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Vocational Education, Training Policy and Business Strategy: England and France

Richard Turton

A dissertation submitted to the University of Bristol in accordance with the requirements of the degree of Doctor of Philosophy in the Faculty of Social Science and Law, School for Policy Studies. November 2005.

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Abstract

The study focuses on approaches to Vocational Education and Training (VET) policy and business strategy in England and France. The two countries shared similar problems with training post – World War 2, but are noted for different approaches to policy formulation and implementation generally, and in relation to VET.

The study was based primarily on interviews with employers in the West of England and the Midi-Pyrénées region in Southwest France, with Chambers of Commerce in the two regions and in England with Training and Enterprise Councils.

The interviews, and a literature-based review of developments in VET in the two countries from the 1960s, indicated very different approaches to policy. The French neostatist approach involved peak associations of employers and trade unions in the formulation and implementation of policy through neo-corporatist type arrangements. With initially weak neo-corporatist type arrangements, abandoned in the 1980's, the role of employer and labour associations was markedly less significant in the English neoliberal approach.

The study concludes that the neostatist approach resulted in a structured series of VET initiatives that facilitated the development of a training culture by influencing the demand side of the labour market. The neostatist approach was associated with future-oriented enterprise strategies focussed on innovation and quality in which training was a key component. The neoliberal approach on the other hand, was associated with a short-term, cost reduction approach to enterprise strategy, and an approach to VET policy that resulted in numerous supply side initiatives with little attention to the demand side of the training market and the development of a training culture. The study concludes with proposals targeting the demand side of the training market in England in order to facilitate the development of a training culture and a competitive future oriented business strategy among small and medium sized enterprises.

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I am extremely grateful for the support and guidance of my Supervisor, Professor Martin Boddy, formerly of the School for Policy Studies at Bristol University and currently of the University of the West of England. His perseverance has been truly magnificent!

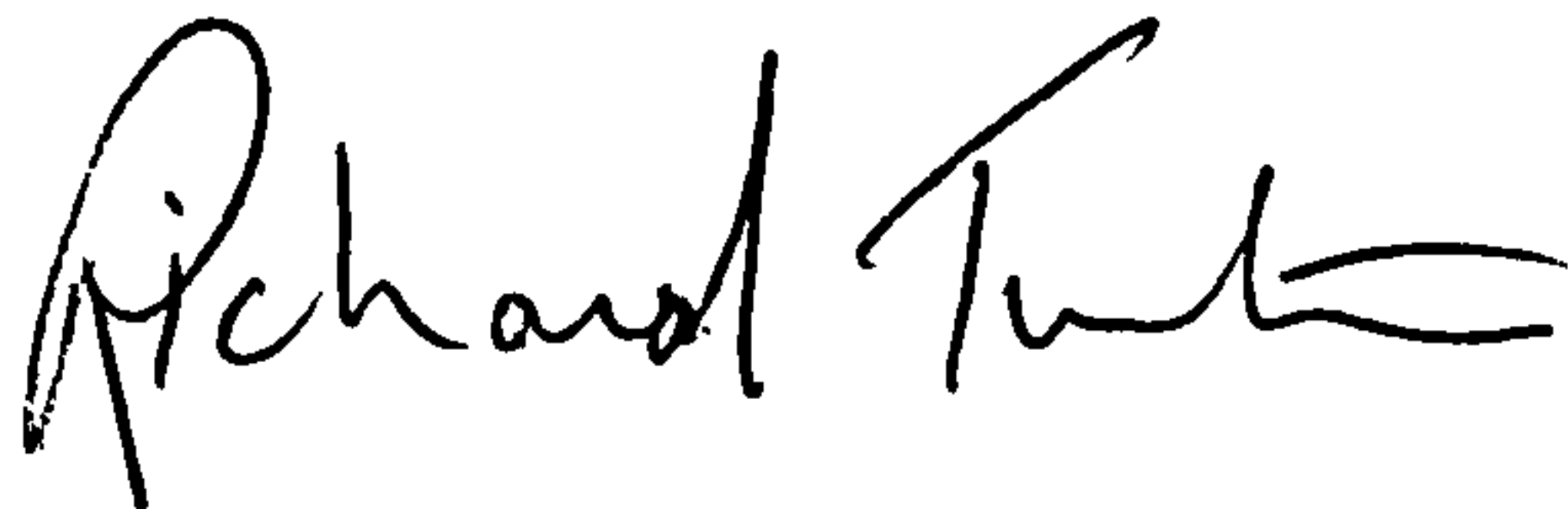
The project has been sustained by the unstinting and loving support of my family Pat, Joanna, Patrick and Caroline without whom the project would have long ago been abandoned. Pat's language skills played an important part in making sense of the French interviews, as did those of Joanna. Patrick and Caroline were generous in their moral support, as were colleagues in the Department of Social Sciences at the University of Hertfordshire.

