. - We should probably be thinking in terms of territorial or company-based structures, with the state and the trade unions committing themselves to provide basic training to combat illiteracy when this is in any way necessary and elements of vocational culture likely to guarantee versatility in the future.

Part of the crisis of the welfare state is very bad management by the state itself. In the case of training, the financial crisis of the welfare state starts at the point where a growing number of young people leave secondary school without completing it and school becomes out of tune with the changes society has gone through in the last few years.

While insisting on some form of partnership between the state and the various social parties, I believe we have to completely re-design our public systems to make training in public schools and universities an instrument of ongoing training. For instance, we should be planning for in-company training to have a "feedback" relationship with schools and universities. And at higher training levels, it is quite possible that a tripartite system could finance courses and training stages



at universities, provided universities have among their teaching staff company managers under contract to do training work for periods of two or three years parallel to their management functions. Universities should also look into increasing the flexibility of their system, for instance by creating diplomas for two-year courses.

The first thing to do, then, is to re-design the public system, not with a view to privatizing it, but to re-define transparency and relations with the industrial and entrepreneurial world. This would lead to great savings in terms of resources that are currently being totally wasted.

**FOR - Taking the industrial structure of Italy into consideration, what are, in your opinion, the main problems involved in training SME workers?**

B.T. - In Italy this is a real problem, and it should lead to a partnership between the trade unions and enterprises both at the level of union federations and within

the various sectors. Within this partnership, territorial centres managed by the social partners could be operated to develop training schemes using programmes that would be discussed together.

This means there would have to be organizations to monitor vocational training in all industrial areas in Italy, and vocational training centres able to serve a rather large number of small and medium-sized enterprises. We have experimented and I would say that, on the whole, results are not disappointing. Italian policy-makers are gradually becoming more conscious of the fact that, within the framework of a more global economy, this is where the competitive game among enterprises and large regional territories will be played. Work may be the least mobile of assets in terms of technology, industrial investment and capital, especially between countries. But it is this very asset which constitutes the wealth of a country.

***"The first thing to do, ... is to re-design the public system, not with a view to privatizing it, but to re-define transparency and relations with the industrial and entrepreneurial world."***

# Sweden's labour market policy: A remedy for unemployment?

Why was unemployment in Sweden considerably lower than in most other European countries during the 1970's and 1980's? The discussion has focused primarily on three explanations:

- The Swedish system of central wage negotiations and agreements, which has kept real wages increase on a relatively low level.
- The macroeconomic policy and its accommodating effects caused by repeated devaluations and a strong employment increase in the public sector.
- The labour market policy with its strong emphasis on the "employment principle," which differs from the policies of many other European governments.

The present essay aims to take a closer look at the third of these explanations, the labour market policy of the Swedish government, which has enjoyed an international reputation as a particularly successful ingredient of the "Swedish model". A number of theories has been developed in recent years in order to analyze labour market programmes and their effects on aggregate wages and employment. The research has brought attention to the possibility of efficiency problems in the labour market policy. The programmes can have had such severe counteractive effects on the general employment situation that unemployment has remained unaffected or even increased. We will give an overview of the theories, report the empirical results of a number of Swedish studies in the field and discuss what can be learnt from the Swedish experiences.

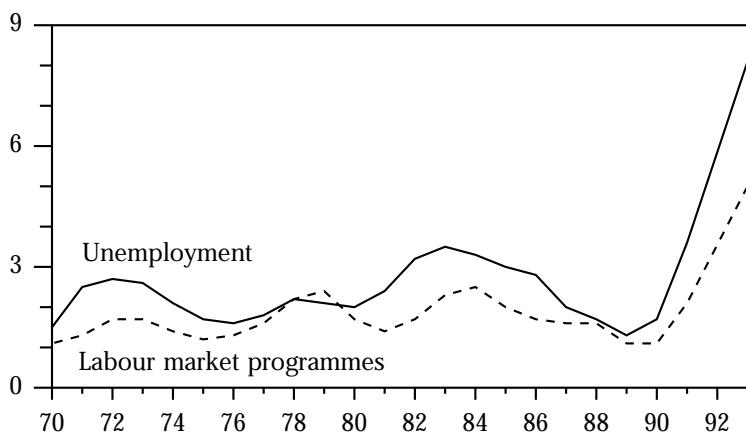


**Per Skedinger**

*Currently employed at the Industrial Institute for Economic and Social Research (IUI), Stockholm. Areas of research: Effects of labour market policies, wage and employment determination*

**Until the recent economic crisis, the unemployment rate in Sweden has been much lower than in most other European countries. It is a widely held belief that this impressive record to a great extent is explained by Sweden's active labour market policies. This article discusses recent research on the macroeconomic effects of these policies and argues that the alleged benefits probably have been exaggerated.**

**Figure 1: Unemployment and Labour market Programmes 1970-93**  
**Percentage of labour**



Sources: Statistics Sweden (SCB) and the National Labour Market Board (AMS).

Note: The labour market programmes include labour market training (excl. in-company training), relief work and special youth measures.

***“... labour market programmes ... consist largely of relief work and labour market training, but also of selective measures aimed especially at young and disabled persons.”***

***“Two theories have been developed concerning the effects of labour market programmes on the general employment situation.”***

***“As opposed to other unemployed with closer ties to the labour market, the long-term unemployed do not contribute to keep wage increases down.”***

The government labour market policy consists partly of passive support to the unemployed (in the form of payment of unemployment benefits or early retirement pension), partly of a number of active measures, i.e. labour market programmes. The latter consist largely of relief work and labour market training, but also of selective measures aimed especially at young and disabled persons. The volume of active employment measures makes Sweden one of the leading states in Europe both in terms of the level of expenditures and the number of persons involved. Figure 1 shows the number of openly unemployed and the number of persons engaged in labour market programmes in Sweden during the period 1970-1993. These figures alone do not however permit the deduction that the comparatively low rate of unemployment is an effect largely of the Swedish government labour market policy.

Two theories have been developed concerning the effects of labour market programmes on the general employment situation. The first of these theories, represented among others by the British researchers Richard Layard and Richard Jackman, emphasizes the programmes' possibilities to maintain or raise the level of training in the labour force and pave the way for more efficient job search strategies. Regarded in this perspective, government labour market policy is consid-

ered to increase the size of the "effective" labour force, which in turn gives rise to greater competition for jobs, wage restraint and thus an increase in general employment. A crucial factor determining the size of this "effective" labour force is the number of long-term unemployed. As opposed to other unemployed with closer ties to the labour market, the long-term unemployed do not contribute to keep wage increases down. This may be because of low search effort of the long-term unemployed or reluctance to hire them on the part of the employers. Thus wage increases remain high also with a high unemployment rate, and unemployment as a consequence continues to increase.

The other theory, primarily represented by Lars Calmfors at the University of Stockholm, brings attention to the fact that the programmes can influence the wage negotiations between trade unions and employers so as to raise wages. The trade unions are assumed to consider the situation also of their unemployed members, a situation largely determined by the extent of unemployment and the alternative wage earning possibilities. According to this theory, the government programmes reduce the negative effects of a dismissal, thus weakening incentives for wage moderation. Exactly how much weaker these incentives get, depend on factors such as the level of benefits paid, the duration of programme participation and the extent to which programme participation qualifies for additional periods of unemployment benefits. The programmes can consequently result in higher wages, thus crowding out regular employment. The active measures are furthermore considered to weaken the job-searching incentive of the individual during the period of programme participation, which in turn results in a higher unemployment rate. Thus regular employment, should the total effect of these factors be strong enough, can be displaced to such an extent that unemployment actually increases.

The empirical knowledge of the various effects of government labour market programmes is based on both micro- and macroevaluations. The microstudies focus on the effects on wages and employment for participants in the programmes. Although research activity in this field has



been fairly intense, the results have so far not formed a clear picture. Methodological difficulties arise from the fact that programme participation rarely is a random procedure. If, for example, people entering training programmes tend to be more productive and more employable than other unemployed persons, the treatment effect of the programme will be over-estimated due to what has been termed "selectivity bias". New methods in order to handle this problem have been developed, most notably in the United States, but the results have turned out to be very sensitive to the particular method applied by the researcher.

The macrostudies attempt to determine the effects of the programmes throughout the whole economy by analysing aggregate employment and wage effects, i.e. the general consequences also for those not engaged in the programmes. Most of these latter studies have been carried out in the Scandinavian countries, which is perhaps to be expected given the strong emphasis put on active labour market policies there. Studies in other countries typically use expenditure measures of programme activity, a method which has several drawbacks (see OECD, 1993, and the references therein). For example, the number of persons involved in the programmes, not expenditure, is the appropriate measure if one wants to analyze the effects of transfers from open unemployment to programmes. The Swedish studies referred to below all make use of data on programme participation.

Tables 1 and 2 show the results of a number of Swedish macrostudies of the effects of government labour market programmes on wages and employment. A crucial part of the research in this field focuses on the question whether different types of programmes – relief work on the one hand and labour market training on the other – can be shown to have different effects. Most of the studies do not however differentiate between the programme types. The aggregate measurement used in these studies appears in the tables as "relief work + training".

The proposition that an increase in (short-term) open unemployment contributes to lower wage pressure is supported both by theory and by a wealth of empirical

literature in Europe and elsewhere. A far more controversial issue is the effects of labour market programmes on wage formation, since competing theories offer different answers. Table 1 shows the estimated wage effects of the labour market programmes at given levels on the open – and wage restraining – unemployment. A positive (+)/negative (-) effect means that an increase in the number of persons involved in programmes has a wage increasing/wage decreasing effect. A zero (0) in the table indicates that wages remain unaffected, but this also means that a transfer of persons from open unemployment to various programme participation does not result in wage restraint. It should be stressed that this result is almost as serious as if the effect had been positive. The table indicates that the major part of the studies have shown the programmes not to reduce wage pressure.<sup>1</sup> The Layard-Jackman theory referred to above thus seems to receive little support. In Sweden the publication of these studies has provoked an animated discussion, which is not entirely surprising since the findings depart so much from the considered opinion of economists and practitioners alike. Some of the contributions so far to the discussion are reprinted in Bergström (1993).

Very few studies have analyzed the programmes in terms of their effect on

*"... the major part of the studies have shown the programmes not to reduce wage pressure."*

***"Very few studies have analyzed the programmes in terms of their effect on employment and the results are not conclusive."***

<sup>1</sup> The studies are based on a wide range of data and also employ various estimation methods. It should therefore be pointed out that the studies based on better data and/or statistical methods have not shown more favourable results for the government labour market policy. The only comparable evidence for non-Scandinavian countries is, to my knowledge, a study by OECD (1993). Using both expenditure and participation data for labour market programmes in France and Germany (as well as Sweden), the OECD finds that increased participation rates do not have a significant effect on wage increases. By contrast, more expenditure per participant reduces wage pressure. It is however not clear to what extent the expenditure data used in the report measure quality differences.

**Table 1: Empirical studies of the effects of government labour market programmes on wages**

Study	Programme	Effect
Calmfors & Forslund (1991)	Relief work + Training	+
Calmfors & Nyemoen (1990)	Relief work + Training	0
Edin, Holmlund & Östros (1993)	Relief work	-/0
	Training	-/0
Forslund (1991)	Relief work + Training	+
Forslund (1992)	Relief work	+
	Training	-
Holmlund (1990)	Relief work + Training	0
Löfgren & Wikström (1991)	Training	0
Skedinger (1992)	Relief work	+



***"It has been shown that labour market programmes can have a wage increasing effect and we cannot be certain that the measures actually have reduced total unemployment. In general, the results are however more favourable for training programmes than for relief work."***

employment and the results are not conclusive (see table 2). A research project at the Industrial Institute for Economic and Social Research (Industriens Utredningsinstitut, IUI) and the Institute for International Economic Studies at the University of Stockholm (Institutet för internationell ekonomi, IIES) is currently investigating the effects of labour market training and relief work on the total unemployment, i.e. the open unemployment and the number of persons engaged in government programmes (Calmfors & Skedinger, 1994). The study is based on regional data for the period 1965-1990 and takes the great regional variations in programme volume as well as unemployment rate into account. The study also analyses the effects of the increased emphasis on measures for youths in the 1980's for the aggregate unemployment rate. Youth are to a great extent outsiders on the labour market, and it is an interesting issue whether targeting of measures towards such a group decreases wage pressure. Measures directed at outsiders do not improve the welfare of those already holding jobs as much as policies that are neutral in this respect, and it is possible that this leads to weaker demands for wage increases. By the same reasoning, measures aimed exclusively at insiders, such as in-plant training, can be expected to have detrimental effects on wage moderation, but this was not tested due to lack of regional data. In-plant training reached a peak in the recession of the late 1970's, but since then has not been

used nearly as much as regular training programmes.

The preliminary results of this research project indicate great differences between the programmes. Relief work does not seem to contribute to increased employment, whereas labour market training shows more positive results. We are however not able to draw any particular conclusions as far as the emphasis on youth programmes is concerned.

The research of the past few years can on the whole be said to have raised a number of questions concerning the efficiency of government labour market programmes. It has been shown that labour market programmes can have a wage increasing effect and we cannot be certain that the measures actually have reduced total unemployment. In general, the results are however more favourable for training programmes than for relief work. Possible reasons for this difference are that training programmes are associated with more skill enhancement, less direct displacement effects and lower benefit levels than is relief work. This leaves us with the question of the potential risks and possibilities of an active labour market policy in the current labour market situation in Sweden, where unemployment is much higher than during the 1970's and 1980's. Strong reliance on passive labour market measures, as in many other European countries, is clearly not an attractive option.

**Table 2: Empirical studies of the effects of government labour market programmes on unemployment**

Study	Dependant Variable	Programme	Effect
Calmfors & Skedinger (1994)	Total unemployment	Relief work Training	+/0 -
McCormick & Skedinger (1992)	Open unemployment	Relief work Training	+ -
Wadensjö (1987)*	Open unemployment	Youth teams	-

*Note:* The Wadensjö report (1987) restricts itself entirely to youth unemployment and to the effects of the programmes on the open unemployment for a specific age group. Potential effects for other groups have consequently not been considered.



As we have noted, the two "schools of thought" have their respective arguments concerning the effects of government labour market policy. These arguments should not necessarily be regarded as mutually exclusive. Obviously great attention must be paid to the possibilities of the government policy to prevent an increase in the incidence of long-term unemployment. The risk of wage inflation from such a policy is presently low, although not negligible, as open unemploy-

ment in Sweden has reached a considerably higher level than in previous years. On the other hand it is equally important to avoid locking-in effects that can arise as a consequence of high benefits in the programmes and generous possibilities of entering, and re-entering, programmes after spells of unemployment. The challenge to policy makers, in Sweden and elsewhere, is to find an optimal mix of, and to carefully design, various active and passive measures.

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# An individual educational investment account: A Swedish proposal

by Gunnar Eliasson<sup>1</sup>

**"... the real responsibility for coping with change will be increasingly shifted from Government to the individual, and it will become increasingly important to reorganize educational, labour market and social insurance institutions to facilitate this change. This is the reality of the currently very serious labour market situation in Europe, facing the prospect of job-less-growth or the possibilities that investments will go elsewhere, to places offering a potentially more competent, flexible and less expensive labour force. ... The reform necessary to put the stagnating mature industrial economies back on a growth path thus has to incorporate, as a key feature, new institutions allowing individuals to take significantly increased economic responsibility for their own economic future and welfare, and to remove the same responsibilities from Government, i.e. shifting a significant part of the financing of education, retraining, labour market insurance and social insurance from taxes to mandatory charges on the individual."**

<sup>1</sup> see page 5

Mature industrialized economies, are currently facing radically increased competition in their traditional production technologies. Many of these economies are also having severe difficulties in building new industry to compensate for the consequent decline in their mature industries. The net effect has been that the capacity of industry to generate value added expressed in foreign currencies is not sufficient to maintain past growth rates of many European economies and to satisfy the demands on continued economic welfare of its citizens. The reason is partly due to lacking managerial and technical competence in existing firms. But where such industrial competence exists, the ability of the mature industrial nations to shift onto a new, high value added competence or technology base has been severely constrained by social factors, notably manifest in the labour market.

To successfully meet this transformation challenge, excellence in three areas (see Eliasson 1992a,c) is needed;

- 1) *education* to upgrade the competence level of the workforce.
- 2) *labour market performance* to stimulate competence development and to allocate competence
- 3) *social insurance*, to reduce the negative allocational consequences for risk groups.

The educational, labour market and insurance functions all have to work well in one context and cannot be viewed in isolation. This highlights the fact that the efficiency of school depends critically on a functioning labour market and a social

insurance system that makes people willing to move and to take on private labour market risks. Performance in these three dimensions is of critical importance for individual performance and welfare. The individual is the first to suffer from the adjustment consequences of radically changing economic structures and will have to do the job. The policy maker is more or less unable to influence the individual outcomes of the restructuring process, and with badly undermined finances in most mature industrialized economies the public sector can no longer afford, as before, to generously compensate individuals affected by the unpredictable market outcomes. As a consequence the real responsibility for coping with change will be increasingly shifted from Government to the individual, and it will become increasingly important to reorganize educational, labour market and social insurance institutions to facilitate this change. This is the reality of the currently very serious labour market situation in Europe, facing the prospect of job-less-growth or the possibilities that investments will go elsewhere, to places offering a potentially more competent, flexible and less expensive labour force.

## How to make Europe more attractive for investment

A competent, flexibly available and not overpriced labour force is the decisive attraction for new investment. At the same time the unpredictable labour market situation in Europe, and the unfamiliarity with that situation on the part of individuals and policy makers will not help to increase labour market flexibility. Under



such a situation of labour market uncertainty *competence development* naturally becomes the preferred policy solution to the growth and unemployment problem facing the mature industrialized economies. For a competence-oriented labour market policy to succeed, however, not only significant rethinking of policy is needed. Particular competencies on the part of policy makers, beyond disbursement of public money, are required. Above all, the management of public educational, labour market and social insurance institutions will have to be radically reorganized. Misconceived policy may otherwise do more harm than good, as we are now beginning to understand (cf. Per Skedinger's article in this issue). The critical questions are: *what* new competencies are needed, *who is competent* to organize the appropriate training, *who* should be and who is most competent to provide the complementary labour market insurance? Furthermore, *how* should the labour market be organized to make the allocation of competence efficient and how should continued competence development be financed? The only clear answer to all these difficult questions is that without a decisive and motivated input of effort from the concerned individual, policies will fail. To achieve that mobilization of effort and competence the individual has to command a significant part of the resources needed, and be allowed to take financial responsibility for his or her own future.

Since the individual, not the policy authority, is normally the most competent actor to decide, resources previously controlled (through the tax system) by public authorities should be made available to the individual. The reform necessary to put the stagnating mature industrial economies back on a growth path thus has to incorporate, as a key feature, new institutions allowing individuals to take significantly increased economic responsibility for their own economic future and welfare, and to remove the same responsibilities from Government, i.e. shifting a significant part of the financing of education, retraining, labour market insurance and social insurance from taxes to mandatory charges on the individual. The critical questions are: who should provide credible labour market insurance for labour and how exactly should the financ-

ing of labour market training be organized? How should less responsible individuals be prevented from becoming parasites on the system or from letting immediate concerns make them risk their long-term wellbeing? Formulated in this way, the suggested solution to this problem is very general, and refers to all kinds of education and insurance, even though the specific proposal to be presented below was developed as an instrument to make vocational training and unemployment insurance for workers more efficient.

## State monopoly or individual investment accounts

The idea of making the individual responsible for his or her own welfare is not new. It was brought up already by Wicksell (1905) a century ago at a time when the welfare state was only an idea. Bismarck, being the realistic statesman he was, realized that the individual and the market would not at that time come up with the insurance solution that social and political stability in the emerging industrialized market economies demanded. He therefore created the first minimal welfare state in Prussia and this, it is well worth observing, was not a tax-based system. It was insurance-based but mandatory, very much like today's motorcar insurance. The problems of the welfare economies became more of an issue as the welfare tax states grew, increasingly depriving the individual, or the family of the financial capacity to care for their own insurance and educational needs. This worked reasonably well as long as economies were growing and the demands on state welfare provisions were modest. As benefit programmes expanded and economic growth slowed, macroeconomic problems began to emerge. The current situation is therefore exposing the public sector of some Western European countries to severe financing difficulties. Existing systems may furthermore be reducing incentives to find new jobs and to engage in continuous upgrading of skills, and may therefore be holding back labour supply. This possibility has long been foreseen, and remedies suggested. Individual tax shelter arrangements for insurance, retirement and education were suggested already by Eliasson (1976) and

***"Under such a situation of labour market uncertainty competence development naturally becomes the preferred policy solution to the growth and unemployment problem facing the mature industrialized economies."***

***"The critical questions are: what new competencies are needed, who is competent to organize the appropriate training, who should be and who is most competent to provide the complementary labour market insurance? Furthermore, how should the labour market be organized to make the allocation of competence efficient and how should continued competence development be financed?"***



**in Sweden "... an individual investment account for education, continuous retraining and retirement was designed ... and then proposed by the Committee." (Swedish committee on vocational training)**

**"At birth the individual will have a limited credit line to draw on for education. During work life part of the money paid in goes to charges for health and unemployment insurance. The capital can be drawn on at any time for prespecified educational investments and to cover various insurance premiums ..."**

<sup>1</sup> *A Sea of Opportunities*, Swedish Government official publications, SOU 1992:123.

<sup>2</sup> It should be noted for the record that the gradual reduction of the progressiveness of the Swedish income tax system, and a general reduction in equalitarian ambitions among policy makers, mean that measures like this are no longer as politically sensitive as before.

Rehn (1983). More recently this concern has become more ominous as the tax state has not only deprived the family of its resources to act on its own behalf but also suffered a deterioration in its capacity to provide the essential services of education, training and social insurance. The main reason for this lacking capacity on the part of the public sector is the perverse incentive arrangements associated with publically financed education, labour market training and social insurance, and the corresponding lack of individual motivation and commitment.

## A Swedish proposal

The problems of financing the welfare state and of risk groups are perhaps most manifest in Sweden. In the last few years, furthermore open unemployment has increased dramatically, radically forcing a rethinking of costly retraining programs. The recent Swedish committee on vocational training, charged with the task of giving the programme a corporate status and preparing for its privatization (Eliasson 1992b and *Ett hav av möjligheter* 1992<sup>1</sup>) observed that social insurance related to unemployment, education, vocational training and retirement is, in a large measure, a form of redistributing income over individuals' life cycles through many public tax and subsidy accounts, and as such harbours social risk and is ineffective from an incentive point of view. To remedy this situation an *individual investment account* for education, continuous retraining and retirement was designed (see Eliasson 1992b) and then proposed by the Committee. A similar idea was later elaborated by Förlster (1993) and generalized to cover as well labour market insurance in Andersson, Carlsson, Eliasson et al. (1993) in the form of a citizen's account. Even though this individual investment account has been designed with the normal income earner in mind it is much more comprehensive and should cover the majority of income earners. For the disadvantaged the regular welfare system currently in place will apply. This is an advantage, since it allows welfare authorities to focus their attention on the small group of troubled people who needs help, and all research suggests (Eliasson 1992c) that small-scale, intensive and tailored attention is what they need, not money

transfers and anonymous treatment in overextended Government bureaucracies. The idea is that only a minimal provision of educational, insurance and retirement services be covered over the public budget, and financed through taxes. To prevent endangering the socially weak this minimal public coverage will have to be significantly lower than currently provided over the public budget in western welfare economies. The rest, part of it being mandatory, will be financed privately, by allowing the individual to set aside, before tax, part of his or her earnings in an individual investment-education account. Deductibility essentially means that the corresponding tax money is moved to the individual investment account. Providing this is simple. Only deductibility, and well defined limitations on drawing rights are required. As suggested in Eliasson (1992b) and Andersson, Carlsson, Eliasson et al. (1993) the system can be gradually introduced by allowing anyone deductibility for deposits in such educational investment accounts and, as well, but not necessarily, the opportunity to terminate, through a paid-up policy, the current public tax finance commitment.<sup>2</sup> The arrangement is similar to profit carry forward rights for firms. It works as a private retirement scheme where retirement wealth can be prematurely activated for certain investments, like education.

## The individual educational investment account

The individual investment account can be set up as follows. At birth the individual will have a limited credit line to draw on for education. During work life part of the money paid in goes to charges for health and unemployment insurance. The capital can be drawn on at any time for prespecified educational investments and to cover various insurance premiums (unemployment, accident, health etc.) There could be a complementary Government subsidy, and the employee could also negotiate a complementary benefit in his or her employment contract. To limit social risk, educational investment, for instance, will only be covered up to a preset limit. Capital remaining at retirement age will furthermore *all* be available for pension benefits, a provision that will



counter social risk and prevent him or her from excessively using the benefits of the system during its accumulation phase, thus minimizing the need for Government control of misuse. To make the individual concerned about capital growth on this investment account he or she should be allowed significant influence on the management of his or her capital; whether privately or through a public account etc. There should be no restrictions on domestic investments. Rather the opposite, the management of this account *should be protected* from the short-term macroeconomic policy concerns of Government. It should be solely devoted to the long-term benefits of the individual. The design proposed by the Swedish Committee for vocational training (see again *Ett hav av möjligheter* and the more detailed preparatory analysis by Eliasson 1992b, and Andersson et al. 1993, Chapters 1, 5 and 6) included two particular features to make the investment account arrangement economically effective, and at the same time acceptable from an income distribution point of view.