As always, the faults, errors and omissions are down to the frailties of the author!

AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of the University of Bristol. This work is original except where indicated by special reference in the text and no part of the dissertation has been submitted for any other degree. Any views expressed in the dissertation are those of the author and in no way represent those of the University of Bristol. The dissertation has not been presented to any other University for examination either in the United Kingdom or overseas.

SIGNED:

A handwritten signature in black ink, appearing to read "Richard Turk". The signature is written in a cursive style with a prominent initial 'R' and a long horizontal stroke at the end.

DATE:

November 2005

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Abbreviations used.

ACFCI	Assemblée des Chambres Françaises de Commerce et d'Industrie – Association of French Chambers of Commerce and Industry
ANDCP	Association Nationale des Directeurs et Cadres de la fonction Personnel – National Association of Personnel Managers
ASFO	Association de formation – Training Association
BACIE	British Association for Commercial and Industrial Education
Bac Pro	Baccalauréat Professionnel – Vocational baccalauréat
Bac	Baccalauréat
BEP	Brevet d'études Professionnelles – Diploma of occupational studies
BP	Brevet professionnel
BS5750	British Standard Institute – quality management, preceding ISO2000 (below)
BTS	Baccalauréat de technician supérieur
Btn	Baccalauréat de technicien
BTEC	Business and Technical Education Council
BTS	Brevet de technicien supérieur
CAP	Certificat d'aptitude Professionnelle
CBI	Confederation of British Industry
CCI	Chambre de Commerce et l'Industrie – Chamber of Commerce and Industry
CDD	Contrats à durée déterminée – Fixed term employment contracts

CDI	Contrat de travail à durée indéterminée – Permanent employment contract
CE	Comité d'Entreprise – Works Council
CFA	Centre de formation d'apprentis – Apprentice Training Centre
CGLI	City and Guilds of London Institute
CIF	Congé individuel de formation – Personal training leave
CMI	Chartered Management Institute
CNC	Computer numerically controlled
CoC	Chamber of Commerce
CPCs	Commission professionnelle consultative – Joint Advisory Board
CPNFP	Comité paritaire national pour la formation professionnelle
DE	Department of Employment
DES	Department for Education and Science
DESS	Diplôme d'études Supérieure Spécialisée
DEUG	Diplôme d'études universitaires generales - General University Studies Diploma
DfES	Department for education and skills
DEUST	Diplôme d'études universitaires scientifiques et techniques -Scientific and Technical University Studies Diploma
DP	Délégué du personnel – employee representative.
DUT	Diplôme universitaire de technologie
EEF	Engineering Employers Federation
ET	Employment Training Programme
ETPs	Employer Training Pilots

FE	Further Education
GNVQ	General National Vocational Qualification
GRETA	Groupement d'établissements de l'éducation nationale pour la formation professionnelle continue. Group of Secondary Education Establishments for Continuing Training
HPWS	High Performance Work Systems
HRM	Human Resource Management
IiP	Investors in People – management programme to improve organisational performance through the learning and development of employees.
INSEE	French National Statistics and Economics Institute
ISO9000/1 /2	International Standardisation Organisation – Quality Management standards
ITB	Industrial Training Board
ITO	Industrial Training Organisation
IUP	Institut Universitaire Professionel - University institute of vocational studies
IUT	Institut universitaire de technologie- University institute of technology
LEA	Local Education Authority
LLSC	Local Learning and Skills Council
LP	Lycée professionnel
LSC	Learning and Skills Council
LLSC	Local Learning and Skills Council
LSSC	Local Sector Skills Council
MA	Modern Apprentice
MCI	Management Charter Initiative – National occupational standards for UK management,

now The Management Standards Centre

MSC	Manpower Services Commission
MEDEF	Movement des entreprises de France – National French Employers Association
NVQ	National Vocational Qualification
NIESR	National Institute of Economic and Social Research
ONISEP	Office national d’information sur les emplois et les Professions – National Office for Information on Jobs and Careers
OU	Open University
PDG	Président-directeur général – Chair and managing director
PIC	Private Industry Council
PMEs	Petites et Moyennes Entreprises – Small and Medium Enterprises
RDA	Regional Development Authority
RSA	Royal Society of Arts
SMIC	Salaire minimum interprofessionnel de croissance - Guaranteed (index-linked) minimum wage
SSC	Sector Skills Council
SMEs	Small and medium enterprises
TEC	Training and Enterprise Council
TVEI	Technical and Vocational Education Initiative
ULF	Union Learning Fund
ULR	Union Learning Representative
VET	Vocational Education and Training
YTS	Youth Training Scheme

Chapter 1

Comparative Approaches to Vocational Education and Training in England and France

This study explores two approaches to the formulation and implementation of public policy in the area of vocational education and training, and the links between these approaches and enterprise strategy. One approach, widely perceived to characterise government and institutions in England, and Britain more generally, is market oriented and values voluntary self-regulation. The other is characterised by a regulated, interventionist or corporatist environment perceived as characteristic of policy approaches in major economies in Northwest Europe. This distinction has been made by a number of authors including Casey et al. (1999), Finegold and Soskice (1988), Grant (1993), Gray (2002), Keep (1987), Keep and Mayhew (1994), Lane (1995), Raggatt and Williams (1999), Schmidt (1996), Sheldrake and Vickerstaff (1987), Zysman (1983).

In this study a comparison is made between the policy approaches to vocational education and training (VET) in England and France, and the link with enterprise strategy in those countries. The study addresses issues currently of concern to employers and governments in both countries in developing a globally competitive labour force, particularly skill shortages and young peoples' awareness of, and readiness for, the world of work. While many aspects of VET are common to England and Wales, there are some differences in detail and so the focus of this study is on England.

Three main factors set the context for the study. One is the history of attempts in England over a century-and-a-half to establish vocational training institutions and programmes matching those in northwest Europe, particularly

Germany. A second factor is the ongoing debate in England over productivity levels, particularly in comparison with the EU and the US (Porter 2003), frequently linked to issues of education and training. In the light of these two factors it is important to address the issue of why so little seems to have changed in England, and to ask if current initiatives in the area of training will be more successful than previous ones.

A third factor is suggested by Dore's (1973) comparison of a British and Japanese factory. In that work the notion of the 'late development' syndrome was developed to explain the different conditions under which industrialisation takes place and the forms of capitalism that develop in different countries. Dore argues that a late industrialiser operates in a very different context from that in which Britain industrialised. Late industrialisers develop their own approach to industrialisation, many of which emphasize the role of education. Senghaas (1985) and Kemp (1985) are two other writers who have addressed the same issue as Dore. More recently Crouch and Streeck (1997) and Gray (2002) have emphasised the different forms of capitalism that exist in the modern world and the institutional frameworks associated with those forms.

There are educational and institutional reasons for using France as a comparator for this study of approaches to VET. During the 1960s France, like England, compared poorly with Germany in the area of VET and this provoked eventual policy changes in both countries. However, as discussed in detail in Chapters 3 and 4, the two countries followed their respective institutional histories in responding to the challenge of the increasingly global economy.

In the modern period France has relied on a centralised '*Dirigiste*' or 'Statist' approach that underpinned the development of the armaments, glass and textile industries as well as trade schools in France in the 17th century. State schools for highways and bridges, mining, and the Central School for Public Works

followed these schools in the 18th century. The minister of Louis XIV, Colbert, was a key figure in these developments and '*colbertisme*' described the cooperation between 'engineers of the state' and entrepreneurs in the development of the transport infrastructure, mining and steel making between 1851 and 1870 (Schmidt 1996). In origin the term *dirigiste* or *dirigisme* referred to the adoption of a single approach to achieving a result. By the end of the 17th century it had come to refer to intervention by the state, and by the 1930s it referred to an economic system in which the state assumed the role of managing or directing the economy (Le Petit Robert 1993).