## **The individual investment account is superior to a collective funding arrangement through efficiently exploiting individual competencies and incentives**

The committee *first* concluded that to stimulate the individual effort and motivation needed for successful training, an effective *incentive system* was needed. These accounts should be largely managed by the individual, so that he or she could avoid becoming unemployed before becoming eligible for the financing of retraining from the labour-market bureaucracy – as is currently the normal Swedish situation. Since the individual pays part of the costs by drawing on his or her retirement wealth social risk can be minimized. It then also becomes obvious that the individual has a strong incentive to choose the training that makes him or her more competent, and therefore more productive and capable of earning a higher income. In general the indi-

vidual should also be more competent than a bureaucrat to make that choice. In case he does not consider himself sufficiently competent to make the appropriate investment decisions he can always ask for advice, if *he* considers it to be advantageous. Hence, there should on average be neither private nor social costs associated with the programme (Eliasson 1992b). The individual investment account overcomes the financing constraint on education and mobility and provides incentives for economically rational educational investments. If the individuals choose the right training which offers a high private return, macro output should increase as a consequence and so should his or her income, thus allowing the individual to recoup the investment, financed through his or her accumulated retirement wealth. *Second*, the committee argues, in this way, the problems of the disadvantaged and of stigma effects can be solved more efficiently and reasonably than in the current system.

### **Stigmatization is minimized**

This is accomplished by allowing and stimulating the various vocational training units to compete with one another through innovative product development. Since some of these agencies have already been successful in attracting private, unsubsidized customers the techniques for successful training have been developed at reasonable costs. It is known that these programs tend to be staffed by the best teachers and are also high cost operations, but that firms are willing to pay a price that cover the higher costs for the high-quality educational services received. It may be the case, argues the committee, that training the disadvantaged is even more costly and requires extremely good teachers. This, of course, also has to be recognized by politicians if they want to help the disadvantaged. Paying the market rate for professional training of the disadvantaged would attract the best training institutions and solve the problems of the disadvantaged as well as it can be dealt with. Since the disadvantaged will now be involved in a market based private training program, the stigma effects will be minimized.<sup>3</sup>

***"There should be no restrictions on domestic investments. Rather the opposite, the management of this account should be protected from the short-term macroeconomic policy concerns of Government. It should be solely devoted to the long-term benefits of the individual ..."***

***"The individual investment account overcomes the financing constraint on education and mobility and provides incentives for economically rational educational investments."***

***"Paying the market rate for professional training of the disadvantaged would attract the best training institutions and solve the problems of the disadvantaged as well as it can be dealt with."***

<sup>3</sup> The argument on the disadvantaged is most clearly spelled out in Eliasson (1992b).



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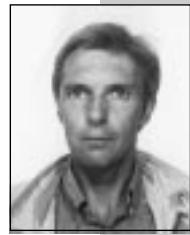
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### Eric Verdier

Deputy director of  
CEREQ - Centre  
d'Etudes et de  
Recherches sur les  
Qualifications



**The eighties saw considerable qualitative and quantitative development of the technical and vocational training facilities for young people within the French educational system. The downgrading in job terms of those holding formal qualifications, above-average unemployment, and the perpetuation of public-sector assistance for the placement of young people in jobs testify to the growing cost of adjustment on the youth labour market. The weakness of institutional provision for recognising qualifications and the ambiguities in French educational strategy are causes of serious depreciation. Overcoming these difficulties will call for major structural changes in the training field, as also in employment and work organization.**

# Vocational training of young people in France: a resource difficult to exploit<sup>1</sup>

Discussing "The emergence of a new production system", Boyer [1992] points out that education and vocational training could prove to be among the prime factors determining a country's ability to promote cumulative growth. However, this objective cannot simply be equated with an increase in human capital. Methods of developing education and training and making it an integral part of firms' practice and the operation of the labour market have an equal influence on the results obtained.

In France the proportion of young people attending school beyond the compulsory age of 16 has greatly increased over the last 20 years. In 1987 the figure for students in the 17 to 24 age group was on a par with that for Germany and higher than in the United States [Debizet 1990].

As the table 1 shows, progress in the fields of technical and vocational education has been considerable.

Moreover considerable efforts have been made to improve the quality of training

offered both in order to reduce the number of examination failures and - even more important - to update vocational qualifications as rapidly as possible.

□ The success rate in examinations qualifying for a basic vocational training certificate - the CAP or certificat d'aptitude professionnelle - rose from 58% to 66% between 1982 and 1991. However, this figure is still well below the German one of 80% for those successfully completing an apprenticeship. The selectivity of theoretical examinations, which reflect the

**Table 1**

	1970	1980	1990
CAP	183 352	235 046	274 343
BEP	28 493	78 905	156 543
techn.+voc.			
baccalaur.	28 600	62 660	136 737
BTS + DUT	16 945	37 211	80 482
Total	257390	413822	648 105

Source: Ministry of Education and Culture, DEP



primacy of general education in France, goes a long way towards explaining the still high failure rates (OECD 1993).

□ An intensive process of overhauling the system of qualifications has been put in hand. In the last ten years 165 certificates of vocational aptitude (CAPs) have been created or thoroughly reviewed and remodelled, and 246 CAPS or options done away with. At the same time, the field of technical education has been broadened by the introduction of a new type of qualification, the vocational baccalaureates. Finally, the structure of curricula has been thoroughly overhauled in agreement with the various trades and employers in industry, largely using employers' requirements as terms of reference (What should a certificate-holder be able to do?) and deciding what the certificate itself should signify (What theoretical knowledge does he need?) [Tanguy 1991].

We are, therefore, far removed from the immobility traditionally associated with the French vocational training system with its marked academic emphasis.

Moreover, if we take the usual international indicators as a basis the return on investment offered by the French educational system would seem quite appropriate.

Bearing in mind the cost per pupil, for which France is around average for OECD countries, performance would even seem outstanding given that in standardized assessment procedures the results obtained by French pupils put them among the leaders in the OECD league (Peretti, Meuret 1993) - a notable improvement.

However, the development of educational and vocational training facilities has tended to widen the gap between them and the labour market, a situation from which young people have been the worst to suffer. This has determined the specific nature of the job market for young people in France compared with other European countries, who have a system of apprenticeship linked to skilled employment. In France the unemployment ratio for young people is very high, while the ratio of young unemployed to that of the active population of all ages is much higher than in Germany or the United Kingdom. Nor can the difference be ex-

plained by population structure [Join-Lambert, Pottier, Sauvageot 1993]. The reactions of the social partners to this situation are still hesitant and even contradictory, with proposals that priority be given to general education, that vocational training within the school system be upgraded or even that the cost of youth labour be reduced.

## 1. Widening gap between vocational training and the labour markets

The emergence of initial training as a factor influencing the structure of the workforces of French firms is of recent date, with the result that the differences between the qualifications of those in employment from one generation to another is far more marked in France than in Germany.

This is particularly noticeable at the level of basic vocational training. There is a 10-point difference between the active population under 25 and the total number of people gainfully employed in the case of Germany (part-time vocational school-leaving certificates or equivalent) and one of almost 15 points in the case of France (CAP or BEP).

In Germany the relationship between training and employment has gradually adjusted to a continuous rise in the general level of training, without the structuring influence of the dual system on qualifications and work organization being as yet brought into question. Even today, despite the difficulties created by young Germans' growing attraction for more general education courses, firms do not contest the legitimacy of the dual system. In fact quite the contrary [Adler, Dybowski and Schmidt 1993].

In France the rapidly growing number of those completing a certificated course of initial vocational training (CAP or BEP) at a time of limited job availability has weighted the odds more heavily against finding employment. This reflects in a fall in the proportion of young people in the total number of those newly recruited from 17% in 1973-74 to 13% in 1988-89 coupled with a process of downgrading

***"We are, ... far removed from the immobility traditionally associated with the French vocational training system with its marked academic emphasis."***

- ***a sharp increase in the numbers continuing schooling beyond the level of compulsory education***
- ***considerable development of technical and vocational instruction***
- ***qualitative efforts to reduce the drop-out rate and to ensure that vocational certificates remain up to date.***

***"In France the unemployment ratio for young people is very high, while the ratio of young unemployed to that of the active population of all ages is much higher than in Germany or the United Kingdom"***

<sup>1</sup> This article is an update of various parts of a paper entitled "Education and the youth labour market in France: the increasing cost of adjustment in the 1980s". It was originally presented to a conference organized by Christoph F. Buechtemann and Diana J. Soloff (Rand, Santa Monica, California) and held in Santa Barbara in November 1993. The general subject of the conference was "Human Capital Investments and Economic Performance". The proceedings of the conference, edited by Ch. F. Buechtemann and D.J. Soloff, will be published in the spring of 1995 as part of the collection of the Russel Sage Foundation (New York). A summary prepared by the organizers under the title "Education, Training and the Economy" will appear in the Industrial Relations Journal 25(2) to be published in the summer of 1994.

**Table 2: Generation differences in qualifications: France and Germany compared**

Germany	Total of those gainfully employed	France	Total of those gainfully employed	France	Germany
Completed Hauptschule with or without leaving cer- tificate Realschule certificate with no vocational training No-replies	19.5	CEP-BEPC (=first-cycle secondary school) with no vocational training	43.1	CEP, BEPC, No-replies	38.1
Part-time vocational school-leaving cer- tificate or equivalent	55.4	CAP, BEP	28.9	CAP, BEP	43.4
General or technical Abitur only, Abitur + vocational school- leaving certificate Technical or second- ary school certificate	13.4	General and technical baccalaure- ates	11.6	Baccalaureates Technical school-leaving certificate	11.5
Fachhochschule di- ploma (shorter higher education course)	4.0	DEUG, BTS, DUT and other two- year university courses	8.2	Baccalaureate + 2 years and higher university qualification	7.0
University degree	7.7	Higher university qualification	8.2		
Total	<b>100</b>	Total	<b>100</b>	Total	<b>100</b>

Source France: INSEE employment survey  
 Source Germany: Mikrozensus - Projekunterlagen des IAB, Bundesanstalt für Arbeit und Arbeitslose im Alter von unter 25 Jahren - Bundesanstalt für Arbeit

***“In France the rapidly growing number of those completing a certificated course of initial vocational training ... has weighted the odds more heavily against finding employment.”***

<sup>2</sup> Downgradings do not spare those with higher educational qualifications but they are less affected. Moreover, downgrading is not excessive, whereas the number of those with such qualifications is rising sharply. According to Laulhé [1990], in 1985 77% of young people with a university degree of the second or third cycle (thus at least baccalaureate plus 3 years) or a graduate engineer from a university or Grande Ecole gained managerial positions between one and five years of leaving the school system. In 1977 the figure was only 62%.

either in terms of wages earned or type of job obtained.

Continuing a trend that began in the mid-seventies [Affichard 1981], in the eighties young people's access to the labour market was typified by a growing risk of downgrading. An increasing number found themselves in unskilled jobs and at the same time their weighting in the total active population has been steadily decreasing (-22% between 1982 and 1991). In a few years' time the pace of regradings will be slower and slower if we compare the large numbers that continue to leave the educational system (see table 3) [Join-Lambert and Viney 1988].

These results coincide with the analysis of wages corresponding to the different qualification levels [Baudelot, Glaude 1990]. During the period 1970-1985 the downgrading in wage terms was particularly marked in the case of lower-level qualifications, especially CAPs and especially women. Men holding CAPs repre-

sent 31% of the lowest earners in 1985, compared with 26.5% in 1979 (the figures for women are 36.3% and 24.8% respectively). Moreover, the average wage for workers without a formal qualification has moved much closer to that of CAP holders<sup>2</sup>.

In Germany, on the other hand, the wealth of vocational training courses available has tended to encourage recognition in terms of wages and collective agreements rather than discourage it. This difference must be a consequence of the way in which the labour market functions in the two countries and the way in which skills are structured. In France skill structures are primarily a matter for individual firms and organizations, within the framework of internal company markets which still have the greatest influence and which firms have sought to preserve by using age-related measures, such as early retirement. Age and experience still play a deciding role in the job category tables.



The institutionalisation of an area of transition between the educational system and the world of work (see insert) by means of massive government assistance has helped to preserve the system of individual company markets without upsetting the established structure of skills and their recognition. As a result, young people completing a period of vocational training find themselves faced with keen competition for jobs towards which they were being steered from young people with higher qualifications.

The result has been a widening gap between the resources represented by vocational training and the employment policies of firms who recruit young people with formal vocational qualifications at the lowest hierarchical levels and thus risk permanently excluding from the world of work the 90,000 young people who each year leave the educational system without vocational training. The unskilled jobs which they could have had are increasingly being taken up by young people with higher skill levels. During the first three years of their working life more than 50% of young people of levels VI and Vbis have been out of work for a total period of more than a year (the fig-

ure drops to 15% for holders of a CAP or BEP) [Pottier, Viney 1991].

In Germany, as in France, young workers of under 25 possess more qualifications than skilled workers as a whole. However, while the proportion of young people with qualifications is in Germany higher than the overall proportion of skilled workers of all ages in the workforce, it is lower in France [Möbus, Sevestre 1991]. As a result acquiring qualifications at the start of one's working life continues to predominate in Germany, and is symptomatic of the existence of specialist vocational markets - this does not by any means exclude the possibility of a career within a single firm [Lutz 1992], whereas in France the progressive building of skills persists - a sign of the marked structuring of company markets [Eyraud, Marsden, Sylvestre 1990], that went hand in hand, during the 30 years of economic expansion that followed the ending of the second world war, with employment of labour with no or few skills. It is natural that the effect of age on workers' wages should be only half what it is in France [Depardieu, Payen 1986]. As a result there is, in this country, a growing tension and inconsistency between a highly

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**Table 3: Jobs obtained by boys leaving the educational system in 1991 (in %)**

Type of job	No qualification or secondary school cert.	CAP or BEP	Baccalaureate	Higher than baccalaureate	Total
1. Farmworkers, craftsmen, tradesmen	5	8	5	1	4
2. Senior employees	2	1	5	36	14
3. Middle-level occupations	15	7	30	45	27
4. Officer workers	13	9	23	13	14
5. Other jobs (in commerce or private employment)	9	6	8	1	5
6. Skilled workers	14	32	13	3	14
7. Unskilled workers	43	36	16	2	22
Total	100	100	100	100	100
Total number	35 000	31 000	28 000	53 000	147 000

Source: Employment Survey - Training Employment Report 1992



### Perpetuating government assistance in finding jobs for young people

Faced with the rapid rise in unemployment among young people which is tending permanently to outstrip that of the working population as a whole, and with the risk of young people with fewer skills finding themselves shut out of the market, the government devised an important aid to job placement for young people in the second half of the seventies.

The system has become more complex over the years with frequent changes in the way in which wage costs are borne, wage levels and the method of funding training programmes. The objectives of reducing the cost of work by combating mass unemployment and encouraging the training and skill-building of those young people who encounter the greatest difficulties by altering the pattern of employment and unemployment, have become merged.

The system has expanded considerably in quantitative terms: 39% of young people leaving secondary school to start work in 1986 began their working life via one of the various government schemes, compared with only 4% in 1979. At some time during the first three years of their working life 70% of the group took advantage of the system.

It is difficult to assess the overall success of the various measures, whose impact on unemployment would seem to have been more limited, considering the sums invested, than measures designed to encourage early retirement [Ermakoff and Tresmontant 1990]. The idea that alternating work and training is liable to assist young people to find their feet in the working world and hence the effectiveness of the educational system as a whole owes very much to them, which is saying something in a country in which so great a stress is laid on academic study. Even so, the variety and complexity of the different measures, which sometimes tended to compete with rather than complement one another, impeded the creation of links between the training of young people and their subsequent employment. The treatment of unemployment as a social problem and seeking to enhance young people's qualifications through partnerships between industry and training bodies have all too often been confused by everyone concerned.

institutionalized system of vocational training based on standardized curricula on German lines [Campinos-Bubernet, Grando 1988] and a skill qualification structure which is mainly an organizational matter for individual firms [Silvestre 1987].

## 2. Hesitations in French educational strategy

For the time being the social partners and the government in France have not yet achieved consistency between educational dynamism and the management of employment in firms. For ten years now vocational training policy and the placement of young people in jobs has been vacillating between three paths that are difficult to reconcile.

□ A "Japanese" route that involves rapid development of general training, leaving

firms responsible for effectively structuring their workforces with workers better equipped to adjust to technological and organizational change and to take initiative and responsibility. The objective, set out in the outline law on the educational system passed in 1989, is that 80% of a class of baccalaureate age (level IV) should follow that route by the end of the century.

□ A "German" route seeking on the one hand to upgrade vocational training and at the same time to develop sandwich training courses. The creation in 1985 of vocational baccalaureates unblocked the path leading to a CAP, and especially a BEP, and offered the status - so important in France - of the baccalaureate which is formally the first university level. Moreover, the repeated aim of one government after another to double the number of young people undergoing sandwich training courses within a short period of time



testifies to the attractions of the German system. Another contributing factor since 1987 has been the possibility of working towards all the vocationally oriented qualifications, and even higher education, from the basis of an apprenticeship.

□ A "British" route which considers that the improvement of job placement for young people should first involve a lowering of wage costs bearing in mind the seriousness of unemployment generally. This has led to the devising of numerous forms of assistance and the passing of new laws for young people which make it possible to get round the legislation on the minimum wage and only involve a limited involvement of firms in vocational training (exemption from social security contributions, special employment contracts, periods of practical training in firms and work familiarisation courses etc.

The content and the ups and downs of the recent five-year law on employment passed by the French parliament in 1993 have underscored these hesitations.

### **Pursuit of academic studies to the detriment of vocational and technical training**

Given these ambiguities the thinking traditionally underlying the French educational system inevitably prevailed. As a result the slogan of 80% of pupils going for a baccalaureate, which initially was relying on priority being given to the development of a technical route through the educational system based on the new vocational baccalaureates, has been reinterpreted by French social institutions as a whole as an invitation to step up investment in general training as much as possible. The general baccalaureates have accounted for two-thirds of the increase in the number of young people accessing training level IV between 1987 and 1991 [Tanguy 1991]. Moreover, the tendency to pursue a course of academic study after completing a course of technical training has become increasingly marked: 45% of holders of a DUT and 25% of those with a BTS (level III) qualifying in 1988 went on to further education compared with 33% and 20% respectively of those qualifying in 1984. The proportion of those going on to further education on obtaining a technical baccalaureate is over 80%

in the case of third-level special subjects (despite a substantial number of failures at higher education level) and 90% in the case of industrial subjects. These qualifications have lost all the vocational purpose they had when they were first created in the sixties. One third of the first young people to obtain the most recent types of vocational baccalaureate went on to higher education [Hallier 1991 and Eckert 1994].

Factors inherent in and outside the educational system encourage this forward flight. The selective routes at the start, namely the BTS and even more so the DUT, attract those with a general baccalaureate who wish to continue their studies beyond the vocational qualification level and work towards a second-cycle university qualification (baccalaureate plus 4 years). Such a qualification, especially if obtained through a course of higher education, reduces vulnerability to unemployment and job insecurity.

Whatever the risks of a downgrading in terms of wages or job category, they will in any case be far less than those run by people holding lower-level qualifications, while career prospects will be better. Consequently families have opted for their children to go on studying [General Commissariat of the Plan 1992]. All these decisions at micro level have combined to produce a self-sustaining trend to go on to higher education which is not regulated by the financial cost, because the greater part of the direct costs are borne by the public purse. A tendency to follow a general course of study diverts young people from vocational courses and threatens to undermine the upgrading undertaken during the eighties. This is the scenario feared by certain German experts, who see in the attraction displayed by their young compatriots for general courses of study the germs of a French-type destabilization of the dual system [Lutz 1992].

These trends will inevitably underscore the fact that in France certificates do not constitute a qualification and confer a recognized vocational identity but are evidence of aptitude [Silvestre 1987] that is increasingly linked to the level of studies attained. In the short term application of this principle will reduce the cost of se-

***"the slogan of 80% of pupils going for a baccalaureate, ...has been reinterpreted by French social institutions as a whole as an invitation to step up investment in general training as much as possible."***

***"the tendency to pursue a course of academic study after completing a course of technical training has become increasingly marked: ... These qualifications have lost all the vocational purpose they had when they were first created in the sixties."***

***"A tendency to follow a general course of study diverts young people from vocational courses and threatens to undermine the upgrading undertaken during the eighties. This is the scenario feared by certain German experts, who see in the attraction displayed by their young compatriots for general courses of study the germs of a French-type destabilization of the dual system ..."***



***“Continued downgrading, the emphasis being placed on further studies and the growing tendency of employers to refer specifically, to levels of general education both when entering into collective agreements or during recruitment, argue in favour of strengthening the filter effect.”***

***“To our knowledge there has as yet been no far-reaching discussion on the matter of the link between qualifications, job category and social status.”***

lection and employment but with the risk of subsequently discovering a lack of skills that will call for additional costs for continuous training and/or further recruitment.

#### **Certificates of qualification: Means of selection or investment?**

Do not courses and certificates of qualification demand to be used as a basis for selection rather than as an investment in human capital? Even on the basis of French data from as long ago as 1977 Jarousse and Mingat [1986] were able to demonstrate that econometric specifications derived from the hypotheses of Arrow's filter theory were able to explain income as a function of the duration of studies at least as well as the models of earnings proposed by Mincer [1974]. According to their findings, it is no longer a person's educational level that determines his income but his relative position within his own generation resulting from these qualifications. In the case of higher education, at least, using certificates of qualification as the basis for selection is a more efficient method than relying on the amount of knowledge conveyed by training. Continued downgrading, the emphasis being placed on further studies and the growing tendency of employers to refer specifically, to levels of general education both when entering into collective agreements or during recruitment, argue in favour of strengthening the filter effect.

In an economy in which there is a general shortage of jobs, a formal qualification becomes first of all a shield against unemployment, then the key to internal company markets with prospects of career progression in wage terms, and finally a means of access to a very specific qualification. These three stages are progressively more demanding in terms of the level of training demanded. Only those with a higher degree tend to be an exception to this rule because they have in the main been favoured by the way job structures have developed and the criteria applied when recruiting senior staff.

If these predictions turn out correct, the benefits of the trend to seek higher education are very likely to be lessened at

both individual and group level, giving rise to serious disillusionment and with it social tension. In France the general perception is that obtaining a baccalaureate, even if only vocational, will lead to a job other than mere labourer or the like. Yet it is such jobs which those holding certificates of qualification will be obliged to accept if 80% of their age group get as far as the baccalaureate. To our knowledge there has as yet been no far-reaching discussion on the matter of the link between qualifications, job category and social status. In their study on the salaries payable for the various levels of qualification Baudelot and Glaude [1990] point out that "individual merit and knowledge and skills acquired during a person's working life are not sufficient effectively to combat the downgrading resulting from structural changes in qualification hierarchies".

### **3. New institutional links between training and employment?**

During the decades of strong economic growth the French system of qualification management was based on the link between two types of mobility:

- intersectoral mobility involving a constant redeployment of labour from agri-

**Table 4: Unemployment rates at the various training levels nine months after leaving school (1992)**

	<b>Male</b>	<b>Female</b>
VI-Vbis	35	36
V with cert.	36	33
IV with cert.	19	30
III	15	14
I-II	10	19
Total	24	30

Source : Employment survey - Employment/training results for 1991-1992.



culture to industry, often via the building and public works sector;

□ movements between firms offering considerable scope for promotion, typical of which was the company engineer - in 1982 less than half the executive and engineering staff had a baccalaureate plus two years of further education (BTS-DUT), if not more.

In this way industry acquired a relatively unskilled labour force - in 1982 47% of the active population aged between 30 and 49 and 70% of that aged 50 or over had no formal qualification [Fournier 1993]. This situation was consistent with an extremely hierarchical organization with a large number of supervisory staff who devoted their time to watching over industrial or office workers who performed standardized tasks [Boyer 1979].

Since the beginning of the crisis, this system of mobility has become increasingly jammed because of job-shedding in those areas of industry offering career possibilities, while jobs created as the service industries developed did not represent stable employment with a steady process of skill-building linked to careers [Tanguy 1991]. Industry as the reason for mobility had gradually been replaced by unemployment [Laulhe 1990]. Moreover, increased educational facilities which for a long time were largely compatible with the promotion of relatively unskilled personnel are gradually restricting the latter's career possibilities.

The educational system has expanded considerably without any significant parallel development in work organization in larger firms, while the number of temporary and less secure jobs has increased considerably in smaller firms, in the tertiary sector especially and as a way of getting a foot on the company ladder. This configuration led Boyer [1989] to talk of the "Taylorist nostalgia à la française". This is reflected in increasingly keen competition for secure jobs calling for qualifications [Goux, Maurin 1993]. Only those with higher degrees have so far been relatively unaffected. At a time when jobs generally are in short supply we are seeing a growing number of downgradings of those holding basic vocational training qualifications (CAP, BEP) with no pros-

pects of a career opening up as in the past. The risks of those with fewer skills finding themselves unemployed are now greater because they are experiencing more and more difficulty in obtaining unskilled jobs. Finding jobs for young people remain costly for the individual, the state and the firms themselves because of the lack of a stable link between school and employer. If we disregard the strictly macroeconomic dimension, overcoming these difficulties will call for changes in the structure of skills, the regulation of labour markets - particularly internal company markets - work organization and careers systems, with provision being made for the acquisition of qualifications through training throughout a person's working life. There is a need for structural change in the relationship between training and work, failing which there will be a risk of the vocational space being inadequate to allow investments in training to pay off.

Creating a positive link between vocational training and the world of work poses particular difficulties in France because it would require those responsible for social and economic policy to act simultaneously at several levels:

□ To enhance the value of vocational and technical training in the eyes of young people in order to restrict the tendency to go on to further education, particularly in the more general courses. This assumes both that such training should be formally recognized in collective agreements and that access should be provided to vocational training leading to qualifications throughout a person's working life. This last condition, of course, will run counter to the predominant view that the level of qualification achieved during initial training very largely determines a person's vocational career and social position.

□ To establish firmly the system of sandwich training in order to overcome the present very costly discrepancies between school vocational training and skill-building on the job.

□ To achieve compatibility between work organization, career opportunities and the higher level of basic qualifications which a growing majority of young people will henceforth attain.

***"At a time when jobs generally are in short supply we are seeing a growing number of downgradings of those holding basic vocational training qualifications (CAP, BEP) with no prospects of a career opening up as in the past. The risks of those with fewer skills finding themselves unemployed are now greater..."***

***"Creating a positive link between vocational training and the world of work poses particular difficulties in France because it would require those responsible for social and economic policy to act simultaneously at several levels..."***



## Qualification nomenclature

### No secondary school-leaving certificate

Sans diplôme	No primary school certificate
Brevet des collèges	Secondary school-leaving certificate without certificate in technical subjects

### CAP/BEP

CAP/BEP:	Certificate of short (two-year) course of technical training: CAP, BEP (including EFFA) with or without secondary school-leaving certificate
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### Baccalaureate

General baccalaureate:	General baccalaureate or certificate of legal studies with or without a technical qualification at level IV or V
Technical baccalaureate:	Technical qualification (level IV) without general baccalaureate

### Higher than baccalaureate

DEUG.ENI:	DEUG, Certificate of teacher training college, no technical qualification of same level
DUT/BTS/Health:	Technical university qualification, certificate of higher technical studies, diploma awarded by schools giving medical or social training
Higher degree:	Degree in general or technical subjects equivalent to or higher than the "licence", or final diploma awarded by a grande école

NB. The shortened version of the nomenclature (4 items) is used in tables produced by the employment survey. The detailed version (8 items) is used in the summary table on departures from the system (Table 1) calculated by the DEP

## Training level nomenclature<sup>1)</sup>

Level VI:	Those completing the first cycle of secondary education and of the 6th, 5th and 4th years of the EREA, pre-vocational training courses of one year's duration (CEP, CPPN and CPA) and the four first years of the SES and GCA.
Level Vbis:	Those completing the 3rd year and leaving classes in the short second cycle of secondary education before the final year, the fifth and sixth years of SES and vocational training at EREA.
Level V:	Those completing the final year of short second-cycle vocational courses or abandoning classes of the long second cycle before the final year.
Level IV:	Those completing the final year of the long second cycle or leaving post-baccalaureate courses before reaching level III.
Level III:	Those leaving with a baccalaureate + 2 years qualification (DUT, BTS, primary school teachers, DEUG, medical or social training schools etc.).
Level I+II:	Those leaving with second- or third-cycle university qualification or a grande école diploma.

1) Nomenclature decided by the National Commission for Vocational Training Statistics, and approved by the Permanent Working Party of the Interministerial Committee on Continuous Training (decision of 21 March 1969).



□ To find jobs for the still large number of young people who each year leave school without any formal qualification or vocational training, and are seriously threatened by a future of long-term unemployment. State job creation schemes are thought to help, but public-sector efforts need to go hand in hand with the creation of routes to qualifications which enable young people to escape the constant to-ing and fro-ing between insecure jobs and unemployment.

This programme is particularly necessary if the vocational training system is to fulfil its function of building skills, developing strong vocational identities (on the basis of selection) and maintaining social cohesion [Caroli 1993].

Bearing in mind the importance attributed to a certificate of qualification in France, diversifying and decentralizing access to such qualifications - through continuous training and validation of vocational skills and knowledge acquired on the job - could help to reconcile the creation of generally accepted qualifications with the operation of internal company markets. This course would lead to changes in the respective contributions of employers and employees towards financing continuous training leading to a formal, generally accepted qualification. An agreement between the unions and employers signed in 1991 is a step in this direction [OECD 1991]. Experiments at company level, though few, are paving the way [Feutrie Verdier 1993].

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## Florence Lefresne

Agregée de Sciences Sociales; Research scientist with IRES since 1992. Main subject of research: the dynamics of employment and unemployment in France and in the United Kingdom; occupational integration and the employment of young people.



**The major changes in the vocational training system on the one hand and the dynamics of the labour market triggered by neo-liberal policies on the other have contributed to markedly reshaping the process of access to jobs for young British people over the last ten years. If people leave the school system earlier compared with other European countries, a prolongation of occupational transition via various stages (trainee in further or alternance training, trainee in public schemes, unemployment) for many young people documents the erosion of the traditional model of direct access to employment.**

***“...there is a clear gap between the general education system and vocational training taken outside compulsory schooling up to 16 years.”***

# The integration of young people into working life in the United Kingdom

## The institutional framework for one step transition

Up to the end of the 1970s the process of occupational transition of young people in the United Kingdom was characterized by a specific orientation of training towards employment which was based on two institutional features:

- On one hand there is a clear gap between the general education system and vocational training taken outside compulsory schooling up to 16 years. The latter, regulated by the State and local authorities - whilst tolerating a thriving sector of public schools reserved for a social elite - pursues general education and does not include, as in the case in France, a vocational or technical section.
- On the other hand, the production sector has been responsible for a long time for vocational training and this is one of the keys to the salary structure in the United Kingdom, a structure which involves in a very special way both trade unions and employers. Apprenticeship which was traditionally more or less the sole form of access to white-collar and blue-collar jobs is the central mainstay of alternance training. It guarantees companies the transferability of qualifications on the occupational market and guarantees, in return, true trade union control of access to an occupation with its rules for acquiring true group identity.

This system pegs out the contours of specific integration of young people, characterized by the continuity of training for employment in the first years of profes-

sional life (*one step transition*) and by an early departure from the school system. In 1980, 79% of young British people leaving the education system to enter employment were aged 16 whereas young people of the same age in France only account for 13% of school leavers.

It is in the dynamics of the labour market that we have to look for the levers behind this development (D. Raffe, 1992). On the one hand, the structure of the labour market seems to be more favourable for young people in the United Kingdom than in other developed countries (apart from periods of serious recession). Access to full-time employment on the primary market is less closed, particularly for young men (D. Marsden, P. Ryan, 1990a). On the other hand, the institutional link between apprenticeship and employment encourages premature recruitment. In fact, there is an age limit for entry to apprenticeship beyond which remaining in full-time initial training may constitute a serious handicap to later opportunities for access to skilled jobs (D. Ashton, M. Maguire, M. Spilsbury, 1990). This applies to sectors offering recruitment to young people as apprentices but premature recruitment prevails equally in sectors without apprenticeship (D. Marsden, P. Ryan, 1990b). Furthermore, some studies (D. Finegold and D. Soskice, 1990) were able to demonstrate the lack of encouragement to attend initial training given the low level of demand in the production system for skilled workers. The relative inefficiency of the education system thus tended to be maintained by companies which had selected a “low range” production model sacrificing long-term investment (particularly in training) to profitability in the short-term.



## **Collapse of apprenticeship and rise of unemployment amongst the young**

On the eve of the 1980s the British vocational training system encountered serious internal tension further aggravated by tension on the labour market.

The industrial crisis led to a drastic reduction in the number of apprentices which fell by half between 1970 and 1980. Thus, at the end of the 1970s only 14% of 16 to 18 year olds were in an apprenticeship. The quantitative problem was linked with a qualitative problem: the capacity of the vocational training system to meet the new qualification needs provoked by technological change. The traditional breaking down of training according to occupations made it difficult to cope with these technical changes which overthrew the customary boundaries to occupations. The system was all the more fragile since it did not lead to a recognized classification of training. Courses outside the company were mainly provided by the *Colleges of Further Education*, under the responsibility of the local authorities. They did not have any status as standards and did not lead to any real control. The quality of training was also affected by the consequences of the poaching strategies of companies.

With the intention of penalising companies indulging in poaching and subsidising those which developed training, the ITBs (*Industrial Training Boards*) were set up in 1964. It was organised on a tripartite basis (employers, trade unions, education system). Their main function was to provide, for each sector, training corresponding to the needs of the production system and to impose a tax on companies for this purpose.

In 1973 the British Government created the *Manpower Services Commission*, under the aegis of the Department of Employment, responsible for promoting a national integrated system of training for the workforce. But these different moves were not enough to introduce dynamics into vocational training given the increasing tightening of conditions on the labour market. The first public measures (*Training Opportunities Programme, Youth Opportunity Programme*) soon proved to be inadequate given growing unemployment

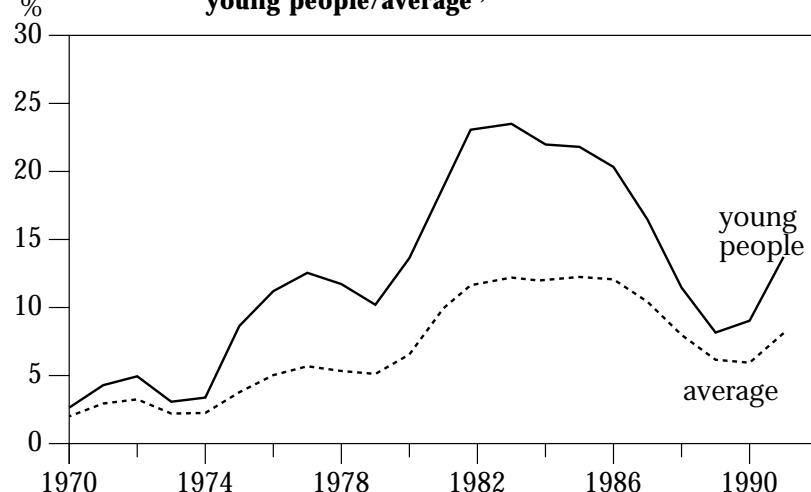
amongst young people. This increased, for the 16 to 24 year olds, from 11.5% in 1978 to 24% in 1983 (cf. Graph 1).

## **The liberal turning point: massive intervention by the State and the predominant role of companies**

A fervent supporter of regulation based on competition, the Thatcher Government nevertheless decided to intervene directly in the field of training. Given the pressure of the massive increase in youth

***“... the production sector has been responsible for a long time for vocational training and this is one of the keys to the salary structure in the United Kingdom,...”***

**Graph 1 : Level of unemployment in the United Kingdom  
young people/average<sup>1)</sup>**



1) taken from F. Lefresne, 1992, 1992; Source: OECD

unemployment, the State introduced an extensive programme, the *Youth Training Scheme (YTS)*. This implied large-scale institutional standardization because the organization of vocational training by sector and occupation appeared increasingly restrictive to the British Government which had come out in favour of breaking trade union power. The law of vocational training of 1981 thus abolished 16 of the 23 *ITBs*.

*YTS* was mainly oriented towards all young people of 16 years leaving the education system. It proposed a one-year period of alternance training with a minimum of 13 weeks of classes outside the company. In 1986 the system was opened up to 17 year olds leaving the school system and offered an opportunity for a second year of training.

With the aim of setting up a system of classified qualifications, the standardiza-

***“In 1980, 79% of young British people leaving the education system to enter employment were aged 16 whereas young people of the same age in France only account for 13% of school leavers.”***

***“...some studies ... were able to demonstrate the lack of encouragement to attend initial training given the low level of demand in the production system for skilled workers.”***



***"Their main function was to provide, for each sector, training corresponding to the needs of the production system and to impose a tax on companies for this purpose.***

***"This implied large-scale institutional standardization because the organization of vocational training by sector and occupation appeared increasingly restrictive..."***

***"... the State set up a system of national vocational qualification which was part of the move towards European harmonization of qualifications."***

***"...82 Training Enterprises Councils (TECs) and two Local Enterprise Companies (LECs) in Scotland have been set up to assume responsibility on a local level for training requirements."***

tion criteria were introduced in 1988: obligation of 36 weeks training outside the company in the first of the two years of training and 7 weeks during the second year. Practical tests were made compulsory at the end of training.

The costs of this scheme were 1.3 billion Pounds Sterling in 1989. It was fully financed by the State via the intermediary of the *MSC*, which in 1987 became the *Training Commission*.

In parallel, the State set up a system of national vocational qualification which was part of the move towards European harmonization of qualifications. It clearly demonstrated a desire to break with the old form of training characterized by the acquisition of a collective occupational identity (B. Appay, 1992). Upstream, the introduction of a programme of technical training for 14 to 18 year olds (*Technical and Vocational Education Initiative*) also introduced a change in the traditional sharing of roles between schools and companies.

In 1990 vocational training was to undergo new directions although the lack of qualifications was to become one of the major subjects in British literature on employment. Only 33% of British workers had a recognized qualification compared with 66% in Germany and slightly more than 50% in France (OECD Survey 1989). In its "White Paper on Employment in the 1990s", the Government decided to place companies at the centre of its reform. 82 *Training Enterprises Councils (TECs)* and two *Local Enterprise Companies (LECs)* in Scotland have been set up to assume responsibility on a local level for training requirements. These are independent structures linked by a commercial contract to the Ministry of Employment and made up to two-thirds by representatives of companies, more particularly the largest, and to one-third by representatives from education, associations and trade unions. Without any financial obligation, the large companies exert more or less direct control on training via a complex contractual network with various public and private bodies. We can but stress the contradictions between the goal of setting up a classified qualification system on a national level and the segmentation on a local level of these training

schemes often dictated by the short-term needs of companies. The *Institute of Manpower Studies* recently estimated the number of companies using the NVQ for England and SVQ for Scotland systems as 5%.

The transformation in 1990 of *YTS* into *YT (Youth Training)*, the goal of which was to offer a Level II qualification to a larger number of young people (European Standards), testifies to this development. This scheme did, in fact, introduce more flexibility into the system: flexibility in the length of training and remuneration of trainees for which the minimum remuneration per day is fixed at £29.50 for the under 17s and £35 for the over 17s.

In 1991 a new scheme was introduced, *Youth Credit*, which was expected to become, between then and 1996, the main means of access to vocational training for all young people leaving the educational system. It is based on the introduction of a true "training market" and turns young people into "independent consumers" who have at their disposal a loan of around £1,000 in order to purchase training in the company and body of their choice or one recommended by the *TEC*.

### **Flexibility of the labour market and new integration paths**

All these changes must be seen in connection with intervention by the public authorities on the labour market since the beginning of the 1980s. This intervention led to a significant reduction in trade union powers and the deregulation of the labour market which were presented as the main precondition for dynamic employment. Young people are one of the possible links in this increased flexibility in the remuneration structure. Thus, the decision to exclude the under 21s from remuneration cover in the sector from 1985 on, the minimum of which is fixed by the *Wage Councils* affected approximately one-quarter of young people. Increasing flexibility in wages has also been encouraged by the schemes aiming to directly subsidize the companies recruiting young people for a low wage (*Young Workers Scheme* then *New Workers Scheme*). But it was, above all, the *YTS* and then *YT* schemes which permitted greater progress along these lines thanks



to a change in the status of the beneficiaries. By becoming trainees, young people suffer a major downgrading of their status, accompanied by a considerable fall in remuneration which, furthermore, is entirely the responsibility of the State.

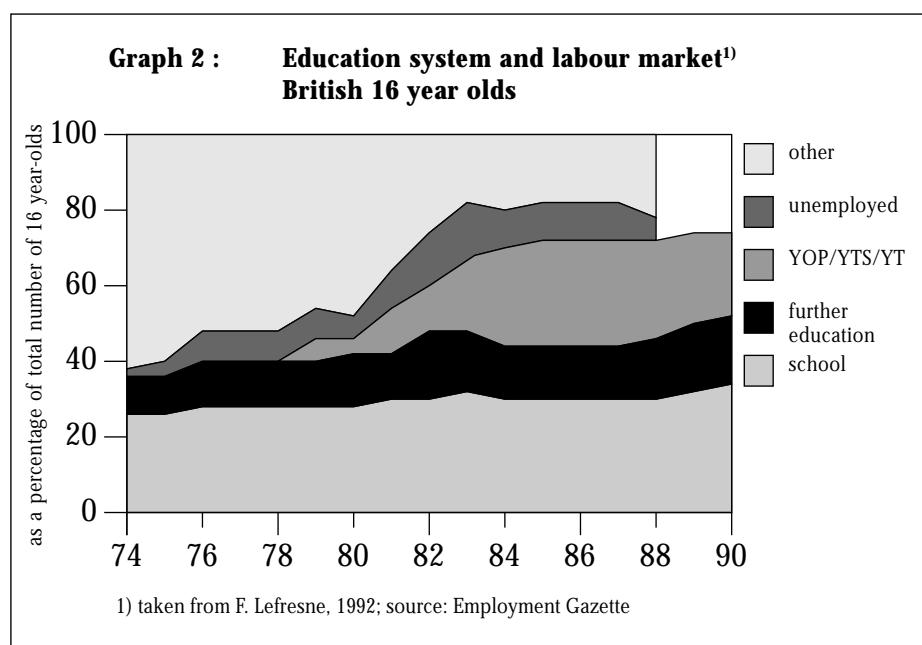
In 1990 approximately 60% of 16 to 17 year olds arriving on the labour market had passed through this scheme. If we examine the development of the situation of 16 year olds (an analysis is made each year of the same age group), then they have been considerably affected by this scheme which has mainly encroached on employment (Graph 2).

The effects on the occupational transition of young people in all these schemes cannot be described in a homogenous manner. The individual characteristics in respect of social background, degree of success in exams, have an effect on the later paths. In the same way the local dimension (local labour market, local TEC policy) and the sector of activity of train-

ing are determining factors in the conditions of access to employment. Some sectors such as building and metalworking have even included YT in their apprenticeship cycle whereas others, such as services, offer more places but are clearly less skill generating. In 1991 some studies estimated that only one-third of trainees were actually awarded a diploma (*Working Brief, November/December 1993, Issue 49*). The effects on unemployment amongst the 16 to 18 year olds are, from a certain angle, radical: the latter can no longer be legally recorded as unemployed since 1988 since they are not entitled to refuse a place on YTS. However, payment of trainees is still only slightly higher than unemployment benefit. All the same, some studies (*Working Brief, April 1992*) mention the fact that around 50,000 young people had not found a place on YT six months after leaving the education system in July 1991. In January 1992 the number of unemployed 16 to 18 year olds was estimated at around 103,000 (*ibid*).

***"The transformation in 1990 of YTS into YT (Youth Training), ... testifies to this development.***

***"In 1991 a new scheme was introduced, Youth Credit, which was expected to become, between then and 1996, the main means of access to vocational training for all young people leaving the educational system."***



- ❑ The "school" column groups all pupils still undergoing secondary education.
- ❑ The "further education" column takes in all young people undergoing full-time or part-time studies, but does not include young people on YTS, in colleges.
- ❑ The column "YOP/YTS/YT" takes in participants in employment policy schemes whether they are or are not attending training outside the company.
- ❑ "Unemployment" takes in young unemployed people but only those receiving unemployment benefit. From September 1988 onwards, the 16 to 17 year olds who were considered as having a right to YTS have no longer been recorded as unemployed. This explains the breaks in series in the graphs from that date onwards.
- ❑ The column "other" mainly groups young people with a job, or without a job but not recorded as such; it does not include trainees under YOP/YTS/YT.

***"All these changes must be seen in connection with intervention by the public authorities on the labour market since the beginning of the 1980s. This intervention led to a significant reduction in trade union powers and the deregulation of the labour market which were presented as the main precondition for dynamic employment."***



**“... there may be a risk of an increase of tension between, on the one hand, this new social demand with regard to training and, on the other, the system for the production of qualifications which is itself segmented and dominated by short-term dictates.”**

The relative failure of these programmes in terms of qualification is accompanied by the growing fragility of employment of less skilled young people. They are particularly affected by the phenomenon of substitution by other categories of labour who are equally low skilled, particularly by women in part-time employment in the services sector.

The current changes in the production system make it increasingly difficult to absorb the large numbers of low skilled young people who arrive prematurely on the labour market. The recruitment strategies of companies with regard to young people demonstrate new demands in re-

spect of qualifications (*Changing Policies Towards Young Workers, IMS Report 243, June 1993*). Furthermore, a move to extend initial education seems to be emerging: in 1992 only one-third of 16 to 17 year olds entered the labour market as against more than half in 1989. It is too early to tell whether this is a structural phenomenon comparable to what has happened in all developed countries. In this case, there may be a risk of an increase of tension between, on the one hand, this new social demand with regard to training and, on the other, the system for the production of qualifications which is itself segmented and dominated by short-term dictates.

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# The contribution of the social partners towards the integration of young people into the world of work: The example of the Federal Republic of Germany

## The initial situation

A normal career is generally characterized by two important transitions between education and employment:

Transfer 1:

From a general education school to a training institution to prepare the individual for working life;

Transfer 2:

From vocational training to employment. At each of these points, the individual, the economy and society are faced with various coordinatory tasks (Mertens 1976, pp. 68 ff.). At the first threshold, the young person looks for a training place, an enterprise or a vocational school. The second transfer, the so-called "second threshold", (the subject of this article), involves the following aspects:

- the newly-qualified skilled worker looks for subsequent employment in which he/she can use the qualifications he/she has obtained, and
- the enterprise needs skilled workers to secure its competitiveness on the market.

Young people in all countries of the European Union (EU) are currently encountering difficulties finding training places and employment: 20% of all young people under the age of 25 were unemployed in October 1993 (see diagram). This means that the specific rate of youth un-

employment throughout Europe was nearly twice as high as the rate of unemployment for all people of working age (10.7%). There are, however, considerable differences between the various countries in the EU, with youth unemployment ranging from 38% in Spain to 20% in Belgium and 5% in western Germany.

Within the EU, the Federal Republic of Germany still offers the best chances on the labour market especially to young people since the dual system of vocational training facilitates their entry into the world of work (Zedler 1994, p. 14). Nevertheless, the worst recession since the Second World War has also left its mark on the employment prospects of under-25-year-olds in Germany. In October 1993 for instance, 318 000 men and women under the age of 25 were unemployed in western Germany, a good 60 000 more than in the previous year. In the same month, the number of unemployed young people totalled nearly 128 000 in eastern Germany.

Youth unemployment has increased in all German *Länder* because many training enterprises are currently under pressure with their human resources policies: on the one hand, the recession is forcing them to cut jobs, on the other hand, enterprises want to employ their trainees after the latter have finished their apprenticeship to facilitate their transition into working life and ensure that they, the enterprises, have the human resources



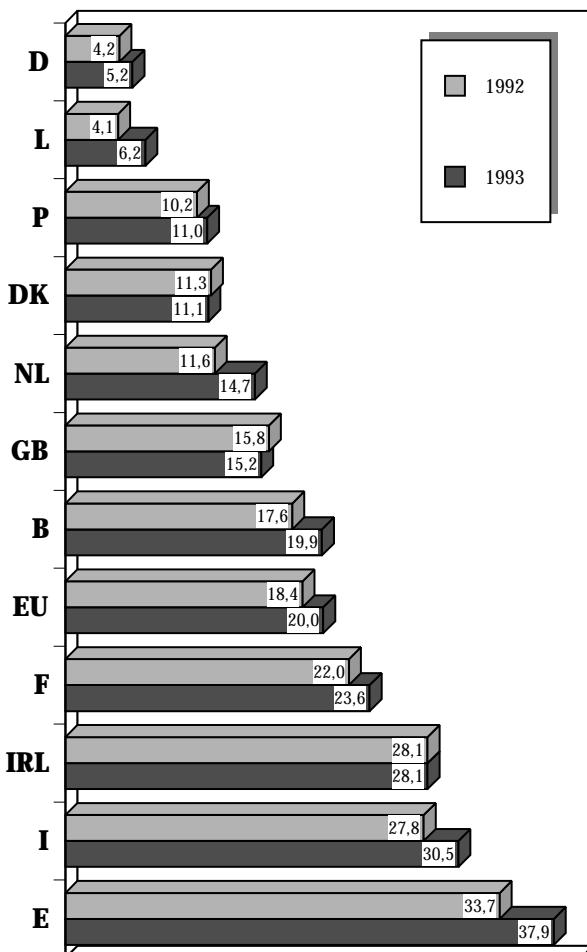
**Reinhard Zedler**

*Training Head of the Vocational Training Section in the Institute for the German Economy, Cologne and editor of "Information and vocational training"*

**In view of the high level of unemployment in the Federal Republic of Germany, many enterprises are having trouble this year employing all the apprentices who have finished their training. Many companies have developed interim solutions, however, to prevent their trainees from becoming unemployed immediately after passing their skilled worker's examination. The social partners, employers' associations and trade unions are supporting these activities through appeals and special regulations in collective agreements. Such regulations are designed to prevent a further increase in the level of youth unemployment and keep qualified young people and young adults in employment wherever possible.**

***"Youth unemployment has increased in all German Länder because many training enterprises are currently under pressure with their human resources policies..."***

**Graph 1: Unemployed people under the age of 25  
- percentage of gainfully-employed persons in this age group**



Status: data for October 1993; D: western Germany only; GR: no data available; Source: Eurostat  
Institut der deutschen Wirtschaft Cologne

they need long-term. Although the recession is forcing enterprises to employ fewer of the apprentices they have trained, the alternative would involve laying off family bread-winners (Geer & Hirschbrunn 1994, p. 10).