In England on the other hand, following several select committee reports and commissions of enquiry after the Great Exhibition of 1851, the preferred approach to the problem of developing technical training in England in the 19th century was summed up in a minute of the Department of Science and Art in 1859. It was hoped that '...a system of science instruction will grow up amongst the industrial classes which will entail the least possible cost and interference on the part of the state' (Roderick and Stephens 1972, p.13). 120 years later a similar outlook motivated the establishment of Training and Enterprise Councils (TECs) as industry-led institutions in 1991 to establish and develop a market in training in their areas. As recently as 1997 the British Chambers of Commerce reiterated their rejection of the public law model for Chambers found in mainland Europe where, except in Belgium, Denmark and Ireland, membership of Chambers is mandatory for businesses enterprises (BCC 1997). These three dates (1859, 1991, 1997) illustrate the antipathy to state action that underlies the voluntary or self-regulatory approach to major areas of public policy in England.

France was therefore chosen as a comparator as it shared similar problems to England in terms of competing with a rejuvenated Germany from the 1960s. Since the German 'dual system' of vocational education has been well studied since the 19th century when it was being developed, and then after 1945 up to

and including the 1990s, further examination was unlikely to show anything new. It was considered therefore that more could be learnt from a country like France, which, in direct contrast to the approach in England, implemented a VET policy along *dirigiste* or statist lines to aid competition with Germany and other advanced industrial economies.

In the current debate in all advanced industrial societies over the development and implications of global competition, VET remains a central issue. Developments in France since the 1960s, and in Britain since James Callaghan's initiation of the 'great education debate' at Ruskin College in 1976 provide an opportunity for an examination of the relative effectiveness of two apparently contrasting policy approaches. The de-regulatory, market based approach in England and the *dirigiste* or 'statist' arrangements of France, and the impact of these approaches on enterprise strategy.

The World School Report of 1993 provided an example of the general problem that has been the focus of concern over the effectiveness of the English education and training system since at least the 1960s. The Report provided data on three key factors: the percentage of 16 year olds with the equivalent of Grades A-C at GCSE in maths, the national language and one science; the percentage gaining comparable secondary school qualifications at 18 plus and the percentage of 16-19 year olds in full-time education or part-time education and training.

England had significantly lower percentage counts on all three measures: 27% on the first, 29% on the second and 56% on the third. France and Germany headed the rankings on the first measure with 66% and 62% respectively; Japan headed the second measure with 80%, followed by Germany and France with 68% and 48% respectively. On the third measure England closed the gap on France and Germany with their scores of 79% and 76%, but again trailed Japan's 94%. The 2003 Report is noted in Chapter 9.

While there have been many studies from the National Institute of Social and Economic Research (NIESR) over the eighties and nineties exploring the link between economic productivity and education and training, it should be noted that evidence linking educational and training achievements with improved productivity in manufacturing or service industries is to an extent circumstantial. While economies ranked above competitors in relation to economic growth, particularly Germany, Japan and South Korea, also tend to be those ranked higher in terms of the educational and training outcomes achieved ‘...it is difficult to demonstrate this relationship (between education, training and economic performance) empirically, given the other factors which effect labour productivity’ (Finegold and Soskice 1988, p.23). It has been suggested that a deficiency in shop floor skills may underlie the greater overhead labour costs of British firms (represented by the number of quality controllers and production planners), and the longer downtime of production equipment due to a relative shortage of maintenance skills (Worswick 1985, Maison and Wagner 1994, Prais 1995).

A number of other factors affecting labour productivity can be suggested, for example, the strategic and organisational skills of management rather than the occupational skills of the labour force. Another factor may be what is referred to as ‘pathway dependency’, that is a tendency for past choices to determine current or future choices (Keep and Westwood 2001).