Many enterprises which are not in a position to offer their apprentices permanent employment are trying to find interim solutions, however. In a number of sectors they are receiving support from the competent social partners.

## Unemployment after training

In recent times, the number of trainees who are not offered a job after completing their training has also increased. In

the first two months of 1994, approximately 31,700 young people in the western *Länder* of the Federal Republic of Germany were unable to find employment immediately after completing their vocational training - 17% more than in the same period in 1993.

The official figures issued by the Federal Labour Office illustrate how the level of post-training unemployment changed during 1993:

- In western Germany, 115,024 young people registered as unemployed after completing in-company vocational training; this was nearly 28,000 or about 32% more than in the previous year.
- In eastern Germany, 23,940 young people registered as unemployed in 1993 following their in-company training; this was more than twice as many as in 1992.

When evaluating these figures, we have to bear in mind that they also include young people who dropped out of vocational training or completed vocational training courses outside the dual system, such as at schools for the civil service or medical occupations. For this reason, the Institute for Employment Research presumes that the real level of post-training youth unemployment in 1993 was lower than that indicated above. Of the 440,000 trainees who passed their final examinations in western Germany, 75,000 - i.e. 17.1% - registered as unemployed (Schober 1994). The figure was only 12.6% in the previous year and lower again at 11.8% in 1990 (see Table).

If this is the state of affairs in western Germany, then the situation in eastern Germany is even bleaker. There, the integration of young skilled workers into the workforce is being impeded by the continuing cuts in the number of people employed in enterprises administered by the Treuhand (the government agency set up to privatize the former East German combines) and the difficulties faced by young people who did not receive dual system training. It is believed that of the 80,000 trainees who took their final examinations in 1993, around 20,000 did not find employment. This amounts to a quarter of all young people who completed vocational training.



### Unemployment after completing in-company vocational training from 1984 to 1993 - western Germany

Year	Number of trainees who passed their final examination in the dual system (December)	Number unemployed after completing in-company vocational training (not including those who dropped out or others)	Proportion of newly-registered unemployed with completed dual vocational training (as a percentage of those who passed their examinations)
1984	604,800	88,600	14.7
1985	632,500	94,600	15.0
1986	675,000	94,600	14.0
1987	680,100	96,300	14.2
1988	643,100	87,200	13.6
1989	601,600	77,700	12.9
1990	531,600	62,800	11.8
1991	498,300	60,200	12.1
1992	453,600	57,000	12.6
1993	440,000	75,200	17.1

**Source:** Institute for Employment Research of the Federal Labour Office

In western Germany, young people trained in very small or one-man enterprises run the greatest risk of unemployment. However, trainees from larger enterprises that are badly hit by the recession or are under great pressure to rationalize are also threatened with unemployment. Most often it has been enterprises employing 2,000 to 5,000 people which have dismissed their apprentices after their examinations. The statistics show a more favourable picture in the civil service and the banking and insurance sector, where only 4% to 5% of the newly qualified skilled workers have not been offered permanent employment.

### Interim solutions of enterprises

Even in economically difficult times, enterprises try to keep their trainees after they have passed their final examinations. Large-scale enterprises such as BASF or Daimler-Benz, for instance, employed over 75% of their trainees in 1993 after they had completed their training. Out of nearly 3 000 trainees who completed their training at Daimler-Benz in 1993, 75% subsequently gained employment in the enterprise (although there are no precise figures available for 1993). Only about 6% of their trainees were not offered a job anywhere in the enterprise.

The remaining qualified workers decided to go on to university or change to another enterprise. Many of the trainees who had completed their training were offered short-term rather than permanent employment contracts, however (Rudolf Geer & Hans-Wolfgang Hirschbrunn 1994, pp. 7-8). Limited-term contracts is one of the interim solutions which many enterprises are using to be able to offer jobs to qualified workers rather than not employing them at all. Other possible interim solutions are contracts for part-time work or transfer programmes.

#### Limited-term contracts:

Most enterprises are offering limited-term contracts to tide trainees over employment difficulties. Such contracts are offered in particular to young men who have yet to do their military or community service. The basis for such limited-term contracts is the Employment Promotion Act, which envisages employment contracts for up to a maximum of 18 months with young people working either in the occupational field they have trained for or in another area.

AEG is one company that has made use of this opportunity and offered limited employment contracts to the 400 apprentices who completed their vocational training at AEG at the beginning of 1994.

***"Even in economically difficult times, enterprises try to keep their trainees after they have passed their final examinations."***

***"Most enterprises are offering limited-term contracts to tide trainees over employment difficulties."***



***“Part-time work is another way in which many enterprises can offer their trainees a job following their final examination...”***

***“If an enterprise has exhausted its ability to absorb the people it has trained, it can refer its young skilled workers to other enterprises in need of manpower.”***

***“Appropriate support may take the form of statements, appeals and/or special collective agreements.”***

***“The two social partners declared conjointly: ‘Now as always the principle applies: training has priority over employment.’”***

### **Part-time contracts:**

Part-time work is another way in which many enterprises can offer their trainees a job following their final examination in times of restricted employment opportunities. For instance, Bayer AG had no vacancies for office or industrial clerks, mathematical-technical assistants, chemical laboratory assistants or skilled technical workers in the winter of 1993/94. For this reason, all job openings for qualified personnel in the future will be filled by two applicants who have just completed their vocational training. In this way, Bayer AG will likewise be able to employ all of its trainees who pass their final examination in summer 1994.

By reducing working hours to 28 hours per week, the Mercedes factory in Wörth was able to keep on its trainees after their final examination. Opel AG has developed a model tailored to its own particular needs based on part-time employment: in the first year after completing their vocational training, young skilled workers are offered a 25-hour-a-week job and the proportionate rate of pay. They work 30 hours a week in the second year and finally reach the full number of working hours per week as stipulated in the collective wage agreements in the third year. Volkswagen AG has adopted similar measures.

### **Transfer programmes:**

If an enterprise has exhausted its ability to absorb the people it has trained, it can refer its young skilled workers to other enterprises in need of manpower.

In the same way these young people may also be referred to other sectors. The steel industry, for instance, which has to lay off many of its workers because of structural change, has had a particularly hard time finding jobs within the sector for its trainees after their apprenticeships. At the same time, the craft trade sector urgently needs workers in areas such as sanitation, heating installation and pipelaying. For this reason, enterprises from the coal, iron and steel industries lend out those members of their workforce who are grouped in special units and are receiving short-time benefits to craft trade enterprises for periods of about three to

six months. During this time, they attend “sampler” courses: they are able to find out if they are suited to this type of work and the enterprise can see whether they are dealing with potential personnel for the future.

## **Activities of the social partners**

So we see that enterprises are looking for their own ways of employing the skilled workers they have trained. The solutions they are trying range from limited-term contracts, to working in another occupation, to part-time employment, to programmes involving industry and the craft trades. The social partners are supporting the enterprises in the respective sectors in implementing these initiatives. Appropriate support may take the form of statements, appeals and/or special collective agreements.

On 12 November 1993, the Vocational Training Council of the German Chemical Industry (Chemie-Berufsbildungsrat), which is comprised of an equal number of representatives from the Federal Association of Employers in the Chemical Industry (Bundesarbeitgeberverband Chemie) and the Chemicals, Paper and Ceramics industrial trade union, issued a statement on youth unemployment problems. The two social partners declared conjointly: “Now as always the principle applies: training has priority over employment. Problems arising in individual cases in employing trainees should not be used as an excuse to cut training in general. Where former trainees cannot be employed full-time on a permanent basis in the occupation they have learnt, enterprises should consider other employment possibilities” (Berufsbildungsrat: Erklärung zur Übernahme von Ausgebildeten 1993). The statement points out the following alternatives to overcome the problem of finding work for former trainees: employing them outside the occupation in which they have trained, offering limited-term contracts or part-time work, combined models and providing assistance in changing to another sector.

With similar goals in mind, the parties to the collective agreement appealed to



enterprises in the metalworking and electrical engineering industries in North Rhine-Westphalia "to utilize all alternatives that might result in employment for those trainees completing their vocational training in 1994" (Gemeinsame Erklärung 1994). In this statement, the social partners assume that the economic situation in the metalworking and electrical engineering industries is the factor deterring enterprises from employing their trainees after their training. For this reason they are appealing to the enterprises and trainees to investigate whether these young skilled workers might not be assigned to other workplaces instead if there is no work for them in their own occupation. The statement also draws attention to alternatives such as part-time work, limited-term contracts and employment in related or neighbouring enterprises whenever training enterprises are unable to employ their former trainees.

Of all the possible ways of securing the continued employment of young skilled workers, part-time work has become the most important in recent times. In February 1994, Klaus Murmann, President of the Federal Confederation of German Employers' Associations, appealed to all enterprises to promote the entry of young skilled workers into working life by offering them part-time work. To quote his appeal: "In order to ensure that newly-qualified workers are able to find work even in economically difficult times, I appeal today to enterprises in the private sector to make more part-time positions available as a means of speeding up young people's entry into the workforce" (Klaus Murmann 1994).

In this way, the unions and the employers' associations in the large industrial sectors have set up a framework in their respective areas of competence for providing employment for young skilled workers after their training. These regulations apply to all enterprises covered by the relevant collective agreements. In the chemical industry, for instance, greater emphasis is to be placed on employing recently-qualified workers in jobs they have not trained in or only offering them work on a part-time basis.

The latest collective agreements in the metalworking and electrical engineering

industries promote the employment of freshly qualified skilled workers on limited-term contracts, since it has been agreed that as a matter of principle trainees should be employed for at least six months after passing their final examination. If an enterprise is afflicted by acute employment problems or if it has trained more people than it needs, this obligation to employ successful trainees may be disregarded if the works council gives its approval. This collective-agreement arrangement on employing former trainees will apply in the metalworking and electrical engineering industries until the end of 1995. For many enterprises, such as Daimler-Benz AG, the aim is still to "continue to employ on a permanent basis as many young skilled workers and commercial clerks as possible although increasingly - of necessity - this will be part-time work. Wherever this is not possible, we offer trainees limited contracts at least" (Geer & Hirschbrunn 1994, p. 19).

***"Special collective-agreement regulations of this kind on part-time employment and limited-term contracts help all concerned..."***

## **The importance of these activities**

Special collective-agreement regulations of this kind on part-time employment and limited-term contracts help all concerned:

- By employing qualified junior staff, an enterprise gains a pool of young potential high performers. The enterprise's investment in training is therefore not wasted; it continues to ensure its supply of junior qualified staff.
- Young skilled workers are given the chance to apply and extend their vocational qualifications in practice from the moment they finish their training. If they prove themselves, they may later be offered a full-time job.

It is imperative that enterprises use these strategies and initiatives if young people are to be spared unemployment. After all, work is not only a way for young people to earn a living, it offers them a chance to make something of their lives. They can extend their knowledge, test what they learnt during training and gain experience. The fruits of training are only borne through work, as the Institute for Employment Research rightly pointed out (Schober 1994).



***"Although this bridging assistance gives young people some prospects after they have completed their training, it does not solve the fundamental problem of high unemployment."***

Although this bridging assistance gives young people some prospects after they have completed their training, it does not solve the fundamental problem of high unemployment. According to a study on employment conducted by the Organization for Economic Cooperation and Development (OECD), one of the causes of high unemployment is the inadequate ability of industrialized nations to react appropriately to changes in competition conditions (Organization for Economic

Cooperation and Development 1994). The OECD's strategy for combatting unemployment is targeted at, among other things, developing and disseminating new technologies, making working time more flexible with the agreement of employees and enterprises, and introducing more flexible labour costs (OECD 1994, pp. 46 ff.). The implementation of this strategy will contribute towards integrating young people more into working life.

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# Union policies towards the training of workers with a low level of qualification: A comparative analysis

Since the 1970s two major processes have contributed to the weakening position in the labour market of workers who have a low level of initial education and training. On the one hand, the restructuring of manufacturing industry and, in particular the decline of mass production lines organized along Taylorist principles of work organization, have contributed to mass redundancies and to a declining demand for unskilled labour. On the other hand, educational participation rates and the level of qualifications in the labour force have increased throughout the European Union. As a result of these processes, workers with a low level of qualification are both vulnerable to unemployment because of the nature of the jobs they occupy and disadvantaged with respect to better qualified job applicants when they compete for jobs.

The identification of workers with a low level of qualification as being particularly vulnerable is a recent phenomenon. For, as Alaluf and Krzeslo point out, their low level of qualification was not problematic so long as they were in employment. Rather, it has only been with the emergence of mass unemployment that their lack of qualification presents itself as a problem (1993). As far as their access to vocational training is concerned, they are confronted by three main issues: firstly, their ability to adapt to the changing organization of production; secondly, their ability to reenter employment if they are made redundant; and thirdly, if they are in low paid or casual jobs, the extent to which access to training can contribute to job mobility and/or increased job security and satisfaction.

Vocational training has been recognized as a vehicle both for economic and social policy by the European Union. It can contribute to the productivity and competitiveness of companies, but can also improve workers' job security, improve their external labour market opportunities and job satisfaction. Mahnkopf has argued that for unions, vocational training can have both efficiency and equality objectives (1991). Whereas unions may see advantages in contributing to the economic competitiveness of their employer, they may also have concerns relating to equality of access to training for their members.

In many European countries, unions or employee representatives have an established role in the formulation and implementation of vocational training policy. The objective of this paper is to examine how union policy with respect to training has developed in recent years to confront the problems faced by workers with a low level of qualification. It draws on the findings of a comparative study of union policies in France, Belgium, Germany, Great Britain and Italy which examined union policies in three sectors - food processing, motor manufacture and health care - where, in all the countries, substantial numbers of unskilled workers can be found.<sup>1</sup> Whilst the first two employ a predominantly male labour force, in the latter women predominate. The objective of the study was not to provide a description of union representation on the institutions of vocational training. Rather it sought to examine how they contribute to fostering the training of unskilled workers, through representation,



**Helen  
Rainbird**

is Reader in Social Science at Nene College, Northampton. She was formerly Senior Research Fellow at the Industrial Relations Research Unit, at the University of Warwick.

**To what extent are unions able to represent the interests of unskilled workers with respect to vocational training and thus prevent their exclusion from the labour market? This paper reports on the findings of a five country comparative study. Although the term 'workers with a low level of qualification' derives from the French policy debate, similar groups who occupy a position of structural disadvantage in the labour market can be identified in other countries. The capacity of unions to represent the interests of unskilled workers varies according to their formal representation rights, principles of recruitment and their internal structures. Despite the debate on 'the new bargaining agenda' policy with respect to training is often a response to employer initiatives. Unions are setting their own agenda insofar as they adapt their bargaining and recruitment strategies to the changing structure of employment. However, this involves appealing to the interests of more highly qualified workers as well as the unskilled and may require the management of new conflicts of interest.**



***“... this definitional problem demonstrates a tension between individual characteristics (the level of formal qualification) and the characteristics of the organization of production which result in the classification of jobs as requiring more or less skill.”***

***“All of the countries, with the exception of Great Britain, draw on extensive systems of social partnership with respect to vocational training.”***

<sup>1</sup> The first phase of this project, which was coordinated by the Institut de Recherches Economiques et Sociales (IRES), Paris, involved teams from the Centre de Sociologie et d'Economie Regionales, Université Libre de Bruxelles; the Industrial Relations Research Unit at the University of Warwick; The Istituto Richerche Economiche e Sociali, Rome; and the University of Tübingen. It was financed by the French Ministère de la Recherche and the findings have been published in a special number of *La Revue de l'IRES 'Bas Niveaux de Qualification'* (1993, no. 13, automne). The pilot phase of fieldwork was conducted with the support of the 'Poverty III' Programme of the European Commission and the findings are to be published shortly in the collection 'Documents de Travail' of IRES, Paris.

collective bargaining, campaigning at different levels and through the provision of services to members. The present paper is divided into five sections. The first examines the definition of the term 'workers with a low level of qualification' and relates it to the different levels and forms of policy debates in each country. The second examines the established policies of unions towards training. The third examines the extent to which training has become a new item of the bargaining agenda for union organizations. The fourth considers constraints on the implementation of policy. This is followed by a conclusion.

level of educational attainment but workers in this context who are seen as having a low level of qualification may be more highly qualified in absolute terms than similar categories in other countries.

In fact this definitional problem demonstrates a tension between individual characteristics (the level of formal qualification) and the characteristics of the organization of production which result in the classification of jobs as requiring more or less skill. In this context, processes of labour market segmentation intervene whereby jobs which are typically done by women, by ethnic minority workers, or which are found in sectors of the economy where wages and conditions are relatively poor are classified as unskilled. As Vincent points out, 'vocational training can not be reduced just to the level of knowledge of individuals, and the classifications adopted by companies do not always correspond to the qualification required for the job, nor that of the worker who occupies it' (1993b:133, author's translation). Therefore in order to conduct the research project, 'workers with a low level of qualification' were defined as unskilled workers in employment whose structural position in the labour market means they are vulnerable to unemployment or whose wages and conditions of employment are unfavourable compared to those of the more highly qualified. Although the level of their formal qualification is central to their vulnerability, this interacts with other factors which are linked to their position in the organization of production.

## **A Definition of Workers with a Low Level of Qualification**

The initial definition of the research topic derived from the identification of a new category of employment policy in France concerning workers with a low level of qualification - 'les bas niveau de qualification - BNQ'. This category had emerged as a result of unskilled workers' inability to adapt to the new requirements of the production system through their participation in retraining programmes. The reason for this was seen to lie in the low level of their initial qualifications (Vincent, 1993a:3). Even though this term reflects certain realities of the French labour market - the fact that workers without qualifications are more particularly at risk from unemployment - it is not entirely satisfactory as a basis for comparative analysis and is not reflected in statistical categories. Although there are some similarities with the Belgian category of 'groups at risk' which are recognized in law and in collective agreements, policy initiatives directed towards workers who are defined as having a low level of qualification are not found in the same form in all the countries. Moreover, the emphasis on levels of qualification can be problematic insofar as each country has its own definition of what constitutes a relative lack of formal qualification which is not directly comparable. For example, the German workforce is well known for its high

## **Union Policy Towards Training**

### **Established practice**

In all the countries, institutions have been established to manage vocational training and labour market policy at different levels. There are differences between the countries in the extent to which responsibilities for labour market policy are attributed to the state or the social partners and in the arrangements for continuing training, as opposed to initial training. All



of the countries, with the exception of Great Britain, draw on extensive systems of social partnership with respect to vocational training. In Great Britain, union representation has been marginalized with respect to both vocational training and labour market policy since the Conservative government came to power in 1979 in parallel to a more general process of labour market deregulation (Rainbird and Smith, 1992).

The institutional density of the German system of vocational training, along with its overlapping of different systems of co-determination, is well-documented (Streeck et al., 1987). Here, the social partners have an extensive role in the regulation of initial vocational training at different levels, in company-level planning and in labour market policy. This contrasts to continuing vocational training which is less highly regulated and generally an area for management prerogative.

It is in France that the system of continuing vocational training is most highly developed, following the interprofessional collective agreement of 1970, which gave rise to the law on continuing vocational training of 1971. The distinctiveness of this system is the way it is made of collective agreements, parity arrangements and the involvement of the social partners (d'Iribarne and LeMaitre, 1987). Collective agreements have always preceded the different legislative components of the system of continuing vocational training, which take up and make obligatory the agreements signed by the social partners.

In Italy the right of workers with a incomplete secondary schooling to '150 hours' of training has been established through the 1972 national agreement in the metalworking industry. This was later extended to other sectors. Unemployment, particularly amongst young people, women and in the South of Italy, is aggravated by relatively low levels of educational participation and the fact that there is no system of adult education regulated by law. An agreement between the Confindustria (private sector employers) and the major union confederations of

January 1993 established the significance of training for improvements in the quality of work and competitiveness in companies, whilst making provisions for the forward planning of skills and the reform of the vocational training system. It has provided for the establishment of a National Committee for Vocational Training, involving the government, ministries and the regions as well as the social partners and, parallel to this a fund for the financing of continuing vocational training. (Meghnagi, 1993).

Belgium is exceptional insofar as collective bargaining includes provisions for the unemployed. This reflects high levels of unionization and the institutionalization of industrial relations, on the one hand, and the fact that the unions have responsibility for administering social security benefit and include the unemployed amongst their membership, on the other. In the 1970s and 1980s cells of reconversion training were set up, involving tripartite agreements between employers, unions and the government. Since the interprofessional agreement of 1988, 0.18 per cent of the wages bill (and since 1990, 0.25 per cent) has been allocated to an Employment Fund and destined to measures for creating employment and training 'groups at risk' (Alaluf and Krzeslo, 1993).

In Great Britain, in contrast, there has been a progressive abolition of tripartite sectoral training boards with statutory powers to raise a training levy in the course of the 1980s. The Manpower Services Commission, the quadripartite body which had responsibility for labour market programmes was abolished in 1988. In its place local bodies have been set up, to administer labour market and 'enterprise' programmes which have a majority of private employer representatives, alongside a minority role for union representatives. Despite the weak formal representation of union interests within training and labour market bodies, the Trades Union Congress and the Confederation of British Industry have both supported the identification of National Training Targets. Many trade unions have been raising demands for individual rights to training and for workplace training committees though

***in Germany "... the social partners have an extensive role in the regulation of initial vocational training at different levels, in company-level planning and in labour market policy. This contrasts to continuing vocational training ..."***

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***in Italy "An agreement between the Confindustria (private sector employers) and the major union confederations of January 1993 ... has provided for the establishment of a National Committee for Vocational Training, involving the government, ministries and the regions as well as the social partners and, parallel to this a fund for the financing of continuing vocational training ..."***

***"Belgium is exceptional insofar as collective bargaining includes provisions for the unemployed."***

***In Great Britain "... local bodies have been set up, to administer labour market and 'enterprise' programmes which have a majority of private employer representatives, alongside a minority role for union representatives."***



***“... unskilled manual workers are most likely to be made redundant when restructuring occurs. They may be seen as unadaptable to new production conditions by employers, who prefer to recruit new, more highly qualified staff or to invest in the further training of the most qualified staff who are seen as more receptive and more productive.”***

***“... the union role has often been restricted to ensuring that training in new skills is voluntary and that compensation for redundancy is generous.”***

‘aspirations for involvement are far more extensive than any collaboration agreed in practice’ (Winterton and Winterton, 1994:45)

This brief review demonstrates that there is considerable variation in the scope that unions have for formally representing their members’ interests with respect to vocational training and labour market policies given different institutional and legal frameworks. Moreover, union movements are organized on the basis of different principles; political affiliation, sector and occupation and this may effect the extent to which unskilled workers’ interests are independently represented. Union movements therefore have differing capacities to represent the interests of workers who are in employment and those who are already marginalized in the labour market through unemployment (Barthel, 1993). This setting provides the context in which unions are able to situate their strategies towards training in general, and towards the training of unskilled workers in particular.

### **Training: a new item on the bargaining agenda?**

Given the existing involvement of unions in different institutional structures, to what extent can training be considered to be a **new item** on the bargaining agenda? Certainly the introduction of new technologies, the development of multiskilling and new forms of work organization mean that, at a minimum they have to respond to employers’ strategies. Mahnkopf argues that resistance is not feasible, but that unions must develop ‘skill-oriented modernization strategies’ which will push employers towards more skill-intensive production methods (1991:65). However, such strategies may incur risks if the interests of some sections of the workforce, in particular, those who are already highly skilled, are promoted above those of others.

As argued above, unskilled manual workers are most likely to be made redundant when restructuring occurs. They may be seen as unadaptable to new production

conditions by employers, who prefer to recruit new, more highly qualified staff or to invest in the further training of the most qualified staff who are seen as more receptive and more productive. The workers’ own experiences of educational failure may contribute to their fear of returning to a learning environment and thus to their preference for compensation rather than retraining. The extent to which reconversion training is provided by companies and co-managed by unions varies according to legal regulation and collective agreement. The evidence from field-work interviews suggests that where there are no provisions for the reconversion training of workers being made redundant, the union role has often been restricted to ensuring that training in new skills is voluntary and that compensation for redundancy is generous. Where unions have successfully pursued demands for training and consultation on training, the opportunities to increase skill levels have often been taken up enthusiastically. However, access to training is not always extended to the entire workforce and unions may need to manage potential conflicts between different groups of workers, who see their jobs and status threatened. In this instance, a recombination of the skill hierarchy occurs, whereby those identified as the most able of the unskilled are involved in training programmes.

The significance of unskilled workers’ lack of confidence in their ability to learn has been recognized in Great Britain. The public sector union, UNISON, argues that unskilled workers are often unable to benefit from continuing education and training unless they have first had access to basic education. This has been recognized in collective agreements in the public sector and in the jointly-managed Workbase literacy programme as well as through the provision of education as a service to members (Rainbird, 1993).

In contrast to developments in manufacturing industry, in the health sector, cuts in public expenditure combined with stagnant recruitment have contributed to processes of work reorganization and task enlargement. This may also create possibilities for access to training for unskilled



workers. However, there are problems concerning the recognition of experience as opposed to formal qualifications which may be expressed in terms of conflicts between different groups of workers. Financial restrictions may reduce the possibility of pay rises, but in this context training may constitute a tool for creating job mobility or improving job satisfaction. Finally, unskilled workers are found primarily amongst ancillary workers. Although varying from one country to another, those who are engaged in cleaning and catering functions may be disadvantaged through the development of sub-contracting of non-core services, especially where this takes them outside the coverage of collective agreements.

The evidence of a new bargaining agenda, outlined above suggests that unions are largely responding to employers' initiatives rather than setting their own agenda on training. However, there are two important senses in which unions are using the new bargaining agenda to take the offensive. The first of these is in the development of a response to the changing structure of employment, which involves emphasizing issues such as training, equal opportunities and environmental issues as a means of extending their appeal beyond their traditional core membership in the industrial working class. The second is the way in which in Italy and Great Britain demands for training and its co-management form part of a new approach to industrial relations. The 1993 agreement between Confindustria and the major Italian union confederations was explicitly about developing a more consensual approach to industrial relations. Union demands for rights to vocational training and workplace training committees in Britain constitute part of a new bargaining agenda which, for John Edmonds, General Secretary of the General, Municipal and Boilermakers, is also about moving into the 'European mainstream' of a more consensual approach to industrial relations (Stokey et al., 1993:67).

### Problems of implementation

The question of union policy towards the training of workers with a low level of qualification directly poses the question

of how disadvantaged workers' interests are represented within trade union structures and who negotiates on their behalf. Generally, union membership amongst unskilled workers and in particular, amongst the unemployed is low. The exception is Belgium where levels of unionisation are high. In Great Britain, unskilled workers are organised in general unions. Although their interests are represented separately from those of more skilled workers, this separation has also contributed historically to their lack of access to apprenticeship training which was controlled and restricted by the craft unions. Moreover, collective agreements in Britain are not extended universally and many unskilled workers are outside their coverage. In the countries where political affiliation or sectoral principles underly union organization, unskilled workers are often poorly represented in structures which are dominated by the more highly skilled. Against this, union confederations organized on the basis of Christian or Socialist ideology have greater claims, in theory, if not in practice, to representing the interests of the whole of the working class than where sectional interests prevail.

In many instances, unions are most effective in representing interests with respect to vocational training and labour market policy at sectoral or intersectoral level. The most difficult question is how agreements made at higher levels are put into practice. In France, the weakness of union organization at company level undermines the effectiveness of higher level collective agreements and this is exacerbated by the decentralisation of collective bargaining (Rainbird and Vincent, 1994). In this respect, it will be interesting to follow the implementation of the 1993 agreement in Italy.

### Conclusion

Clearly, the representation of the interests of workers with a low level of qualification with respect to training poses a major challenge for unions. This is due to the fact that the core of traditional union membership is generally male and

***unions are using the new bargaining agenda to take the offensive in:***

- developing a response to the changing structure of employment,***
- making demands for training and its co-management as part of a new approach to industrial relations.***

***"Generally, union membership amongst unskilled workers and in particular, amongst the unemployed is low."***

***"... the core of traditional union membership is generally male and relatively well-qualified. In attempting to appeal to new groups of workers, they (Unions) run the risk of failing to represent those whose labour market position is weakest ..."***

***"Unions have the potential, though it has rarely been mobilized, bring to vocational training the possibility of creating a solidaristic environment in which disadvantaged workers' confidence to learn can be nurtured."***



relatively well-qualified. In attempting to appeal to new groups of workers, they run the risk of failing to represent those whose labour market position is weakest (Rehfeldt, 1993).

A joint approach to training has benefits for both employers and employees, though the identification of individual workers as requiring remedial education and training in the context of the employment relationship can make them vulner-

able. Unions have the potential, though it has rarely been mobilized, bring to vocational training the possibility of creating a solidaristic environment in which disadvantaged workers' confidence to learn can be nurtured. Although unions have some scope for improving the access of employed workers to vocational training and in this way increasing their adaptability to new production conditions, this is severely reduced once they are made redundant.

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# Law 44/86: seven years of enterprise set-up in Southern Italy

## Innovative mechanisms and in-company training

1. This article is a case study of public action in southern Italy intended to promote new youth enterprises.

It is worth examining two qualitative aspects of this fairly large-scale experiment that are very topical in the debate on economic development and "active" labour policies:

□ on the one hand, the experiment takes the form of training based largely on exchanges of experience, work experience periods and the relationships between young people and the world of enterprise; few days in the classroom, but many days in enterprise; few representations and simulations of business situations, but a great deal of business management; few descriptions of market problems, but a great deal of work on marketing mix. Business culture is experience: new entrepreneurs are trained by passing on a certain amount of information and a great deal of experience;

□ on the other hand, this action raises questions about job and enterprise creation policies. In my opinion, job creation policies, understood in the literal and traditional sense, have no basis in "theory" and are hardly ever successful. In the era of "post-Fordian" organization, creating jobs increasingly entails creating businesses, even when these are small and possibly one-person businesses. The experiment described in this article grew out of the notion that job creation policy was not providing appropriate answers and that attempts had to be made to create businesses, even in an area like southern Italy where there is a considerable entrepreneurial "deficit".

2. Seven years after its adoption (28 February 1986), Law 44 is now one of the

largest public enterprise creation measures at international level. Law 44/86 has, however, a more complex objective: to use new enterprise creation to promote the emergence of new entrepreneurs. From this point of view, it has highlighted the far-reaching differences between job creation and enterprise creation policies; in the general debate about active labour policy, confusion is in many cases generated when job creation and enterprise creation schemes are perceived as the same, when they are, in fact, very different in terms of their objectives and management methods and because enterprise creation policy cannot properly be seen as an instrument of active labour policy. It would be more correct to place this policy under the heading of general policies for local development.

In terms of the LIT 3,300 billion allocated to this scheme in successive appropriations, the 4,000 business plans submitted by companies or cooperatives formed in most cases by young people from southern Italy, the 800 plans approved providing employment for over 17,000 employees and some 6,000 partners, Law 44 is therefore an industrial policy experiment which has gone past the experimental stage and taken on the characteristics of a structural policy.

3. Two factors have helped to shape the law. In the first instance, the features of the young southern Italian labour supply were seen to be changing. There were many visible, albeit often contradictory, signals that attempts were being made in southern Italy to find less traditional solutions to increasing unemployment levels among young people with higher educational standards and incomes which were not always very low. From the point



**Carlo Borgomeo**

*President of the committee for the development of new enterprises which was set up to administer Law 44/86 (De vito). In the 70s he was trade union executive of the CISL and from 1983 a member of CENSIS research staff.*

**Law 44 is one of the largest public measures to promote enterprise set-up on an international level.**

**An innovative experiment in the general debate about economic development and active labour policy, it stems from the need to link development theory to a process for promoting new enterprises and nurture the corporate culture. In the era of "post-Fordian" organization, creating jobs increasingly entails creating businesses. To do so Law 44 chose the mechanism of transmitting entrepreneurial experience. To date some 875 projects have been approved and with funding of Lit 2,600 million, provides employment for 17,700 employees and some 6,600 business partners.**

***"In the era of 'post-Fordian' organization, creating jobs increasingly entails creating businesses, even when these are small and possibly one-person businesses."***



***"The emergence of new entrepreneurs is not based on intensive training activity and 'education' in business, but on an operation to transfer entrepreneurial experience that is extraordinary in terms of its dimensions."***

***"... the Committee that administers the Law is simultaneously responsible for information, promotion, selection, start-up assistance, specialist training, finance and supervision."***

of view of the labour supply, the strongly-rooted, and naturally predominant, quest for a permanent and secure job was beginning to change.

Similarly, southern Italy's development culture, based on a kind of anticipation-cum-expectation of major industrial development, was beginning to undergo its first changes. Much more attention was being paid to the dissemination of business systems: the intrinsic limits of development based on large-scale industrialisation, which had begun to emerge during the 1980s, and the contradictions that these entailed, highlighted the need to base development policy on the propagation of new enterprises and a strengthening of entrepreneurial culture. It would not therefore be unreasonable, even though this gives only part of the picture, to see Law 44 as a training scheme disseminating entrepreneurial culture. The emergence of new entrepreneurs is not based on intensive training activity and "education" in business, but on an operation to transfer entrepreneurial experience that is extraordinary in terms of its dimensions. In comparison with other theoretical approaches, Law 44 chose the transmission of business experience as a basic mechanism for the emergence of new entrepreneurs. This choice was given concrete shape both in the requirements to be satisfied by the partners in the enterprise: predominantly young people, with a minority of adult partners or even legal persons, and in the key mechanism of mentoring, i.e. assistance during the start-up stage of initiatives, which will be discussed below.

4. These preliminary comments make it easier to understand what the basic features of the mechanism introduced by the Law actually are. A first aspect to be stressed is that the legislative, administrative and regulatory mechanisms implemented by the Committee for the Development of New Youth Enterprises, which is responsible for administering the law, tend to rule out any use of these incentives by existing enterprises. Hence the introduction of the criterion of "novelty" which, although weak from a legal point of view, proved to be readily verifiable in practice: a plan submitted for funding is a plan for an enterprise which does not

exist, i.e. no provision is made for expansion, diversification and restructuring. Similarly, the partners in the enterprise must include a number of young people who will become entrepreneurs by managing the enterprise to which the plan relates. As its primary objective is to disseminate business culture, Law 44 did not place any constraints on employment in the narrow sense, i.e. the criterion of impact on employment is not taken into account when the plans are assessed.

As the Law was aimed at young people and therefore likely to have a major social impact and to generate major social change, procedures that were as simple and transparent as possible obviously had to be chosen: this had significant results and some of the mechanisms used, superficially of little importance, have led to far-reaching innovations in the administration of production incentives and the evaluation of plans. The first principle has been that plans have to be assessed in strict chronological order. Again from the point of view of procedures, it is worth noting that substantial use has been made of the system of withdrawing incentives to signal a violation of the agreement between the State and the young entrepreneurs and also as a motivating factor, bearing in mind that the Committee has always submitted cases of irregularity to the legal authorities.

Another specific feature is undoubtedly the fact that the whole operation has been implemented through a single instrument: the Committee that administers the Law is simultaneously responsible for information, promotion, selection, start-up assistance, specialist training, finance and supervision. Making the Committee responsible for all these tasks has many advantages and means that the experience of the Law 44 Committee is similar, from this point of view at least, to that of the agencies set up to develop production activities in the English-speaking world.

5. Five aspects can be separated out from the overall picture of the experiment:

a. from the point of view of trying out action which has to be seen as innovative, the conclusion has to be that the operation has been a success and that,



over and above certain limits and problems, there has been widespread consensus about the system (assessment, selection, assistance, supervision) as regards both procedures as a whole and each individual procedure, especially mentoring and monitoring;

b. from the point of view of efficiency, the data available make it possible to see the Law as a measure which is extremely efficient: over 90% of the enterprises launched would never have got off the ground if Law 44 had not existed;

c. the picture from the quantitative point of view is interesting from a number of points of view. The number of business plans submitted continues to remain constant (Table 1) despite the fact that the approval rate for plans is approximately 27%. The geographical distribution of the plans submitted and therefore, proportionally, of the plans approved is comparable throughout the South; any lack of comparability cannot be attributed to the fact that southern areas have different levels of development, but rather to different situations in the short term, the most important of which is the existence of regional laws promoting cooperation among young people. This effect is particularly visible in Sicily and Sardinia which have regional laws into which substantial finance is channelled, which can provide fairly large-scale finance for individual enterprises and, in the case of Sicily, with assessment criteria which are certainly much less selective than those adopted by Law 44. The overall total is over 17,500 employees.

The sectoral distribution of the plans submitted and, proportionally, approved is also interesting, as 50% of the plans relate to manufacturing industry, 29% to agriculture and 21% to services (Tables 2 and 3). The fear, shared by many, that large numbers of service- sector plans would have to be financed has undoubtedly been disproved. The cooperative formula has been selected by some 25% of the enterprises submitting plans, although the most widespread form of enterprise is that of the limited partnership (53%).

The figure that is of most interest in evaluating an enterprise creation law is obvi-

ously the growth of those enterprises which have been launched. Law 44 has had very significant results from this point of view as well. There are, in theory, no criteria by which the data can be satisfactorily judged; use normally has to be made of forecasts - which are positive and point to a survival rate of some 50%. While this might be seen as too low a level for Law 44 bearing in mind the incentives on offer, it is good when seen against the intrinsic shortcomings of the people involved and a context which is relatively hostile to the development of productive enterprises.

In any case, enterprises in which investment was made some time ago are showing a survival rate of around 80% with a constant and significant growth in average turnover. If it is true that an enterprise creation law has to be judged on the number of enterprises that survive, Law 44 can certainly be judged positively.

The impact of the law can also be assessed in overall terms. A fact of enormous interest needs to be stressed: Law 44 has proved to be a powerful mechanism of economic culture in southern Italy and has aroused considerable interest among young southerners, in many cases developing processes of emulation which are known to play a crucial part in local development.

From this point of view, the picture may even be permanent. If legislators wanted to carry out an experiment which showed young people in the South that setting up a business is a possible alternative to a job, they have certainly achieved their objective.

6. Leaving aside the overall picture of the experiment which is obviously continually changing, it is worth looking at one or two aspects which have proved to be the most innovative and interesting. The scale of the action has made it possible fully to explore and test a number of mechanisms which can certainly be reproduced.

a. The first mechanism relates to the investigation and assessment of plans. It was necessary, to make the law's objectives credible, for applicants putting

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***“... assessments are intended to find out about the overall feasibility of the proposed business and are therefore of a discretionary nature.***

forward an entrepreneurial idea to be assessed on the validity of the idea and not on their financial backing, which turned the traditional relationship between investors and credit institutions on its head.

A fairly large-scale assessment grid was needed to ensure that this principle did not give rise to a completely arbitrary procedure for the award of incentives.

This assessment grid, based on four fundamental criteria (credibility of the applicants, market potential, technical and organizational aspects, profitability), has been put to the test in over 6,000 plan assessments.

Nowadays, the “product” that the Technical Secretariat of the Law 44 Committee is able to provide during the assessment procedure, is a product of a very high calibre in technical and practical terms.

A question of a theoretical type, always present in discussions of incentives for production activities, i.e. whether awards of such incentives should be automatic or discretionary, has never been resolved.

The Law 44 Committee obviously applies a highly discretionary, but not arbitrary, mechanism in its assessments.

This kind of assessment work is very similar to, and almost coincides with, the work of venture capital companies: assessments are intended to find out about the overall feasibility of the proposed business and are therefore of a discretionary nature.

b. Mentoring, which is probably the most intelligent innovation, has placed experience with small and medium-sized enterprise assistance on a more sophisticated footing.

In Law 44 practice, this assistance is specialist in the sense that it relates to the fairly delicate stage of start-up of the business: however, the formula, which consists in allocating responsibility for the development of an enterprise to another enterprise, has proved to be a winner.

The positive effects of mentoring can be seen not only from the point of view of fledgling enterprises, but also from the point of view of the system of relations

and partnerships which has developed between enterprises in different sectors and different geographical areas, thereby building up communications - undoubtedly one of the most crucial aspects in the success of small and medium-sized businesses.

Experience with mentoring means that fledgling enterprises under Law 44 have an initial competitive advantage; their DNA already contains a communications gene: they start up by communicating with another enterprise and find it very easy, as the results of some of the Committee's promotional initiatives show, to communicate and develop partnership mechanisms;

c. It should also be borne in mind that the Committee organizes a common core of business training courses for all the enterprises that it finances; these courses tackle problems connected with business management, irrespective or almost irrespective of the type of product or service offered.

These courses, structured as five full-time modules each lasting one week, take place over five months, are delegated by the Committee to the most proficient training schools in Italy (ISVOR-FIAT, ELEA OLIVETTI, SDA BOCCONI, IAFE-ENI) and tackle genuine business management simulations which grow in complexity, providing the young entrepreneurs not just with the basic skills that they need, but also with a higher degree of self-awareness of their roles.

d. Monitoring, which has replaced the old-style checks, represents an advance in the administrative supervision of incentive mechanisms. It may be worth noting that the monitoring to which we are referring is not, as often seems to be the case in modern jargon, a vague review of the social and economic impact of action; this kind of monitoring entails specific, structured and administratively correct supervision of all the expenses incurred, woven together with a qualitative evaluation of business potential: i.e. when the authorities decide whether and how to pay out incentives, this decision is based on a number of assessments and a far-reaching knowledge of the business.



# New issues on occupational integration

In the course of the last few years several European research scientists have studied the arrangements for the occupational integration of young people. The Barcelona colloquium<sup>1</sup>, organized in 1993 by CEDEFOP, and the meetings of the European Network on research into the social and occupational integration of young people<sup>2</sup> were an opportunity to compare the main approaches and results in this area. Two types of concerns emerged. The first have to do with the analysis of the process of integration. The unique position of young people on the labour market is well known: difficulty in gaining access to employment, precarious nature of employment, lower remuneration, competition with other generations. We also know that young people do not make up a homogeneous group given the discriminatory influence of gender, social background, nationality and training. We now have to interpret these observations. Examination of the documentation from the colloquium in Barcelona prompted us to combine three aspects: the links between the various stages of transition (employment, training, mobility but also family situation and lifestyle); the determining factors of integration (new forms of organization of production and companies, specificities of educational systems, the different labour markets, socio-political and cultural context); and the agents who structure the process of transition be they companies, institutions or individuals.

The second concerns are more methodological. They suggest complex quantitative methods such as analysis of paths and stress the importance of international comparisons in the identification of the special features of societies. They also stress the need to examine the relevance of the concept of a labour market for young people and the view of integration as a social process and a special form of mobility.

All these questions deserve comment but this article will focus on two. How do

we reformulate old questions having to do with the definition of the concept of occupational integration and establishing a balance between training and employment? What are the more recent questions which have emerged in the wake of European integration and transformation of the forms of exclusion?

## A re-examination of the problems of integration

At the above-mentioned colloquium several speakers confirmed the lack of thought given to integration. It is, however, difficult to collate data and interpret it without drawing on hypotheses. We do indeed see how the slightest theoretical progress is immediately translated into new investigation methods which produce results which, in turn, generate a new interpretational framework. Thus, the development of longitudinal studies goes hand in hand with the interpretation of integration as a long and unsure process; the extension of studies on integration to include lifestyles goes hand in hand with the conviction that integration is not solely occupational and that the determining factors are not exclusively economic; the similarity of studies on young people and the long-term unemployed accompanies the idea that transition affects various groups, the combination of studies on the various groups involved goes hand in hand with the idea that access to employment is structured in a social way.

From this angle it seems that the problems of the organization of occupational transition are still of interest. This proposal is innovative since it places not only individual behaviour but also social organization at the centre of analysis and since it enables us to better understand the links between training and employment. It must however draw on various elements.



**José Rose**

*Professor of sociology,  
Doctor of economics.  
Member of the research group on education and employment (GREE-CNRS, Université Nancy II).*

**In the course of the last few years the approach to occupational integration has developed considerably, opening the door to new research. Thus, the problem must be examined in greater depth through improved specification of the organised forms of occupational transition and the people which structure it and by theoretical foundations which link this concept with those of mobility, socialisation and remuneration. In the same way, the impact of European integration has to be studied in the analysis and transformation of integration conditions: the processes of exclusion and their interpretation; the relevance and the limits of longitudinal studies.**

<sup>1</sup> This international colloquy on the integration of young people was held in Barcelona on 20 and 21 September 1993 and was organized by the European research Network on the Social and Work Integration of Youth with the support of the Research Group on Education and Labour in the Educational Science Institute of the Autonomous University of Barcelona and CEDEFOP. The work of the colloquy allowed comparison between researchers specialized in integration, policy makers in the economic and social determinants of integration.



***“... there cannot be any transition without organization of transition.”***

***“It would also be interesting to study the diversity of forms and rhythms of transition ... in order to better identify the concept of transition itself.”***

***“...comparison of the forms of access by young people to employment with those of other groups would enable us to better understand the processes of categorisation and selection within the employment system.”***

***“The major current challenge is, without doubt, the differentiated management of mobility which involves a complex movement of acceptance - rejection of certain groups, dualisation and exclusion.”***

<sup>2</sup> This network aims to assist in developing a theoretical analysis of integration, particularly the links between education/training and the labour market. It aims to develop contacts between researchers in different countries who produce or use data which could be exploited for comparative purposes. Since June 1993 the network has enjoyed the support of the “European Science Foundation”.

As far as the forms of the organization of occupational transition are concerned three points should be stressed which could lead to new fieldwork. First of all, we have to stress the fact that there cannot be any transition without organization of transition. Therefore, it would be useful to examine, today, all forms of organization irrespective of whether they are highly structured or not (specific institutions, simple networks) in order to understand how they select and change the groups. It would also be interesting to study the diversity of forms and rhythms of transition (which range, at the present time, from immediate integration to final exclusion via paths which continue to be unstable) in order to better identify the concept of transition itself. Can we indeed talk about transition if no situation is becoming more stable? Can we talk about transition in general and more specifically if the number of paths is so large? Can we pick out the moments of transition if the entanglement of situations and instability become the norm for many of the people concerned? Finally, comparison of the forms of access by young people to employment with those of other groups would enable us to better understand the processes of categorisation and selection within the employment system.

The people responsible for transition should also be examined more closely, be they the schools in their training and guidance role, companies in respect of their recruitment, promotion and training practices or individuals who sometimes set up real strategies. Close examination of the links between these agents would reveal the many different roles in transition. The major current challenge is, without doubt, the differentiated management of mobility which involves a complex movement of acceptance - rejection of certain groups, dualisation and exclusion. But transition also has to do with a change in the conditions for acquiring know-how and skills and thus with vocational training and occupational socialisation. It also challenges the remuneration structure (by shifting some of the load towards the public authorities). It also changes the situation at work. Finally, it offers a reply to the social need to regulate unemployed people.

Considerations aiming to give a theoretical foundation to the concept of transi-

tion and to compare this with other concepts, developed in the field of economics and work and training sociology would be very welcome. If neo-classically inspired theories are not convincing given the individualist and often unreal nature of their assumptions, work on segmentation and salary structure could constitute a starting point as long as they are linked with theoretical intermediaries and the categories themselves are re-examined. Other theoretical issues would have to be examined in greater depth. The same applies to mobility today which seems to take three forms (internal forms structured around organizations or occupations, external forms of the commercial kind or forms structured by the social agents). This challenges the apposition between an internal and external market (Are not the external markets equally structured? How do we move between them?) and also the relevance of the precarious nature of employment: Does this precariousness involve integration or exclusion? Could it be interpreted as a process of acceptance - rejection of the workforce or as watertight segmentation? Is it determined by the context of more or less generalisation of salaried employment?

Another central concern is that of qualification and socialization. Some papers stress the varied nature of the links between training and employment. If it is the case that initial continuing education continues to play a major role in the forming of occupational paths, in the recruitment policies of companies and in the partitioning (even competition of groups), this influence is neither unique (there are other factors such as social background) nor the only determining factor (the link between levels and specialities of training and employment is often very blurred). An examination of the current conditions of access to employment for young people could help us to take up, on a different basis, the debate on qualification, and on the links between training and employment. It also enables us to examine transition in connection with a closely related concept, that of occupational socialization, and to examine its relevance for groups which are forced into very specific segments in the labour system (characterized by the precarious nature of employment and the low level of qualification), a situation characterized



especially by a new distribution of roles between companies, specialized bodies and families.

Finally, occupational transition could be an excellent source of analysis for restructuring in salary structures because it takes in all the components (maintenance, circulation and use). We could, in fact, analyze the organization of this transition as a way of ensuring the incorporation of individuals into work and employment relations which are undergoing drastic change and which are contributing to this change. The increasingly important role of companies in training, a decoupling of occupational activity and the resources of individuals, the precarious nature of status and situations, the important weight of intermediary or state regulatory bodies, the instability of time and the interpenetration of activities at work and outside work, the increased dualism ..... all these phenomena observed in occupational transition are perhaps the forerunners of new relations in work and employment, which are characteristic of the current emergence of a new workforce.

## New questions : integration, exclusion, paths

In the course of the last few years major questions have emerged concerning the real impact of European integration on work and education and on the pertinence of the European space as a forum for understanding training and employment systems.

The first question concerns the harmonization of policies and tools for intervention and analysis. We have to examine the comparability and the recognition of diplomas and qualifications, to promote mobility and the standardization of conditions of access to employment, to promote a common understanding of the issues, and to give decision makers comparable information. This approach causes problems given the implicit hypotheses which it involves. Harmonization in fact means reducing the large degree of diversity in the forms of division of labour, organization of training, discrimination of young people and consideration of diplomas in recruitment.

Moreover, the current low level of mobility and the absence of a real European market of qualifications impose constraints on the importance of harmonization of this kind. This raises two questions which confirm the interest in international comparisons. Are the education, occupation and integration systems comparable and can we define "models" in this field and thus envisage "transfers" between countries? How are supra-national standards produced and what real influence do they have on practices in each individual country?

The second question has to do with an evaluation of public policies. Here it is a matter of knowing whether we can define and compare the efficacy of national training and integration systems in order to elaborate proposals for action. As far as vocational training is concerned, it is customary to distinguish between three models: "competitive vocational", "school educational" and "vocational educational". But comparative analysis shows that beyond this diversity the challenges are relatively similar since in all countries it is a matter of finding a better response to economic and social needs, of redefining the links between schools and companies, of developing capacities for innovation and adaptation of systems, of ensuring improved articulation between the paths and a decentralization of schemes. It also demonstrates that all countries face the same difficulties in respect of evaluation, be it the choice of reference systems (the goals, the situation before or in other countries, the ideal situation), the observation angles (internal or external), the subjects to be studies (implementation, the effects, effective or implicit functions) or the measurement tools.