UK management performance in many ways either reflects weaknesses in the business environment or involves decisions that are consistent with the current business environment even though they do not improve competitiveness (Porter and Ketels 2003, p.6).

The way work is organised and labour recruited can have an influence on productivity, as can the way labour is managed in terms of the relative rights of managers and employees. Such factors may relate more to the style, education

and training of managers rather than the education and training of the labour force as a whole.

This study will specifically attempt to explore the significance of such 'other factors' by considering the role of management strategy in the context of the relationship between education, training and enterprise strategy. This relationship will be considered in the context of the mutually interdependent relationship in an economy between institutions, policy formulation, policy implementation, and management-labour relations.

If the managers of an enterprise perceive themselves to be constrained in their formulation or implementation of strategy by the institutional environment in which they operate, this in turn will have implications for efforts to modify, for example, the education and training system. An approach that links the issue of VET policy with enterprise strategy avoids the criticism levelled at the NIESR studies on training and productivity by Cutler (1992). He criticised these studies on the grounds that they indicate a dogmatic emphasis on the significance of vocational training and training 'en masse' (p.173). Cutler argues that 'the British training problem' is analogous to that of the 'British Labour Problem' of the 1980s identified by Nichols (1986). Explanations for poor British productivity involved dogmatism centred on the obstructive role of trade unions and widespread restrictive labour practices. Cutler argues a similar dogmatism operates in the case of training. In both cases the basis of the dogma '...lies in a conventional economic framework where the role of enterprise management is both unanalysed and, thus, treated as a universal constant' (p.173).

A similar critique has been made of the May 2003 report, '*UK Competitiveness: Moving to the Next Stage*' prepared for the Department of Trade and Industry (Porter and Ketels 2003). While these authors argue there is always room for improvement in management practices '...they are not at

the core of the UK competitiveness challenge...Efforts to upgrade management will not however be sufficient to achieve a sustained improvement in UK competitiveness'(p.6). Simon Caulkin (2003) reports that Andrew Pettigrew and Robin Wensley from Warwick Business School criticise the report since the argument that management practices are not at the core of the UK competitiveness challenge is the inevitable result of a research framework insensitive to such issues in the first place – 'all context and no action'. Caulkin concludes:

In short, developing a 'genuine strategy' to address the issue of management quality, as Porter suggests, can only be done on the basis of the kind of detailed systematic evidence about management behaviour that he ignores (Caulkin 2003, p.19).

The importance of management behaviour is illustrated by two recent studies concerning the development of new employee relations strategies and high-performance work systems (HPWS) in Britain. Bacon and Storey (2000) report that the substantial new industrial relations procedures they identified '...reveal managers behaving in a short-term, contradictory and opportunist way' (p.423). More harshly perhaps, Ramsay et al. (2000) conclude their study by saying:

Much management may simply be incompetent (rather than either brilliantly constructive or conspiratorially exploitative) at implementing and maintaining innovative approaches, with the result that the putative outcomes of HPWS practices fail to eventuate (p.522).

Consideration of the role of management strategy and practice also avoids a blaming the victim approach. This was perceived to be an important aspect of the state's (and employers') attempts to cope with youth unemployment via Youth Opportunity Programmes (YOP) and Youth Training Schemes (YTS) following the 'great education debate' in the 1970s.

This chapter proceeds by considering the prevailing policy approaches in which the VET systems chosen for comparison are embedded before going on to consider in the third section the influence of market and government failure on approaches to policy formulation and implementation. The fourth section of the chapter considers the influence of differing experiences of industrialisation on the development of state and institutional forms. The state and institutional forms relevant to a comparison of policy approaches in England and France are explored in the final section of the chapter.

The VET Systems Chosen for Comparison

As indicated earlier in this chapter, since the 17th century England and France have displayed contrasting institutional approaches to policy formulation and implementation, a feature that continues to distinguish the two economies. Since the Revolution France has, to varying degrees, displayed features of a centralised state. This will be discussed later in the chapter in the section ‘A neostatist regime – France.’ from p.1.35. On the other hand, since the onset of the industrial revolution England has been characterised as a relatively decentralised state, where free markets and free trade have formed the basis of policy formulation and implementation. Indeed, as Kemp (1985) points out, the process of industrialisation itself was at no time a planned or intended process. It can however be argued that it was the state that facilitated the development of a particular approach to capitalism by, for example, restricting the rights of workers to combine to present wage claims.

A further reason for choosing France as a comparator to England is that since the 1960s there has also been a major reappraisal and reformulation of VET in France. This has taken place in an economy characterised by a state-centred, or ‘statist’ model of power. What, if anything, can be learnt from a comparison of two distinctive approaches to public policy in the context of VET? Is it the case that, as Crouch (1992) has argued,

A new emphasis on apprenticeship and a national attempt to increase the output of skilled manpower has to be a matter of public policy, requiring action by both governments and corporatist representative organisations. (p.41)

Or is the continuation of a voluntaristic, non-regulatory approach the way forward?

In Britain a concern with VET in the context of technological change and international competition dates from the Great Exhibition of 1851 when Lyon Playfair, a government scientific adviser, warned that future industrial success would go to educated nations. This concern was reflected in popular literature. Trollope, in *Barchester Towers* published in 1857, has a character commenting upon how much the English could learn from German universities. 'You'll have those universities of yours about your ears soon if you don't consent to take a lesson from German' (Trollope 1963, p.104).

A series of Select Committees and Royal Commissions commencing in the 1860s, including the Devonshire Commission in 1872, which looked at scientific and technological education, and the Royal Commission on Technical Instruction in 1882, reflect the tenacity with which a minority of academics, politicians and business people attempted to establish the key role of education and training in industrial success. During this period a dogmatic belief in the role of the market in education became apparent. This, in association with a desire to cut back government expenditure, resulted in a 'payment by results' approach linked to exam passes.

University College London was founded in 1826, the year the first chemical research laboratory was established in Giessen, Germany, and was modelled on the universities of Edinburgh and Berlin. The Royal College of Chemistry was not established until 1845 and then as a private venture. The college was in financial difficulty from the start and survived by merging in 1853 with the

Government School of Mines and Science established in 1851. This School was required to charge higher fees than privately funded London colleges so as to ensure no unfair competition from a government supported institution.

An apparent lack of concern at national level with the role of the state in the provision of technological education and training coexisted with initiatives at local level that were dependent upon the public spirit of individuals. Twenty-five years after the founding of University College, the first civic college to be established on that model was Owens College in Manchester in 1851. It was another 30 years before Liverpool University College (1881) was established on the basis of £80,000 donated by the citizens. When government grants for Universities were established in 1889, Liverpool received a mere £1,500 (Roderick and Stevens 1972).

Sanderson (1988), and much earlier Shadwell in 1906 (quoted in Roderick and Stephens 1972), argued that the training problem in the last decades of the 19th century was not so much the deficiencies in the provision of technical education, but more the lack of demand for it from employers. Two features of 19th century British industry could underlie lack of demand. Industry was labour intensive and evidence for a relationship between economic performance and technical education was not immediately apparent. Consequently there was no tradition of high status technical education in Britain as there was in France and Germany.

A 'perverse policy syndrome' (Bennett and McCoshan 1993) was first identified by the Schools Enquiry Commission in their Report of 1868 '.... the ablest men do not study natural science because no rewards are given for it, and no rewards are given for it because the ablest men do not study it' (Roderick and Stephens 1972, p.11). This was a year after the Paris Exhibition in which British exhibitors were awarded marks of excellence in only 10 of 90 categories, compared with almost 100% in 1851. This turn-round shocked

British public opinion and inadequate training and education was held responsible (Pollard, 1989). A perverse policy syndrome arises when new problems or needs continue to be treated as though they are simply continuations of previous problems or needs.

While the historian Sydney Pollard has done much to rescue the reputation of 19th century industrialists from the charge of incompetence laid against them (with the benefit of hindsight) by 20th century writers, he does point out shortcomings. Even in the key areas of industrial strength ‘...Britain seemed to be very slow to adopt the latest technology’ (Pollard 1989, p.264). He points out that Britain was also backward in industrial organisation and forms of internal management. Ackrill (1988) has also argued in her examination of British managers and the economy from the 1870s, that there was much sense in what management actually did. However, these views are consistent with ‘path dependency’.