The third concern is more general in nature since it involves theoretical understanding of the links between training and employment. Here it is important to understand the special nature of each national system for employment - training - integration on the basis of the special characteristics of the labour markets, working relations, school institutions and cultures. Thus, we can even question the existence of Europe itself as an economic and social space. Various factors impose constraints, in fact, on the possibility of the emergence of a European labour mar-

***"The first question concerns the harmonisation of policies and tools for intervention and analysis..."***

***"The second question has to do with an evaluation of public policies...."***

***"The third concern ... involves theoretical understanding of the links between training and employment."***



***“...may be interpreted as the manifestation of the dual nature of the labour market, a kind of process of selection and rejection of a reserve workforce or, on the contrary, as a phenomenon for pushing people on to the fringes.***

***“As far as young people are concerned, the studies help to identify the paths of individuals, the significant segmentation, the development of individual strategies...”***

***“However, they do raise methodological problems which are far from being resolved, ...”***

ket, and more particularly a labour market for young people: low level of mobility, specific nature of national systems, difficulties in establishing an intermediate level between the national institutional structures and the world economic and financial structures.

The colloquium in Barcelona was also an opportunity to initiate reflection on a second important subject, that of exclusion which to a certain extent is the reverse image of integration. Like integration it is a process and not a situation, a complex result of several determining factors which, each in their own way, discriminate groups: dualism of the labour market, selective practices of companies and public bodies, different behaviour of individuals depending on their aptitudes and situation .... Several questions which have to do with reasons for exclusion were thus examined in greater depth: which criteria increase the risk and which situations encourage this phenomenon? What is the role of recruitment, promotion and training practices of companies? What is the impact of the various bodies responsible for receiving and guiding these individuals?

This should lead to a re-examination of some theoretical concepts. Indeed, exclusion takes on very diverse forms from case to case, it may be temporary or final, occupational or social. Henceforth, it may be interpreted as the manifestation of the dual nature of the labour market, a kind of process of selection and rejection of a reserve workforce or, on the contrary, as a phenomenon for pushing people on to the fringes.

Furthermore, the colloquium offered an opportunity to confirm the interest in, and the difficulties of longitudinal approaches. Several concrete questions can be examined in this way, whether it be the precarious nature of employment, unemployment, the overall dynamics of the labour market or the forms of access to employment. As far as young people are concerned, the studies help to identify the paths of individuals, the significant segmentation, the development of individual strategies: thus, they are absolutely in line with the problems of occupational transition. Hence, these studies help to construct various typologies which dem-

onstrate the varied nature of consecutive situations and help to identify the main discriminatory variables whether these have to do with experience of employment or unemployment or with individual characteristics. However, they do raise methodological problems which are far from being resolved, problems to do with the preparation of data (analysis period, choice of indicators, definition of situations) and the interpretation of results (constructions of paths).

Finally, we have to consider extending this approach if we wish to fully exploit the efficacy of analysis of processes of access or re-access to salaried employment. First of all we have to move beyond the analysis of individual paths alone (which should combine data on the activity pursued, situation at work, lifestyle, resources) by linking these with the development of practices of mobility and use of the workforce by companies, and the development of the roles of transition bodies. Longitudinal studies often give priority to individual and training variables which leads to an over-estimation of the role of individual behaviour to the detriment of the impact of the labour market. We could also supplement the study of employment paths with an analysis of the content of these jobs, their recognition and the way in which companies put them together. In fact these studies are precise as far as the status of jobs and qualifications are concerned but they should be supplemented by an improved characterization of employment (the nature of tasks pursued, remuneration) and the companies concerned as well as detailed analysis of human resources, the practices of companies and the ways in which they select staff, provide for promotion and training, their remuneration practices and give consideration to age and experience in all their decisions.

## **Towards the development of a concept of work?**

Today, we are witnessing a restructuring of work and employment relations, links to work and links between work, employment and salary. Against this background, the current context, which is characterized globally by a high level of unem-



ployment and a more or less generalization of salaried employment, is undergoing some major changes: increasingly precarious forms of employment and a restructuring of employment status; redefinition of qualifications and competences; a less direct link between work undertaken and remuneration forms; questioning of division of labour; change in the links between school and company with the development of alternance training; increased difficulty for a growing number of people excluded from employment to develop a solid link to work....

All this must have decisive repercussions on the forms of occupational integration and, more generally, on the education

systems. It would, therefore, be interesting to examine the way in which schools are involved, via contents and training facilities, in the development of links to work; the role of transition arrangements in the setting up of differentiated links to work; the way in which the link between employment and training is being restructured in a new distribution of roles between the schools and companies; the way in which the latter experiment, with new and above all young groups in new forms of human resources management and the new links between work and employment .... These are perspectives which fully justify the continuation of cooperation in research on a European level.

***"Today, we are witnessing a restructuring of work and employment relations, links to work and links between work, employment and salary."***

### Some joint studies

European Network "La transition des jeunes entre éducation et marché du travail", Barcelona Colloquium, to be published in 1994 in CEDEFOP Panorama.

Colloquium "Formation et marché du travail: l'utilisation des données pour la prise de décision", organisé par la CEE, le CEDEFOP et le GREE, Nancy, published in CEDEFOP Panorama 1993.

Colloquium "Education-Travail: état d'un champ de recherches dans trois pays européens: Allemagne, Grande-Bretagne, Italie", Paris s.d. L. Tanguy, C. Marry, A. Jobert, to be published in 1994.

CEREQ seminar "Le système de formation professionnelle en RFA: résultats de recherches françaises et allemandes", coordonné par M. Mobus et E. Verdier, Collection des Etudes No. 61, 1992.

"Jeunes: de l'emploi aux modes de vie: point de vue sur un champ de recherche" (P. Bouffartigues, J.C. Lagree et J. Rose), in Formation Emploi No. 26, 1989.

"L'introuvable relation formation-emploi: un état des recherches en France", s.d. L. Tanguy, Paris, 1986.



## **Lucie Tanguy**

*is Director of research at CNRS. She teaches sociology at the University of Paris X.*

*Research area: the relationships between education/labour*

# **Education - Work, situation in the field of research: Germany, the United Kingdom and Italy**

***The following text presents research undertaken by Annette Jobert (Work and Mobility, CNRS-University of Paris X), Catherine Marry (LASMAS, IRESCO) and myself which was financed by the French Ministry of Higher Education and Research. It led to a colloquium in Paris in March 1994 entitled "Education and Work, the situation in the field of research in Germany, the United Kingdom and Italy". Firstly, we should stress the joint nature of this work which produced 18 contributions: an introduction with the institutional and political facts outlining the fields studied in each of the three countries and five texts with the main directions of research in this field. They range from work focused on the education systems to studies focused on the labour markets or on youth, via more specifically economic approaches<sup>1</sup>.***

## **To improve reciprocal knowledge within the research environment and to encourage scientific communication.**

This research goes hand in hand with research conducted in France a few years ago by a group of research scientists which has been published with the title "L'introuvable relation formation-emploi. Etat d'un champ de recherche en France" (1986)<sup>2</sup>. The reception given to this publication demonstrates just how high expectations are in this field. Since then they have but increased, given the importance of the problems of employment and work in most European countries in the course of the last 15 to 20 years and the role assigned to education and training which are seen as instruments likely to offer the desired responses. Furthermore, European institutions are behind the increasingly pressing demands to develop comparative research in this field, research which encounters all kinds of obstacles ranging from the preconceived ideas contained in the usage of nomen-

clature, classification (such as the category of age for example), but also in the social categories specific to each country or even the use of concepts such as qualification, skills, competence, transition, which differ in meaning from area to area. Thus, the difficulties encountered by research staff when undertaking comparative analysis stem not only from their lack of knowledge about the "other" reality but also from their belonging to different cultural and intellectual traditions.

However, comparative analysis is by no means in the teething stage. We could even say that it is one of the most fruitful paths of investigation in this field and that a body of knowledge is beginning to emerge. In some countries, such as in the United Kingdom where the social debate on training and economic efficacy is particularly lively, international comparisons are very developed. Of the analyses undertaken so far, some have made an impression, in particular the social analysis developed by LEST (Laboratory for economics and work sociology, Aix-en-Provence). This stresses the national coherences specific to each country. It also enabled understanding of the

<sup>1</sup> Work to be published by Armand Colin.

<sup>2</sup> L. Tanguy (under the direction of "L'introuvable relation formation-emploi. Etat d'un champ de recherche en France", Paris 1986, La Documentation française.



overall system. But this has its limits as soon as we begin comparing intermediate levels or more precise realities. The internal diversity eliminated in the model, therefore, appears as both unavoidable and irreversible. This applies to both the German and the British education systems. It also applies to employment where the differentiations by gender, generation and nationality are specific to each country. They cannot be ignored if we wish to understand the realities behind this movement. The case of Italy, where regional differences are particularly strong, is especially striking from this point of view.

This research does not claim to offer a comparative analysis of the fields of research. It simply aims to provide the conceptual and methodological tools necessary for comparison. It is a stage which involves describing the contours of a research field in a country; identifying the main and current problems of research which make it up and reflecting on the categories and nomenclature used, an essential stage, in our opinion, in the development of comparative research. All these things require a detailed knowledge of scientific milieu, an understanding of historical realities but also of the intellectual traditions which are inherent in each community.

## A field of research with blurred and changing contours

We therefore endeavoured to characterize the social, political but also the scientific conditions (strong or weak identity of fields, links with social demands, types of publication, etc.) in which this field of research is anchored and develops in order to be able to understand the special forms which it today assumes. It is common knowledge that research activities are organized differently in France and Italy but the characteristic configurations in each of these countries are still difficult for the "other" to understand. That is why we tried, first of all, to establish a kind of intellectual map for each of these three countries which gives a condensed image of research in this field. We then sought to define the main directions of research (on the basis of subjects, meth-

ods and patterns) which take account of the relations which have become established between education and work. Having done this we did not endeavour to cover everything but rather to identify the theoretical approaches and the most characteristic subjects in the three countries examined. In fact, what we have done is to draw up a table of the main facts and currents in research which have been outlined by a whole group of research scientists working in the field.

Before identifying them, it seemed essential to examine the profile of this field and the concepts on which it is based. We will not examine the concept of a field applied to an area of research with blurred and changing contours. To all appearances, this field is not well enough defined; it is not organized around a stable subject with prescribed sub-subjects as is the case for the sociology of education for example. This is in part due to its specificity: the analysis of relations between two spheres of social activity: education and work.

We also have to justify the two concepts mentioned in the heading of the colloquium: education-work and not training-employment more often used in social debate. Thus, we went on to consider the association of the concepts education-training, sometimes used in a somewhat indifferent and sometimes in a competitive manner. The concept of training, in its extensive and global use, appears in effect alongside that of education although it is clearly differentiated from education when it is a matter of in-company training for example and is sometimes placed in competition with it. Although schools continue to occupy a central position within society since they cater in France for almost all young people up to the age of 18, their responsibility for transferring knowledge and values is increasingly being challenged. Today, alternance is a principle advocated by most European societies. It is on this basis that a certain shift is taking place from the concept of education towards that of training in various forms from country to country.

Aware of the semantic shifts and shifts in meaning which they engender, we would also like to stress the need for compre-

***"This research does not claim to offer a comparative analysis of the fields of research. It simply aims to provide the conceptual and methodological tools necessary for comparison."***

***education-labour or training-employment?***



***“...the concepts used to designate a social field behind a research area, we would say that they are scarcely questioned by research staff who most frequently use them as social categories.”***

***“...any analysis and any comparative analysis calls for pertinent conceptual tools and for this we need indicators constructed on a sound basis and not those invoked in public debate to justify biased points of view.”***

hensive analyses which incorporate the meaning given by various societies to concepts which appear to be synonyms. The same applies to the concept of education which in France is often reduced to that of school education given the central position held by the school in that country; this concept has a far larger meaning than in the United Kingdom where the institution school is not as central for all social classes and echelons. That is why we have not translated the expression used in the United Kingdom “participation in education” as schooling preferring to use a wider term than that of studies in order to signify that these can be undertaken at various and different sites. Hence, in the United Kingdom the educational structures and, by extension, training structures are difficult to assign to clearly defined institutional categories. The further education colleges are a clear example of this diversity. They cater for young people and adults whether in employment or not. Most of them offer vocational training but others offer training leading to a general education diploma either full-time or part-time during the day or the evening. The diverse nature of the curricula and the institutions in the United Kingdom, which are diametrically opposed in all aspects to the standardization of the school system in France, stem from a history in which education up to then was the responsibility of local authorities.

The identity of areas designated by the concepts of work and employment no longer seems to be clearly established. This hesitation about the meaning of words and their respective status has led to their association in the title of specialized journals such as “Travail et Emploi” (Work and Employment) in France and “Work, Employment and Society” in the United Kingdom. Some research scientists are trying to convince us that the shift in interest from work to employment is a necessity, not just because the latter is causing a problem but because it “structures work and thus contributes to the definition of social status, of stratification according to social and gender classes”. To this, others reply that work in the wider sense of the term taking in domestic work, social welfare work, remains the central experience around which social links are developed. Whatever the case, in reality

reference to salaried employment continues to be the central one.

To conclude these remarks on the concepts used to designate a social field behind a research area, we would say that they are scarcely questioned by research staff who most frequently use them as social categories. The same applies to the concept of training which covers very different activities such as the transmission of know-how and skills, guidance for individuals in an increasingly complex institutional environment or even social integration activities.

We would also point out that a very large area of research which aims to cover the relations between a whole set of changes ranging from technical changes in production, work organization to the definition of qualifications and the transmission of knowledge must perforce draw on pluri-disciplinary approaches. Each discipline being oriented towards analyzing aspects of reality but none having the capacity to interpret the whole, we advocate a division of labour among disciplines who construct different objects on the basis of closely related empirical data. This approach makes many interpretations possible; it helps to identify distinct but connected levels within the same reality and enforces a comparison of results. Thus, the linear relations which are all too often claimed between training and employment can be replaced by networked processes.

## **Considerations on the tools and categories of thought**

But any analysis and any comparative analysis calls for pertinent conceptual tools and for this we need indicators constructed on a sound basis and not those invoked in public debate to justify biased points of view. We will demonstrate the scale of difficulty by drawing on the example of unemployment amongst young people. Germany differs from other countries because of its relatively low level of youth unemployment, a situation which is generally attributed to the dominant form of organization of vocational training, the



dual system. It has been given this name because it is based on the principle of alternance between companies and schools. Hence, the level of unemployment amongst the 15 to 24 year olds was 4.5% in Germany in 1990 as against 19% in France (and for all people in employment 5% and 9% for the same period). But the significance of this observation is still very problematical. Firstly, because the relevance of this breakdown on the basis of age groups is controversial: what was justified before, i.e. a break at the age of 15, is no longer justified today because most young people of this age continue their education in one form or another. It is therefore a matter of determining whether it would not be better to measure the level of unemployment amongst young people at an older age, at the age at which most of them enter the labour market. When we adopt an approach of this kind we can see that the gaps are dwindling although they are still visible: the category of 20 to 29 year olds accounts for 44% of all unemployed people in France and one-third of that group in Germany. Furthermore, these yardsticks of discrimination of young people on the labour market are only of value if we bear in mind the inequality in size of age classes in each of the countries compared. In Germany the size of the cohorts has almost fallen by half since in 1990 there were more than one million people aged 23 or 24 and 650,000 aged 16 to 17. Finally, the major obstacle to comparison based on measurements has to do with the forms of social realities themselves and, more particularly, the vocational training on offer in each of the countries. This leads to a classification of young people sometimes in the working population and sometimes amongst the non-working population. Certainly, the definition of working population adopted in the surveys on unemployment observes the same criteria in most European countries: any person in employment, be it only for an hour, in the reference week or anyone looking for a job is included in the working population. This means that young people in full-time education or those undergoing vocational training including practical periods of training in the company, who do not receive any payment, are not included in the working population. By contrast, those who are attending

alternance schemes and receiving payment, mainly apprentices, are included. Catherine Marry observes, the group of young people integrated in the last two years is still lower than that recorded under the dual system: in 1990 in the Federal Republic of Germany 1.5 million people (aged between 16 and 22) attended vocational training under the dual system leading to very varied employment. More generally, contrary to comments made, we were able to demonstrate that it is not so much the level of youth unemployment always mentioned in international comparisons and rather their level of activity which sets France<sup>3</sup> aside from countries in Northern Europe and Germany in particular but also countries in Southern Europe (Ministry of Work 1993). It therefore seems that when comparing the social position of young people in a given age group within different societies, it is also necessary to examine the links between at least three factors: education (in its different forms, school-based or not), activity (which takes us back to the situation of salaried employee, apprentice or trainee) and unemployment.

The same kind of remarks could be made about other indicators, for example, the one based on the length of unemployment which at first sight seems to constitute an objective measurement of the severity of the phenomenon. However, in the regions in Southern Italy with large-scale unemployment, this indicator conceals more than it reveals. In fact, as is stressed by Annette Jobert, young people from low income families are forced to accept any kind of sporadic work, even if it is poorly paid, and does not correspond to their training. Hence, they are not included in the statistics for the long-term unemployed whereas young people supported by their families are. The differences in the rate of unemployment between men and women are another example of the traps to be found in the non-contextualized use of statistical indicators. Thus, unlike other European countries, the level of female unemployment is lower than that of men, 9.2% compared with 12% in 1992 (Eurostat 1993). In reality, this demonstrates the unequal position of men and women in the face of part-time employment. This kind of activity represents 43% of female employment in

***Comparisons of levels of unemployment among young people in France and Germany remains eminently problematic.***

***“...the major obstacle to comparison based on measurements has to do with the forms of social realities themselves and, more particularly, the vocational training on offer in each of the countries. This leads to a classification of young people sometimes in the working population and sometimes amongst the non-working population. ”***

***“...it is not so much the level of youth unemployment always mentioned in international comparisons and rather their level of activity which sets France<sup>3</sup> aside from countries in Northern Europe and Germany in particular ...”***

<sup>3</sup> 12.2% for young men aged between 15 - 19, 6.8% for young women of the same age and 62.1% for young men aged between 20 and 24 as against 54.2% for young women of the same age. There the figures are relatively even: 40.1%, 34.8%, 78.6% and 72.7% in Germany for 1991. Ministry of Work, Employment and Vocational Training, *First summaries*, 1994, No. 40, 25 January.



***"These are all indicators which testify to the inequality of the sexes in the face of the social norms which govern employment and the greater exposure of women to the deregulation observed on the labour market."***

***"Today this principle of the recognition of the social fields, although still valid, is coming up against its limits if we wish to take account of current changes."***

1990 as against 5% of male employment with an average of 22.2% for the same period. This term takes in categories of employment of varying duration (sometimes less than 15 hours per week) which do not always offer legal protection. Hence, the gaps in remuneration of employment between sex - 38% of women receive unemployment benefit as against 76% of men - and between the sexes depending on marital status - 28% of married women as against 77% of married men (Eurostat 1993). These are all indicators which testify to the inequality of the sexes in the face of the social norms which govern employment and the greater exposure of women to the deregulation observed on the labour market.

### **Developing a relational mode of thought**

There are many other examples which could be drawn on to demonstrate the need for a relational mode of thought. This kind of approach made necessary by the object itself, the relations between education and work, inevitably leads to a relativisation of a proposal put forward roughly 15 years ago: independence of the social fields. The force with which this proposal was made is part of an overall context: a major extension of schooling linked with a by no means less marked growth of an economy in which unemployment was an epiphenomenon. Today this principle of the recognition of the social fields, although still valid, is coming up against its limits if we wish to take account of current changes. That is why it is necessary henceforth to focus on an analysis of relations between spheres of social activity which are so far removed as education and work. A proposal to establish a sociology of relations does not mean returning to the idea of linear causality accepted during the 1960s but rather the contrary, that is comparative analysis which helps us to avoid these traps. Let us illustrate this by drawing on what might seem a trivial example. This is something which is to be found in most western industrial societies: a qualification influences exposure to unemployment. The significance of this observation differs considerably from one country to another:

young people without any qualifications are particularly exposed both in the United Kingdom and in France. By contrast, those young people with a good level of education at the end of compulsory schooling (GCE - O level) have levels of unemployment which are equal or lower than those who have a higher level certificate (A level (general secondary education), BTEC City and Guilds (technical certificates)). This means that in the United Kingdom there are jobs on offer for that category of young people whereas in France this group always finds itself in competition with those with a higher level of qualification also when it comes to access to jobs classified as "unskilled". This example suffices to demonstrate that a relational (rather than structuralist) mode of thought forces us to interpret a relation between two isolated elements only once we have placed this in a wider context of relations.

### **Points of reference and proposals**

What's more, we should not interpret this research in a field which, after all, is not institutionalized in various countries in positivist terms of more or less established records of results and knowledge. Rather it is an attempt to identify the priority issues as a specific time in research activities which, in varying ways, demonstrate that the relations between education and work, a topical question today, are established around a long chain of mediation which should be identified. This means that the research presented here results from an understanding of reality which should not be construed as an adequate and finite expression of that reality. Certainly, that understanding is relatively controlled since it takes the form of interaction and confrontation between research scientists from three countries and coordinators who instigated this investigation. However, an informed reader may object that the vision produced in this way is based on a lack of knowledge (of one or the other specificity which is felt to be secondary, perhaps wrongly) and/or on a selection of categories of analysis common to European countries, categories which are more visible but which are, perhaps, not



the most pertinent if we are to really understand current research. All the same, one of the preoccupations which directed this study was, as we have said, to recognize and to make public the questions dealt with by and the approaches to analysis in the various countries. In other words, if this kind of study is to facilitate communication between research staff in the social sciences in European countries in particular, it will not at all seek to promote

any form of standardization of that research since standardization would be the very negation of their goal and of the specific historical realities which are subject to movements of change which are perforce varied even if the policies which brought about these changes could be shown to be very similar (in respect of cooperation between schools and companies for example or in the definition of new modes of certification of knowledge in respect of competences).

# Current state of training research

***A colloquium on the current state of training research was held on 19, 20 and 21 May. The colloquium was organized by the Department of Educational Sciences of the Faculty of Science and Technology of the New University of Lisbon whose coordinator, Professor Dr. Teresa Ambrósio, chaired the organizing committee, and by the Portuguese Society of Educational Sciences.<sup>1</sup>***

The purpose of the colloquium was to determine the state of research into training matters in Portugal compared with that in Europe generally. It was, therefore, preceded by a national survey of teams involved in research projects in this field. These teams are linked to various bodies such as universities, government departments concerned with education, training and employment, and commercial firms. At the same time, through an analysis of the work being carried out by a number of specially selected research bodies (university institutes and research centres) in other member states of the European Union, notably France, Belgium and Spain, it was possible to identify areas of research, innovations in the field of methodology, bodies commissioning research work, involvement in European networks and to consider the problems of a multidisciplinary approach.

The colloquium included two lectures - "A new research paradigm" and "Training - the purpose and the need", and three round-table discussions on "Methodology", "Convergence and multidisciplinary approaches" and "Trends in training research". Four workshops were held on "Training centres of school associations: training practice and management", "Personal and vocational development", "Strat-

egies for developing training needs" and "Training in theory and reality" when the papers previously presented were discussed. There were also a number of panel discussions at which various research projects or action plans were presented.

The following were among the interesting conclusions reached at the colloquium:

- Discussion of the various papers, some aspects of which were dealt with in greater depth by the round-table and workshop discussions, demonstrated the importance of developing a multidisciplinary approach in training research.
- The difficulty confronting research workers today is the need to break with the logical and methodological framework of monodisciplinary research and adopt a multidisciplinary approach to the subject-matter, to use operational concepts worked out with specialists in various theoretical fields and to use appropriate methodologies.
- We are witnessing the emergence of a new anthropocentric paradigm for training through the activities and development of "methodological individualism"

***“...if this kind of study is to facilitate communication between research staff in the social sciences in European countries in particular, it will not at all seek to promote any form of standardization of that research ...”***



***Margarida Marques***

*is a member of the Bureau Petra Jeunesse in Brussels, Deputy head of cabinet of Technological Education, employed by the Portuguese Ministry of Education, University lecturer*

1) The proceedings of the colloquium will be available in September. Requests should be addressed to:

Secção de Ciências da Educação  
Faculdade de Ciências e Tecnologia  
Universidade Nova de Lisboa  
Quinta da Torre  
P - 2825 Monte da Caparica

Tel: 351-1-295.44.64(ext 1004)  
Fax: 351-1-294.10.05  
351-1-295.76.92



with a shift from the Taylorist concept of training to training centred on the person. Humanistic, wide-ranging and continuously developing. What might be termed research "in vitro".

- The link between initial and continuous training calling for a re-assessment of the two phases based particularly on the building of skills and enhancement of knowledge implies an "educational revolution".
- Training is directed to groups of people with a priority need for specific train-

ing methods, models and strategies. Particular importance must be given to identifying groups and individual researchers working in this field.

- The importance of creating a network to support existing synergies and permit desirable flows of information, which generates the need to institute a system of "networked research", whether at national or Community level. Establishing links between research centres at home and abroad is an important objective that must be pursued.