Pollard’s and Ackrill’s defence of 19th century actors is consistent with the theory of market failure. Crafts (1988, p.xviii) argues, ... some of our long-term problems arise in areas in which market failure is to be expected and has occurred, for example, in training and in research and development’. As a result of the early and successful experience of industrialisation in Britain, which owed little to formal education, there was no appreciation of the importance of technical education. In addition, industrialisation had been associated with a laissez-faire philosophy antipathetic to state intervention, other than in defence of markets and trade (Kemp, 1985). These factors resulted in employers unwilling to lose child labour, especially if they were to pay for education through taxes. As a result of this combination of factors there was little technical education in Britain before the 1880s, and what there was resulted from the public-spirited activities of concerned citizens rather than government.

The debate over the rationality of the behaviour of 19th (and even 20th) century employers illustrates the significance of the institutional context within which policy makers, business people, and indeed new entrants to the labour market, operate. North (1990) considers institutions as the 'rules of the game' in a society, while Hall (1986) refers to the formal rules, compliance procedures and standard operating practices that structure the relationship between individuals in various units of the polity and economy. However, an exclusive focus on institutions can be misleading '...only actors act. Institutions do not...make decisions. Only people make decisions' (Elgie 2003, p.3). Institutions reflect the outcome of political competition; they are humanly devised constraints that structure incentives in the context of political, social, and economic exchange. Employers saw no benefit in paying for the education and training of workers since their immediate interests were served by keeping costs and taxes low. This combination of factors can be seen as the origins of a low pay, low cost, low skill strategy which has characterised government policy and firms' strategies in the UK to the present (Brosnan and Wilkinson 1988).

A concern with the institutional framework is consistent with the societal analysis approach of Maurice et al. (1986) in their comparative study of Germany and France, and Eyraud et al. (1990). Both sets of authors argue that in society the education and training system, the industrial relations system and the style of employment relations are mutually interdependent and reinforcing. The institutional features of the way labour, capital, the political system and the state are organised and interact crucially influences the formulation and implementation of economic policy (Steinmo et al.1992). Similarly, Bennett and McCoshan (1993) argued that key elements of a perverse policy syndrome derive from business strategy, employment and the labour market, education and training, economic policy and the welfare compromise, and central-local government relations.

In the case of business strategy for example, long-term research and development (R&D) in Britain is undervalued as technological development is too frequently treated like other activities in response to market demand and price stimuli. The result, Bennett and McCoshan argue, is that yesterday's products are produced better. They argue that an innovative business will change the organisation and commercial approach as it operates with a different approach to risk appraisal. More resources into R&D conducted outside the enterprise will not solve the problem: 'R&D has to be better linked to economic needs and enhanced management' (p.18).

In the case of the labour market similar perversity can be seen to operate through the emphasis on 'flexibility'. In England the emphasis is on 'numerical' flexibility. As Willman (1987) argued, a major block on British employers' attempts to develop a loyal, committed and innovative labour force has been the tendency to respond to changes in demand through the labour market – hiring or firing. A study of the search for flexibility by French and English branch banks illustrates this syndrome. Banks in both countries hired female labour because it was cheaper than male labour. However the French banks aimed for functional flexibility by employing full-time well-qualified women while English banks focused on numerical flexibility by employing part-time, less well-educated women (O'Reilly, 1992). Similar differences in approach were identified in the aerospace sector in the two countries by Lloyd (1998).

The old approach to economic development is reaching the limits of its effectiveness...We find the competitiveness agenda facing UK leaders in government and business reflects the challenges of moving from a location competing on relatively low costs of doing business to a location competing on unique value and innovation. This transition requires investments in different elements of the business environment (Porter and Ketels 2003, p.5).

In the case of education and training, it has been argued that the relationship between the economy and the education and training system is '...a vivid

portrayal of the perverse policy syndrome...*it is not possible to succeed with a skills-led strategy alone*' (Bennett et al. 1994, p.20, emphasis in original). Bennett et al. go on to argue that a situation where productivity was scorned, business strategy and management was deficient and skills and training undervalued, resulted in a vicious circle where low management targets led to low investment in skills, low technology, low output and low quality levels. If it is to be effective, skilling needs to be linked with systematic changes in business strategy, management culture, product development, marketing and innovative R&D.