### **J.M.Adams**

*Project coordinator  
in CEDEFOP,  
responsible for the  
Documentation  
Service*



## **Dead-ends or highways?**

*The OECD's activity on "The changing role of vocational and technical education and training", launched in 1990, reached its penultimate stage with a fourth seminar held in Marseille from 13 to 15 April 1994. The purpose of this OECD programme is to examine the capacity of education and training systems in member countries to respond to changing economic demands for skills and qualifications in the labour market. The specific title of this seminar was "Apprenticeship, Alternance, Dual System: Dead-ends or Highways to the Future?" It was organized jointly by the 'Centre d'études et de recherches sur les qualifications' (CEREQ) and the OECD.*

The deliberately provocative question posed in the title of the seminar was - not surprisingly - answered, in general terms at least, in the positive, i.e. education and training structures which combine learning in the work place with learning in an education or training centre are more likely to provide highways to the future than to lead to dead-ends. However, if there was a virtual unanimity in this regard, there was much less consensus on precisely for whom and how such programmes should be organized.

Many countries, such as the United Kingdom, Sweden and Ireland, in which the traditional apprenticeship system has disappeared or become very weak, are now launching programmes either to strengthen the system or to re-create something very similar to it. The policy motives for this are based on either a concern about the lack of skilled personnel, particularly at the level of skilled craftsmen (i.e. a labour market consideration), or a belief

that alternance type systems are effective means of providing an entry for young people into the labour market (i.e. an instrument of social policy to prevent exclusion).

There are many different types of alternance systems, ranging from the traditional apprenticeship, usually involving a contract between the apprentice and an employer, possibly with the involvement of a public authority or a chamber of industry or commerce. There the apprentice is based in employment, but must be released for a certain minimum length of time to participate in a school-based programme, to, at the other end of the scale, very "loose" alternance arrangements involving work experience for pupils and students who are based in schools or other education organizations. Denmark and the German-speaking countries are examples of countries where the former type is dominant, while Spain and France have been developing new types of alternance

1 A report on the seminar will be produced and the results will be presented to a major conference at OECD headquarter in Paris on 28 - 30 November, 1994.



arrangements. The type of system most appropriate to a particular situation is influenced by a country's educational traditions and labour market practices. Successful alternance depends on the cooperation and involvement of companies and employer organizations and, above all, their willingness to make a financial contribution. Most participants also considered the involvement of the representatives of workers and trade union organizations to be a necessary condition of success.

The development of new types of systems will also be conditioned by different approaches to certification and qualification. Traditional approaches to apprenticeship are based to a large fixed length period of work and study, while many now consider that certification above all should be based on the capacity of the individual to carry out a task, and not be tightly linked with having undergone particular courses or work experience of a fixed length. This poses the question, how could more flexible testing and certification procedures be applied to structures which at least at first appearance are traditional and inflexible?

There was agreement that alternance programmes must lead to a qualification which will not only be recognized in the work place, but also have the potential to be recognized within the education system, so enabling the individual to re-

turn to full-time education, including higher education.

Particularly for those countries trying to create alternance systems, the question of how to train the trainers for these is important. Should these trainers also be involved in assessment, or should assessment be entirely or primarily external?

While clearly the most developed forms of alternance, such as Germany's dual system are primarily concerned with the participation of young people, alternance arrangements could also be just as appropriate for higher level training and for the re-training of workers. The Netherlands seems to be using alternance arrangements as a measure for the labour market integration of unemployed adults. One of the working groups considered the question of whether alternance arrangements implied a different pedagogical approach to one based entirely in schools, and precisely what those differences might or should be.

Particularly due to the context in the host country, France, the argument that successful alternance systems required a degree of decentralization, so that programmes could be developed at a local or regional level and thus respond more effectively to the needs of regional labour markets, particularly those of areas with particular social and economic problems, was energetically presented.

# Reading

*This section has been prepared by*

**Maryse Peschel**

*and the Documentation Service with the help of members of the national documentation network (cf. last page)*

*This section lists the most important and recent publications on developments in training and qualifications at an international and European level. Giving preference to comparative works, it also lists national studies carried out as part of international and European programmes, analyses of the impact of Community action on the Member States and national studies seen from an external perspective. The Section, "From the Member States", lists a selection of important national publications.*

CEDEFOP Document  
Business start-ups in the EC:  
Support programmes



## Reading Selection

# Europe - International

### Information material, studies and comparative research

#### **Improving SME access to training: strategies for success. A report on best practice in EC Member States.**

Salvador G.; Allesch J.; Preiss D.

European Centre for the Development of Vocational Training (CEDEFOP)

Luxembourg, Office for Official Publications of the EC, 1994, 138 p.

ISBN 92-826-7319-7

EN

The study has a twofold aim: firstly to identify the major external and internal obstacles which create a barrier between small enterprises and the training world, and secondly to present strategies and support programmes which in various Community Member States have shown themselves to be valid and well thought out ways of bringing the training offer closer to the real world of small businesses. To attain the first aim, a list of 70 factors which are most frequently mentioned in the literature was drawn up. The 70 factors (barriers) identified in this way can be grouped into three categories. Those which relate to demand (i.e. company characteristics); those relating to the offer (i.e. features of the training offered), and those relating to the environment, (i.e. the socio-economic environment and the legislative framework). A large variety of strategies have been identified which can be grouped into three major categories: 1. Development of infrastructure and services for "Creating opportunities". 2. Strategies for "marketing" training to the enterprise. 3. Strategies to improve the quality of training and bringing the training offer into line with real needs. One case per country is described in detail. See also CEDEFOP Flash 1/94 (DE, EN, FR, ES) "European Seminar: New training models and strategies for SMEs in Europe" (Valencia, 4 and 5 October 1993)

#### **Business Start-Ups in the EC: Support Programmes**

Letowski A.; Le Marois H.

European Centre for the Development of

Vocational Training (CEDEFOP)  
Luxembourg, Office for Official Publications of the European Communities, 1994, 172 pages  
ISBN 92-826-6977-7  
EN, FR

The aim of this study is to provide a better understanding of business start-ups and to see how they have evolved in the Member States. The study offers summaries for each country, presenting basic data, the demographic situation of the enterprises, the profiles of their creators, and listing support policies, particularly those centred on training and follow-up. Sixteen recommendations addressed to the Member States propose better information and improved policies supporting creators of enterprises.

#### **Use of the system of comparability of vocational training qualifications by employers and workers**

European Centre for the Development of Vocational Training (CEDEFOP)

Berlin, CEDEFOP panorama, no. 25, 1994, 46 pages

DE, EN, FR

Published by CEDEFOP

#### **Training in transition: Comparative analysis and proposals for the modernization of vocational education and training in Poland**

Adamski W.; Baethge M.; Grootings P.  
European Centre for the Development of Vocational Training (CEDEFOP) Luxembourg, Office for Official Publications of the European Communities, 1994, 188 p.  
ISBN 92-826-5679-9  
EN

The report begins with an overview of the past and future of Polish vocational education and training (VET) in terms of constraints and challenges offered by developments in Polish society. It then analyses three environmental aspects of future VET: labour market developments, status of education in society and demographic trends. In contrast the report summarises the major chal-



lenges and trends facing VET in Western societies, and while emphasizing the need for an internationally motivated solution to Polish reform, it stresses that there are no models that can simply be copied. Developments and experiences in Western Europe are compared to basic characteristics of Polish VET, with analysis concentrating on: structure and location of VET; contents and curricula; monitoring and evalution; resources; adult and continuing education. The final chapter looks at how to change many things at once in a situation where the future is uncertain and resources are lacking.

#### **Le Magazine for Education, Training and Youth in Europe**

Brussels, issue 1, 1994

DE, EN, FR

*European Commission, Task Force Human Resources, Education, Training and Youth, rue de la Loi 200, B-1049 Brussels*

This new periodical aims to provide a coherent and succinct view of the European dimension in the areas of human resources, education, training and youth. Replacing the various newsletters that accompanied the first generation of programmes, it is itself at the prototype stage.

#### **Directory of higher EC education institutions**

Luxembourg, Office for Official Publication of the European Communities, co-published with Kogan Page, 1993, 567 p.

ISBN 92-826-2750-0

EN, FR

This publication gives details of more than 4 000 higher education institutions. Each of the 12 Member States is represented, national sections being divided into a brief survey of the organization of higher education in that country, followed by a catalogue of its higher education institutions. An index of study fields, as well as lists of useful addresses and publications, complete the comprehensive coverage of higher education in the EC.

#### **The OECD Jobs Study. Facts, Analysis, Strategies. Unemployment in the OECD Area, 1950-1995**

Organization for Economic Co-operation and Development

Paris, OECD, 1994, 50 p.

ISBN 92-64-14145-6

EN, FR

There are many causes of unemployment. The cyclical part will be eliminated by economic growth as recovery takes hold. But much unemployment is structural, arising from a growing gap between the need to adapt to change, and the economy's and society's ability and even willingness to change. The solution lies in a thorough examination and reform of all the policies which bear on the capacity and willingness to adapt and to innovate in the face of technological change and intensifying global competition. This OECD publication, the first of a series, offers a concise and clear examination of this critical issue. Drawing on expertise from many parts of the OECD, it sets out the facts that depict today's unemployment, analyzes the fundamental factors that produced it and could move OECD economies towards full employment and it puts forward a menu of measures that will help create jobs and prepare people to fill them.

#### **Danish youth education - Problems and achievements. Report to OECD**

Danish Ministry of Education

Copenhagen, 1994, 143 p.

ISBN 87-603-0414-6

EN

This report to the OECD on Danish educational policies in the 1980s and 1990s has been compiled within the Danish Ministry of Education. Special attention has been paid to youth education and the impact that general reforms like decentralization, new mechanisms of funding and quality assessment have had on this part of the educational system and its historical background. Chapter 3 describes the reforms since 1979. Chapter 4 gives a detailed description of vocational education and training and upper secondary education. In the final chapter the drop-out problem of youth education is discussed, and the action plan "Education for All" is presented.

#### **The labour market in Poland**

Organization for Economic Cooperation and Development (OECD)

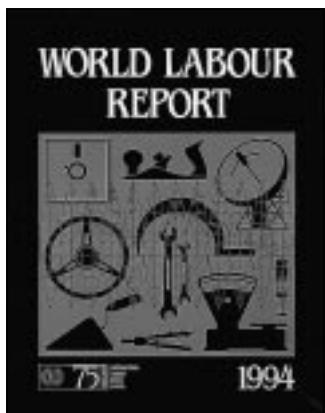
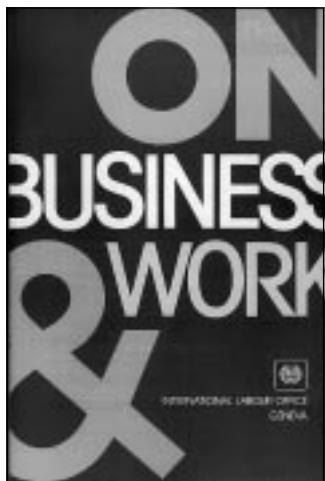
Paris, OECD, 1993, 171 pages

ISBN 92-64-24048-9

EN, FR

This volume examines the main problems on the Polish labour market, proposing solutions based on the experience





gathered in OECD countries. One chapter deals with teaching and training, with responses to short-term problems and to the long-term evolution of the labour market. Another looks at policies and measures to fight unemployment and facilitate the restructuring of the labour market.

**Between convergence and divergence:  
Possibilities for a European Community system of labour market regulation**

Bureau International du Travail (BIT)  
In: Revue internationale du travail, 132(3),  
Geneva, 1993, pp. 431-448  
ISSN 0378-5599  
FR, EN

The idea of a social dimension of the European Union is slowly gaining ground, and the author of this article reflects on the difficulties encountered. Some of the forces involved are pulling towards convergence, but they are offset by others which carry the seed of possible ruptures. Having investigated the various influences for or against a European organization of the labour market, the author concludes that, if at all, it will develop only as the result of a slow and gradual process.

**On business and work**

Thurman J.; Ciborra C.; Gregory D.  
International Labour Office (ILO)  
Geneva, ILO, 1993, 286 p.  
ISBN 92-2-108252-0  
EN

This report is the result of an ILO project supported by the Swedish Work Environment Fund. Its starting-point is the conviction that work has now entered an era of fundamental change that is affecting or will soon affect all areas of production, technology and organization. It examines the context of change, practices and policies from the perspectives of governments, employers and trade unions with a view to identifying interesting developments in work reform and stimulating debate. A preliminary version of the report was submitted to an international symposium on Working Life in Transition held in Stockholm on 1-3 October 1991.

**Unemployment and labour market flexibility: Spain**

Jimeno J.; Toharia L.  
International Labour Office (ILO)  
Geneva, ILO, 1994, 144 p.  
ISBN 92-2108741-7  
EN

Spain's unemployment rate is among the highest in the OECD countries. Although the total participation rate has increased moderately since the early 1970s (decreasing for males and increasing for women), the very acute employment loss that occurred in the 1975-84 period made unemployment the most important problem for the Spanish economy. Employment recovered substantially in the late 1980s, but high unemployment persists. This study examines the reasons for high and persistent unemployment in Spain, and the employment policies used to try to solve it. In particular, lack of flexibility is often given as the principal reason for the inefficiency of the Spanish labour market. The policy reaction to this consisted in promoting and liberalizing fixed-term employment in 1984, which some observers believe has been the main reason behind the employment recovery of the late 1980s. The authors challenge this view, focusing on other features of the Spanish labour market that appear more relevant.

**World labour report 1994**

Bureau international du Travail (BIT)  
Geneva, ILO, Vol. 7, 1994, 118 pages  
ISBN 92-2-208009-2  
ISSN 0255-5506  
FR, EN, abridged version in DE

The seventh volume of the "World labour report" series presents a digest of facts, tendencies and significant indicators in the areas covered by the ILO. Apart from a few fortunate exceptions, such as East and South-East Asia, all countries are affected by unemployment. In 1993, the world mean income per inhabitant dropped for the fourth consecutive year. In several countries jobs were lost; during the same period, the supply of labour continued to rise everywhere. According to the latest estimates and projections, the world's active population grows by some 43 million per year. A look at the economic and social situation in the world today can only lead to the conclusion that employer organizations are more necessary than



ever. Their essential role in helping employers and promoting harmonious vocational relations justifies a closer examination of their structures and functions.

### **World education report 1993**

United Nations Educational, Scientific and Cultural Organization (UNESCO)  
Paris, 1993, 172 pages  
ISBN 92-3-202935-9  
EN, FR

The topic of the new issue of this bi-annual publication is "education in a global context of adjustment and change". It deals with three major aspects: the evolution of the global configuration of disparities in terms of access to education, particularly in terms of the "knowledge deficit" of southern developing countries vis-à-vis the industrialized north; the pertinence of international legal conventions in education, in view of the increased range of educational choices and of the new requirements in terms of equal opportunity; the search for new "level standards" based on better information, and the growing interest in international cooperation in the area of pedagogical research. The annex includes indicators for global education, a list of statistics covering more than 170 countries, and summary charts for the different regions.

### **Il rinnovamento dei sistemi di istruzione e formazione professionale in Spagna ed in Inghilterra: due riforme a confronto**

Istituto per lo sviluppo della formazione professionale dei lavoratori (ISFOL)  
Roma, ISFOL, 1993, 146 p.  
ISBN 88-204-8421-8  
IT

This publication after describing the general tendencies in the European Community, gives an overview of the recent evolution of the education and training systems in the United Kingdom and Spain.

### **European vocational education systems: a guide to vocational education and training in the European Community**

Collins H.  
London, Kogan Page, 1993, 221 p.  
ISBN 0-7494-0984-3  
EN

This book considers the different initiatives concerned with vocational education and training issues within the EC. It is divided into three parts. The first deals with background issues such as EC directives. The second deals with the vocational qualification systems within each state, giving a country by country guide under the headings: key facts, education system, vocational education system, economic features, finding employment and information points. The final part outlines EC programmes promoting recognition of training schemes and qualifications. There is also a list of useful contacts in each member state.

### **La formation professionnelle initiale. Contrastes et similitudes en France et en Europe**

Rault C.  
Paris, La Documentation française, 1994,  
146 pages  
ISBN 2-11-003099-2  
FR

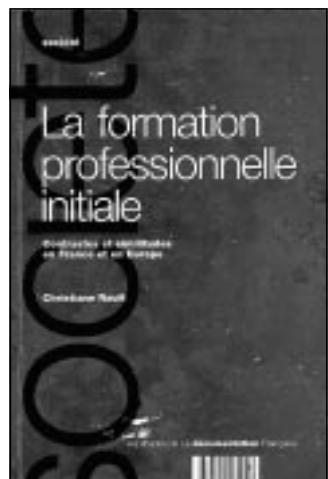
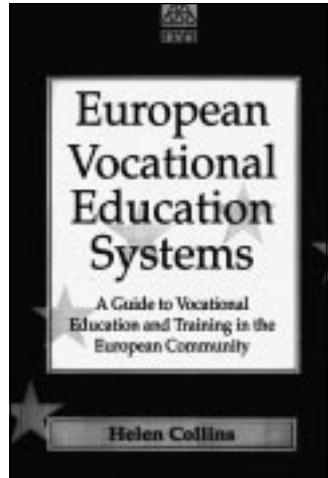
On the basis of the double fact of high unemployment for 18-25 year-olds and a tendency to over-qualification, the author reviews the history of vocational training in France with the aim of understanding the origins of the dysfunctions that exist both on the labour market and in vocational training. Are there comparable problems in other European countries? This question is raised more and more frequently. The present work is one of several looking at the situation in other countries and attempting to broaden and systematize interest in the problem. Apart from the case of Germany, which is quite familiar by now, the book examines the issue in England, Spain, Portugal and Sweden, countries about which much less is known. It stresses the fundamental problems facing vocational training systems: participation, connection to the corporate world, and contents.

### **Approches comparatives en éducation**

in: Revue internationale d'éducation, CIEP,  
no. 1, Sèvres, March 1994, pp. 7-111  
FR

Centre international d'études pédagogiques (CIEP), 1, avenue Léon Journault,  
F-92311 Sèvres cedex

"Revue internationale d'éducation" follows the "Education et pédagogie" journal.





This issue is dedicated to international comparisons in the field of education. The introductory article analyzes the methodological problems and presents the ten contributions to this issue in terms of their position vis-à-vis the major rifts cutting through this field of research. Two articles illustrate the societal approach: one investigates the relationship between the educational system and the productive system in a comparison between France, Germany and Japan; the other looks at the influence of teaching forms on the modalities of work organization by means of a France-Brazil-Japan comparison. The issue is complemented by a bibliography.



**• Formation par apprentissage: défis pour l'Allemagne et perspectives pour les Etats-Unis**

Büchtemann C., Schupp J., Soloff D.  
in: Formation emploi, la Documentation française, no. 45, Paris, 1994, pp. 51-58  
ISSN 0759-6340

FR

By responding to the David Marsden article published in the previous issue of "Formation emploi", this article reactivates discussion on the transferability of the German apprenticeship system to the United States. The authors look at the mechanisms inciting small enterprises to take on apprentices, and point out that the main challenge currently facing the dual system is lack of interest on the part of the young people themselves. The decisive advantage of the German system, according to the authors, is the transferability of skills based on a nationally recognized system of certification. They raise the question of whether it would be possible to set up such a system of standards in the United States.

**• Übergänge von der Schule in den Beruf: Deutschland und USA im Vergleich**

Büchtemann Ch.F., Schupp J., Soloff D.J.  
in: Mitteilungen aus der Arbeitsmarkt- und Berufsforschung, volume 4/1993, Nürnberg, pp. 507-520  
ISSN 0340-3254

DE

W. Kohlhammer GmbH, Hessbrühlstr. 69, D-70565 Stuttgart

This article reports on the results of a comparative analysis of the behaviour of

German and American young people in their transition from school to work. The German system provides a better match between supply and demand of qualifications - an advantage evidenced by the lower risk of unemployment among German school-leavers. In the long term, however, the hierarchization of training certificates leads to particular people being permanently tied to particular jobs. In contrast, the American system displays a much greater degree of openness.

**Spécial bas niveaux de qualification**

Vincent C. (ed.)

in: Revue de l'Institut de Recherches Economiques et Sociales (IRES), no. 13, Noisy-le-Grand, 1993, 180 pages

FR

IRES, 16, bd. du Mont d'Est, F-93192 Noisy-le-Grand Cedex

Results of an IRES research project on the social structure of the category of workers with low qualification levels and on the strategy of employee association representatives towards these persons. Contributions from five countries - France, Belgium, Germany, Italy and the United Kingdom - are preceded by an introduction explaining the method followed, the major convergence points, the ambiguity of the notion of qualification and the various national characteristics. The conclusion summarizes the questions raised on the role of employee representatives and trade unions.

**Collection of interactive training tools used in Europe for the training of trainers and teachers / Recueil d'outils pédagogiques interactifs utilisés en Europe pour la formation de formateurs et d'enseignants**

Institut de Formation d'Animateurs Conseillers d'Entreprises (IFACE)

Paris, IFACE, 1994, special pagination  
EN / FR

IFACE, 79 avenue de la République, F-75543 Paris cedex 11

Tools are classified according to country and use category: planning an training activity or scheme, gathering information on training and multimedia products, creating aids for training sessions, creating interactive systems or pedagogical



supports, using technological tools and aids for distance training, administering training activities, taking stock, analyzing and evaluating training products, evaluating performances, training activities, jobs, analyzing one's own pedagogical style, and finally, gathering information on training professions and on ongoing training possibilities.

### **Multimedia in Europe**

Adamson, M.; Males, E.  
Camborne, 1994, unpage  
ISBN 1-85334-218-1  
EN

The explosion of interest in multimedia is driven by the apparent convergence of the individually enormous information technology, telecommunications and media industries. The emerging interaction between these industries, coupled with rapid technological development, has led to some of the largest mergers and acquisitions in history. This report gives a sober and factual analysis of the status of multimedia in Europe, the issues that are important, and a realistic view of the future potential. In particular, the report takes a business perspective, analyzing the situation of the various multimedia products, the companies involved and the potential for market growth. It reviews the succession of high profile merger and acquisition activity, particularly in the UK, and considers whether a similar phenomenon will occur in Europe.

### **Apprentissage et pratiques d'alternance**

Bachelard P.  
Paris, L'Harmattan, 1994, 207 pages  
ISBN 2-7384-2126-1  
FR

How to set up alternance training, French-style? Four factors, educational, economic, political and European, call for a rapid development. This book reflects on the establishment of a flexible French system without breaking a new and fragile social consensus for the development of alternance. The line of thought proposed here is structured in seven chapters: a historical approach to alternance training and its development, a presentation of the practices of the "Maisons familiales et rurales" and of the "companionship" sys-

tem, the specific characteristics of apprentices and their integration, the role played by companies and by trainers. The book ends with a comparison between the French model and the systems in England, Germany, Italy and Japan.

### **Se former en Allemagne. Un mode d'emploi pour les français**

Bénichou D. (Dir.)  
Association pour la Formation Professionnelle Française à l'Etranger (AFPFE)  
Paris, AFPFE, 1993, 68 pages  
FR  
*AFPFE, 23, rue La Pérouse, F-75116 Paris*

This guide is addressed to Frenchmen/women wishing to train or work in Germany. It presents the various aspects of settling in this country, the initial and ongoing training systems, the rights of employees and job seekers in terms of training, the main organizations offering ongoing training, the French and European training programmes. Useful addresses and a glossary round off the material offered.

### **Educational provision, educational attainment and the needs of industry: a review of research for Germany, France, Japan, the USA and Britain**

Green A.; Steedman H.  
National Institute of Economic and Social Research (NIESR)  
London, NIESR, 1993, 69 p.  
EN  
*National Institute of Economic and Social Research, 2 Dean Trench Street, Smith Square, UK-London SW1P 3HE*

English education in the 20th Century is often described as a partnership between government, local authorities and schools. UK governments have traditionally intervened less in educational matters than countries like France or Germany. The 1988 Education Act has changed this relationship and brought the English system closer to those of Germany, France and Japan. This report compares Britain with some of its major economic competitors. It looks at what level of skills employers expect school leavers (16 year olds) to have. The researchers found that low attainment in the UK produces low expectations of skill standards. The study concludes that there are many factors which





affect this. The education system can be influenced by government but other factors, such as parental expectations, are less easy to quantify.

**Continuing Education in Higher Education: Academic self-concept and public policy in three European countries**

Titmus C.; Knoll J.H.

University of Leeds, School of Education  
Leeds, series: Studies in Continuing Education, 1993, 282 p.

ISBN 0-90096060-4

ISSN 0965-0342

EN

Continuing Education in Higher Education argues that if higher education systems in Western Europe had been left to their own devices they would not have engaged to any significant extent in continuing education. Such activity was not compatible with the prevailing concepts of function and status cherished by academics. Yet since the 1960s continuing education has emerged as an important element of institutional provision. Through a comparison of the experience of continuing education in France, Germany and Britain, this book describes the changes, identifies the forces which have imposed new obligations on largely resistant institutions, and analyzes the consequences for practice. It focuses on provision for mature students leading to degrees and diplomas, post-experience vocational programmes to update, and non-vocational programmes for the wider public offering general and cultural education or treating matters of social and political concern. It addresses such questions as the influence of the State, the image and reality of academic autonomy, and the role of continuing education in the drive towards mass higher education. It discusses the attitudes of the general public, students, and other providers and sponsors, notably employers, towards higher education. Conditions of financial support are identified as being of particular relevance. The book begins with the flirtations between higher education and continuing education in the late nineteenth century, and carries the story up to 1990.

**Higher education reforms in Central and Eastern Europe**

The European Cultural Foundation  
in: European Journal of Education, Vol 28,

No. 4, Paris, 1993, pp. 377-447

ISSN 0141-8211

EN

Just one year after the collapse of the communist regimes the European Journal of Education published an issue, 25 (4) 1990, which concentrated on defining the problems and difficulties faced by higher education systems in Central and Eastern Europe and presented some plans for future reform. Three years later, this current issue looks at how the reform process is progressing, what worked and what did not work, and why? The contributions are largely based on papers presented at a meeting sponsored by the European Cooperation Fund and organized in Rixensart, near Brussels, on 29 and 30 April 1993 by the EC's Tempus Office. A number of universal forces and factors influencing reform are noted: the degree of change proposed and its compatibility with traditional values and behaviour patterns; the degree of support for, or resistance to, the proposed change and innovation among the principal actors concerned; the degree of support from the outside world; the quality of leadership; the adequacy of resources available for implementation of the reforms; the decision-making and administrative procedures which help or hinder the reform process. In addition specific factors particular to the transition context of Central and Eastern Europe were found to be significant: the importance attached by political leaders to the renewal and development of higher education; the availability or otherwise of the knowledge and skills necessary for implementing reform; the inertia of attitudes and forms of behaviour due to four decades of centralization and state control, and certain misconceptions concerning the "new rules of the game". The next issue 29 (1) 1994, will deal with specific cases of reform.

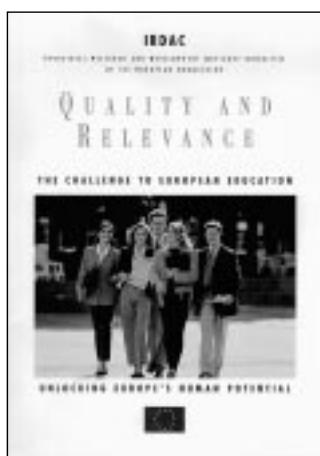
**European Union: policies, programmes, participants**

**Quality and relevance. The challenge to European education unlocking Europe's human potential**

Industrial Research and Development Advisory Committee of the European Commission (IRDAC)

Brussels, IRDAC, 1994, 109 p.

EN





IRDAC, European Commission, DG XII, rue de la Loi, 200, B-1049 Brussels

For Europe's economy to remain competitive and maintain the prosperity of its citizens, the only valid response is innovation and quality. Education and training systems have a central responsibility in this matter and must react flexibly and appropriately to the changing economic environment. Overall, an adequate response to industrial change can only be achieved through enhanced collaboration between education institutions and industry. Establishment of industry-education partnerships will be vital for Europe's future. Leading on from this horizontal requirement, IRDAC identifies seven main areas for action, which should be at the heart of future education and training policy:

1. developing total competence in people,
2. preparing people and society for a lifetime of learning,
3. adopting quality concepts in education and training,
4. stimulating a learning culture in companies,
5. giving special consideration to the education and training requirements of SMEs,
6. matching R&D investment with appropriate education and training efforts,
7. developing a European education policy which is transparent, innovative, and relevant.

**Third report from the Commission to the Council, the European Parliament and the Economic and Social Committee on the application of the Community Charter of the Fundamental Social Rights of Workers**

European Commission  
COM(93) 668 final, 21.12.1993, 266 p.  
Luxembourg, Office for Official Publications of the European Communities  
ISBN 92-77-62905-3  
ISSN 0254-1475  
DA, DE, EN, ES, FR, GR, IT, NL, PT

The Community Charter on the Fundamental Social Rights of Workers was adopted in December 1989. The Commission establishes each year a report on the application by the Member States and by the European Community. This third report is an update of the second (Com(92)562) and is divided in two parts, the first of which is concerned with

the implementation at Community level, while the second covers the application in the Member States. At the end of the first part there is a list of EC documents relating to the Social Charter. At the end of the second part there is the questionnaire to which the countries have replied.

**Report on the implementation of the PETRA Programme - Action programme for the vocational training of young people and their preparation for adult and working life - (presented by the Commission under Article 8 of Decision 91/387/EEC)**

European Commission  
COM(93) 704 final, 14.01.1994, 109 p.  
Luxembourg, Office for Official Publications of the European Communities  
ISBN 92-77-63186-4  
ISSN 0254-1475  
DA, DE, EN, ES, FR, GR, IT, NL, PT

This interim report is prepared as a contribution to the debate regarding the future Community action in the field of vocational training (see COM(93)183). The report is divided in two parts. Part A describes how the policies and activities of the PETRA Decision have been carried out in the Member States, based on the reports that each country has presented and on bilateral consultation between the Commission and the Member States. Part B contains the results of the interim external assessment of the Communities' measures implemented under the Programme, to support and complement the activities of the Member States. A final external assessment will be carried out in the course of 1995.

**Contractual policies concerning continued vocational training. General Report**

R. Blanpain  
Formation Continue en Europe (FORCE)  
Louvain, PEETERS, 1993, 130 pages + annexes  
FR, EN, DE  
Maison d'impression PEETERS,  
Bondgenotenlaan 153, B-3000 Louvain

This report, prepared on the basis of twelve national studies, summarizes joint activities and formal or informal agreements between the social partners. It presents a comparison of collective





agreements in terms of vocational training in the Member States as well as the most innovative activities.

### **Vertragliche Regelungen zur beruflichen Weiterbildung in Deutschland**

Sadowski D.

Berlin, Bonn, Berichte aus dem FORCE-Programm (volume 2), Bundesinstitut für Berufsbildung (BIBB), 1993, 301 pages, bibliography

ISBN 3-88555-538-7

DE

In the area of ongoing vocational training, Germany has a network of regulations on various levels. Planning, implementation and development of ongoing vocational training are carried out in co-operation between employee organizations, employer organizations and government institutions. Whereas the state is involved only subsidiarily in ongoing vocational training, employers favour ongoing training organized according to the principles of market economy. Employee organizations want stronger government responsibility through the creation of federal framework laws. The main part of this volume presents the results of an investigation carried out within the "Continuing Training in Europe" FORCE programme.

- **Weiterbildung in der Nahrungsmittel- und Getränkeindustrie.**  
**Nationale Sektorstudie Bundesrepublik Deutschland**

Paul-Kohlhoff A., Thiele G., Wellmann S. Berlin, Bonn, Berichte aus dem FORCE-Programm (volume 4), Bundesinstitut für Berufsbildung (BIBB), 1993, 181 pages ISBN 3-88555-548-4

DE

The FORCE project on ongoing training in the food and beverage industry is investigating a sector with a number of special characteristics. In terms of turnover, it is one of the five largest sectors, but in structural terms it is medium-sized and characterized by a large number of small companies. Ongoing training follows dynamics and laws of its own, which are in contrast to what goes on in large companies. Six examples show a broad spectrum of ongoing training strategies and organizational forms. According to the authors, the cause of this variety is the low degree of systematic and organized in-company or other vocational ongoing training: companies can offer and carry out ongoing training activities according to their judgement and their interests.

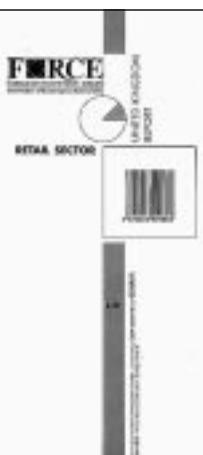
- **Weiterbildung im Kfz-Handwerk.**  
**Nationale Sektorstudie Bundesrepublik Deutschland**

Lichte R., Rauner F., Spöttl G., Zeyemer H.

Berlin, Bonn, Berichte aus dem FORCE-Programm (volume 3), Bundesinstitut für Berufsbildung (BIBB), 1993, 251 pages ISBN 3-88555-542-5

DE

Another national study of a particular industrial sector examines the development of work and vocational ongoing training in the automotive trade. The study shows how several factors have influenced the development of the sales and service branch and the transformation of tasks in automotive workshops. In the vocational training area, the authors see a close correlation between the organization of work and of ongoing training. In view of the limited capacities of customer service schools, it is almost impossible to offer a comprehensive programme of technical ongoing training everywhere. For this reason, many companies opt for various



### **Training in various economic activity sectors: *national reports***

#### **Retail sector:**

- Dutch report**
- German report**
- Luxembourg report**
- Portugal report**
- Spain report**
- United Kingdom report**

European Commission, FORCE

Published by CEDEFOP

Luxembourg, Office for Official Publications of the European Communities, 1993

These first reports, published in English by CEDEFOP, are part of a series of national studies within the framework of the FORCE programme on training practices in the retail trading sector.

The national reports can be obtained in their original languages by contacting the various FORCE national offices.



concepts of computer-assisted in-company ongoing training.

### **L'annuaire Euroform France: la formation professionnelle en Europe**

Réseau d'appui et de capitalisation des innovations européennes (Racine)  
Paris, La Documentation française, 1993, 286 pages

ISBN 2-84108-002-1

FR

A directory of the 246 French projects set up within the framework of the EUROFORM Community programme, classified by types of measures: employment assistance on a regional basis; assistance to employment and to training for the unemployed, for workers with threatened jobs, for the long-term unqualified unemployed, for the young unqualified unemployed; new skills for the unemployed in rural areas. Indices organized by organizers, regions, sectors and implantation des partenaires# facilitate the use of this directory.

### **The learning organisation. A Vision for Human Resource Development**

Stahl T., Nyhan B., D'Aloja P.  
Task Force Human Resources, Education, Training, Youth; Eurotecnec  
Brussels, Eurotecnec, 1993, 113 pages  
ISBN 2-9600045-4-X  
DA, DE, EN, FR, GR, ES, IT, NL, PT  
Eurotecnec, 37 rue des Eglises, B-1040 Brussels

This publication develops the concept of the learning organization as a European model for the construction of training systems and of enterprises. It describes the organizational, professional and pedagogical changes needed and analyzes implications for training. One chapter applies the model to small and medium-sized enterprises.

**Tempus PHARE.** Trans-European cooperation scheme for higher education between Central and Eastern Europe and the European Community:

- Site visit programme. Annual report, academic year 1992/93  
COM(94) 141 final, 22.04.1994, 48 pages  
ISBN 92-77-67631-0  
ISSN 0254-1491

- Annual report, 1 August 1992 - 31 July 1993

COM(94) 142 final, 22.04.1994, 56 pages

ISBN 92-77-67640-X

ISSN 0254-1491

European Commission

Luxembourg, Office for Official Publications of the European Communities  
DA, DE, EN, ES, FR, GR, IT, NL, PO

### **Vom Fernunterricht zum Open Distance Learning**

Zimmer G.

Bielefeld, in the series "Informationen zum beruflichen Fernunterricht", volume 21

Berlin, Bundesinstitut für Berufsbildung (BIBB), 1994, 310 pages

ISBN 3-7639-0508-1

DE

The Commission of the European Communities considers open distance learning to be the appropriate method to spread knowledge and skills on a pan-European basis. This anthology covers the development of distance learning in Germany and refers to the direction taken by distance learning as it orients itself towards Europe. The appendix includes the Commission's "Memorandum on Open Distance Learning in the European Community" as well as the Federal Republic's reaction to this memorandum.

### **Transfer of expertise, products and services: answers in Flanders through Euro Study Centres**

Van der Kelen A.  
Brussels, 1993, no pagination  
EN  
STOHO, Royal Atrium, 6 de verd., Koningsstraat 80, B-1000 Brussels

In this publication, the author analyzes the current demand in the European Community for a transfer of expertise, products and services related to distance learning in Flanders. In response to this demand, a network of Euro Study Centres has been established to develop distance learning in Flanders.



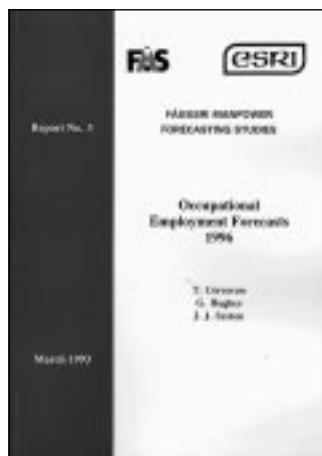


## From the Member States

### **E Catálogo de investigaciones educativas: 1991-1992**

Ministerio de Educación y Ciencia - Centro de Investigación, Documentación y Evaluación (CIDE)  
 Madrid, CIDE, 1993, 282 pages  
 ISBN 84-369-2441-X  
 ES

in the educational system, the geographical dimension of integration, the role of enterprises, and, on a more general level, the relationship between young people and society. A contribution by the director of the Department for the Judicial Protection of Young People examines the judicial component of integration.



A directory listing summaries of investigative projects completed during 1991 and 1992 and financed, coordinated and/or planned by the Centro de Investigación, Documentación y Evaluación (CIDE). It provides information on the title of the project, the team in charge of it, the topic, the location and the main conclusions. The directory is divided into broad topics: policy and educational system; programmes and curricula; teaching methods; pedagogical media; school results; evaluation; psychology and education; orientation, vocational training and employment; school integration; special education; sociology and education; special evaluation; sociology and education; evaluation and teacher training; educational reforms.

### **F L'insertion des jeunes: actes de la rencontre Elus-Chercheurs 6-7 septembre 1993**

Conseil national des missions locales, Ministère du Travail, de l'Emploi et de la Formation professionnelle, Délégation interministérielle à l'insertion sociale et professionnelle des jeunes en difficulté Paris, Centre INFFO, 1994, 116 pages  
 ISBN 2-11-087710-3  
 FR

Vocational integration of young people is the topic of several research projects, but it is also of interest to elected officials, for instance, those in charge of the "Missions locales" and of contact, information and orientation offices. This gave rise to the idea of bringing together elected officials and researchers for a meeting on this topic. This publication is the official record of the meeting. The various papers examine unemployment and modes of integration, young people's difficulties

### **IRL Occupational employment forecasts 1996**

Corcoran T.; Hughes G.; Sexton J.J.  
 The Training and Employment Authority (FAS)  
 The Economic and Social Research Institute (ESRI)  
 Dublin, 1993, 132 p.  
 Series: FAS/ESRI Manpower Forecasting Studies, n\_3  
 ISBN 0-7070-0138-2  
 EN

This report which contains occupational manpower forecasts for 1996 is the third in the joint FAS/ESRI publication series concerned with analysing and forecasting occupational change in the Irish labour market, as the Irish economy continues to grow and structural changes occur in the sectoral and occupation composition of employment. They conclude that the years up to 1996 will show only a slight improvement on the rate of jobs growth of the preceding four years.

### **PT Inquérito: necessidades de formação profissional, 1993-94-95, continente**

Departamento de Estatística do Ministério do Emprego e da Segurança Social  
 Lisbon, 1993, 81 pages  
 PT  
 Ministério do Emprego e da Segurança Social, Departamento de Estatística, Rua Rodrigo da Fonseca 55, P-1227 Lisboa Codex

This investigation was based on the observation of two basic indicators: the number of enterprises with training needs and the expected number of participants in training activities. The data gathered by the investigation included the



following: 37.4% of enterprises envisage a need for training activities; in the large groups of economic activity, this percentage tops 40%; within manufacturing sectors; most companies favour holding training activities on their own premises; for this three-year period, training needs will involve a total of 1.3 million participants; the most suitable modalities are vocational qualification, updating of skills, retraining and ongoing training.

## UK Training in Britain. A guide

Employment Department Group  
London, 1993, 33 pages  
DE, EN, FR

Employment Department, European Training Policy, Programmes and Funding Branch, Room 513, Steel House, Tothill Street, UK-London SW1H 9NF

Hoping to share its strategy and its objectives with other bodies involved in training and qualification, the Employment Department publishes this guide, in three languages, to describe its activities in Great Britain and contribute to comprehension and the exchange of ideas, approaches and innovations.

## National Advisory Council for Education and Training - Report on Progress

National Advisory Council for Education and Training Targets (NACETT)  
London, 1994, 89 p.  
EN

*National Advisory Council for Education and Training, Room 559, Caxton Street, Tothill Street, UK-London SW1H 9NF*

All the available evidence points in one direction. To compete successfully, an economy will need the skills and adaptability of an increasingly highly qualified workforce. The National Targets for Education and Training were launched in 1991 and are about improving the UK's competitiveness in the world economy. Initially the national Training Task Force took on responsibility for overseeing progress towards the targets. The National Advisory Council for Education and training targets was established by government in March 1993. This report sets out the progress made towards achieving the targets.

### • Evaluation of Investors in People in England and Wales

Spilsbury, M.; Atkinson, J.; Hillage, J.  
Institute of Manpower Studies  
Brighton, 1994, 113 p.  
EN

*Availability: Institute of Manpower Studies, Mantell Building, Falmer, UK-Brighton BN19RF*

### • Employer strategies and Investors in People

Parsons, D.J.; Gordon, A.; Richards D.  
The Host Consultancy  
Sussex, 1994, unpaged  
EN

*Availability: The Host Consultancy, PO Box 144, Horsham, UK-West Sussex RH12 1YS*

Investors in People was launched in 1990. It provides a framework of best practice against which employers can review the performance of employees and the competitiveness and effectiveness of the organizations for which they work.

This IMS report presents the main findings of research undertaken in England and Wales, which examines the role of Investors in People in helping employers invest more effectively in the skills that their businesses need.

The Host Consultancy's research covered 1,000 employers actively working towards the award in 17 Training and Enterprise Councils (TEC) areas. The results show strong support and enthusiasm for the "Investors" concept and framework but there are widespread implementation difficulties, often arising from ineffective or poorly positioned pre-commitment activity. It sets out in detail recommendations a 'process' challenge for TECs and other stakeholders and employers.

### The reform of post-16 education and training in England and Wales

Richardson, E.; Woodhouse, J.; Finegold, D.  
Essex, 1994, 280 p.  
EN

*Availability: Longman Group UK Ltd., Westgate House, Harlow, UK-Essex CM20 1YQ*

This book presents practitioners with an authoritative overview of the recent developments and initiatives in post-16 education and training. In particular, it highlights the





implications of recent changes in government policy and legislation. In addition, it analyzes the current Government proposals for National Vocational Qualifications (NVQs), Training Credits, the role of Train-

ing and Enterprise Councils (TECs) and the newly independent Further Education sector. It also examines some developments at local level including modular Advanced level and Baccalaureates examinations.

## Magna Carta for the Labour Market

**For two years the OECD worked on a statement of principles\* on diagnosing and combatting unemployment around the world. The result: without micro-economic reforms, the industrialized nations will not escape the Scylla of high unemployment or the Charybdis of falling real incomes**  
 (\*The OECD Jobs Study. Facts, Analysis, Strategies, Paris 1994)

The 60-point programme submitted by the OECD in June 1994 reads like a micro-economics textbook on how to improve the adaptability and flexibility of mature and complacent economies. The OECD accentuates creating and distributing new technological know-how, promoting an entrepreneurial climate in an economy, improving the qualifications of the working population and increasing the flexibility of working hours, real income and labour costs. These essentials are to be flanked, they suggest, by a reform of dismissal protection, the expansion and improvement of active labour market policies and a reform of unemployment insurances and social security systems.

The gist of all these measures: it will only be possible to achieve a sustained reduction in the current unemployment figure of 35 million in the OECD if economies face the task of structural change and learn to take the initiative to adapt. The present level of unemployment has not been caused by "jobless" growth or technological unemployment, nor by the competition from imports from low-wage countries. It is simply the culmination of inadequate "adaptive capacity" in industrialized nations to react to changed competition conditions. This means that, even though real growth rates look set to rise by around 2.5% throughout the OECD both this year and next, one person in twelve of the economically active population will be without work in 1995 as well.

Labour markets in particular have to become more flexible in accommodating change. OECD economists are especially worried about the fact that unemployment is becoming firmly established in Europe. As a result, their measures are aimed particularly at re-employing the unemployed. A whole bundle of celebrated rules and regulations is being called into question:

- Minimum wages are only partially suitable for combatting poverty. They often do away with jobs for the unqualified and should therefore be differentiated more strictly according to region and age; they should be index-linked to price levels rather than average incomes.
- Non-wage labour costs and taxation - particularly in the lower income brackets - should likewise be reduced so that the discrepancy between gross and net income can be removed again and even less well-paid jobs will be able to guarantee a living.
- Collective wage bargaining should become less important and agreements should generally be furnished with clauses that leave the door open.
- Dismissals for company reasons and temporary appointments should be made easier - if necessary, even if it means less than full job security for the workers in question.
- Unemployment benefits should be reduced. While (re-)entitlement to benefits should still be dependent on applicants having worked, unemployment benefit should be limited to periods in which recipients are actively seeking employment and it should only be made available to the long-term unemployed provided they actively take part in a re-employment scheme.

None of this is new. Nevertheless, it is not simply a rehash of oft-heard arguments in deregulation debates. On the



contrary: it explicitly approves the protective nature of dismissal regulations. The OECD is of the opinion that employers should be involved more in meeting the costs arising from redundancies. They even issue a reminder about life-long learning: there is no other way of improving the poor high-technology performance of many OECD nations. State incentives are also a must in this respect, for example, through active labour market policies along the lines of 'Workfare not Welfare'.

It is greatly in the study's favour that it makes a clear trade-off between American and European labour market models: Although more work is generated per percentage of growth in the USA than in Europe, especially in the private sector, American workers, unlike their European colleagues, subsequently experience a noticeable drop in real income. From this the OECD draws the conclusion that the

problem of real income can only be overcome through better returns on innovation. However, if innovation activities are pruned as a result of poor adaptability and flexibility, the inevitable result is lower productivity and correspondingly, lower paid work.

For this reason, the OECD does not believe that many new, but less productive jobs are the high road to combatting employment problems in highly-developed economies. Nevertheless, it may be a lesser evil on two accounts: whereas in Europe the returns on growth are sapped mainly by the employed, in the USA one-sixth more of the economically active population profits from this growth - and a much smaller portion of American workers faces long-term unemployment.

*Hans-Peter Klös*  
*Institut der deutschen Wirtschaft, Cologne*

### **La formazione in impresa: nuove frontiere in Europa**

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VDAB (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding  
ICODOC (Intercommunautair Documentatiecentrum voor Beroepsopleiding

### Frédéric Geers

FOREM (Office communautaire et régional de la formation professionnelle et de l'emploi)

CIDOC (Centre intercommunautaire de documentation pour la formation professionnelle)

### Jean-Pierre Grandjean

Bd. de l'Empereur 11, B-1000 Bruxelles  
Tel. 322+502 50 01; Fax 322+502 54 74

## F



Centre INFFO (Centre pour le développement de l'information sur la formation permanente)

### Christine Merllié

Tour Europe Cedex 07  
F-92049 Paris la Défense  
Tel. 331+41252222  
Fax 331+47737420

## L

Chambre des Métiers du G.-D. de Luxembourg

2, Circuit de la Foire internationale

### Ted Mathgen

B.P. 1604 (Kirchberg)  
L-1016 Luxembourg  
Tel. 352+4267671  
Fax 352+426787

## D

## BIBB.

BIBB (Bundesinstitut für Berufsbildung)  
Referat K4

### Bernd Christopher

### Klaus-Detlef R. Breuer

Fehrbelliner Platz 3, D-10702 Berlin  
Tel. 4930+864 32 230 (B. Christopher)  
4930+864 32 445 (K.-D. Breuer)  
Fax 4930+864 32 607

## GR



OEEK (Organization for Vocational Education and Training)

### Catherine Georgopoulou

1, Ilioupoleos Street  
17236 Ymittos  
GR-Athens  
Tel. 301+925 05 93  
Fax 301+925 44 84

## NL



C.I.B.B. (Centrum Innovatie Beroeps-onderwijs Bedrijfsleven)

### Gerry Spronk

Postbus 1585  
NL-5200 BP 's-Hertogenbosch  
Tel. 3173+124011  
Fax 3173+123425

## DK

## SEL

SEL (Statens Erhvervspædagogiske Læreruddannelse)

### Søren Nielsen

### Merete Heins

Rigensgade 13, DK-1316 København K  
Tel. 4533+144114 ext. 317/301  
Fax 4533+144214

## I



ISFOL (Istituto per lo sviluppo della formazione professionale dei lavoratori)

### Alfredo Tamborlini

Colombo Conti  
Via Morgagni 33, I-00161 Roma  
Tel. 396+445901  
Fax 396+8845883

## PT



SICT (Serviço de Informação Científica e Técnica)

### Maria Odete Lopes dos Santos

### Fatima Hora

Praça de Londres, 2-1° Andar  
P-1091 Lisboa Codex  
Tel. 3511+8496628,  
Fax 3511+806171

## E



INEM (Instituto Nacional de Empleo)  
Ministerio de Trabajo y Seguridad Social

### Isaias Largo

### Maria Luz de las Cuevas

Condesa de Venadito, 9  
E-28027 Madrid  
Tel. 341+585 95 80; Fax 341+377 58 87

## IRL



FAS - The Training and Employment Authority

### Margaret Carey

P.O. Box 456  
27-33, Upper Baggot Street  
IRL-Dublin 4  
Tel. 3531+6685777; Fax 3531+6609093

## UK



IPD (Institute of Personnel and Development)

### Simon Rex

IPD House, Camp Road  
UK-London SW19 4UX  
Tel. 44181+946 91 00  
Fax 44181+947 25 70