In the area of economic policy and welfare it is argued the government was primarily concerned with the welfare objective of full employment while trade unions were preoccupied with wages and demarcation and employers with the control of wages. 'No-one focussed very hard on training or the strategic development of industry as a whole...year-on-year wage agreements systematically eroded job differentials and hence the returns to skilling. This has proved a key handicap to human resource incentives...' (Bennett et al. 1994, p.22). These authors emphasize that the only way to break out of the perverse policy syndrome is to '*...break away from the institutional priorities and economic values of the past and to develop new institutional goals and systems of economic support*' (p24, emphasis in original).

'It's important that we don't repeat the mistakes of 10 or 20 years ago' (Head of Policy CMI quoted in Caulkin, 2003).

This study will seek to show that, in accounting for different approaches to the formulation and implementation of public policy in general and VET policy in particular, the corporate and product strategies of employers are important. The study will seek to demonstrate that these strategies are themselves structured by national historical and institutional frameworks.

If, as Duclaud-Williams (1982) in particular argues, a decentralised pluralist context as in Britain allows the state greater autonomy than that enjoyed by a state characterised by a high level of formal centralisation as in France, then important questions need to be asked as to why, in the case of education and training, Britain should have been perceived as trailing European competitors. This study will, in particular, take up the point Duclaud-Williams (1990) consciously left to one side:

...Whether greater constraints on French policy-makers are ultimately more productive of effective government, and whether the greater freedom of manoeuvre accorded policy-makers in Britain tends to lead them to over-hasty and over-political, and therefore ineffective, policy making (p.165).

The following section of this chapter will explore the origins of the institutional contexts within which VET policy is formulated and implemented in England and France. The chapter then goes on to consider the link between experiences of industrialisation in England and France and the development of institutions, including a short review of 'new institutionalism' and its relevance to this study and the research method chosen (to be further explored further in Chapter 2). The chapter then concludes with an examination of policy formulation and implementation under different state forms in England and France.

Training and Market Failure

In terms of the institutional context within which managers and policy makers operate, a key feature of the Training and Enterprise Council (TEC) initiative was the presumption that a market in training is best developed where a public law or statutory approach is avoided. The establishment of employer-led, business-like corporations in local labour markets would overcome the major under valuation of human capital that has historically characterised British industry. As mentioned earlier, in 1906 it was suggested that in the last

decades of the 19th century the problem of an apparent lack of training in British business resulted more from the lack of demand from employers than the lack of provision of appropriate courses. Finegold and Levine (1997) and Rees (1997) for example, have identified strategic responses to product market developments underlying this lack of demand.

A lack of demand for training may be explained by the absence of incentives given the relatively low earnings differentials associated with training (Bennett et al. 1994). It is not at all clear that leaving the provision of training to the market has, or will in the future, achieve policy objectives. The evidence suggests that training is a 'public good' particularly susceptible to the consequences of both allocative and social equity aspects of market failure.

Without sanctions of a kind that organisations and collective agreements can provide against failure to cooperate, firms are likely to avoid undertaking training and rely instead on recruiting employees trained by others (Crouch 1992, p.33).

From this Crouch has identified two related dilemmas.

The first dilemma arises since, based on the experience of Germany and Sweden, the success of a national VET policy implies the need for a strong collective organisation on the part of employers (see also Grant 1993). Second, while a successful VET system must provide an incentive to employees to undertake training, trainee wages should be at a level that compensates employers for a trainee's relatively low productivity. This study focuses on the technical aspect of market failure, as, for reasons stated in Chapter 2, issues of social equity affecting class, race and gender are not addressed here.

Market failure theory identifies a number of possible reasons why markets may be neither efficient nor effective mechanisms for allocating scarce resources that have alternative uses. 'Failure' may occur for reasons associated with 'transaction costs' - the costs of establishing the value that is being traded in a

market exchange transaction. In 'perfect competition' price is the key signal of the value that is being offered and received, but when one or more of the defining features of perfect competition may be absent, then markets will fail as efficient allocating mechanisms (Williamson, 1985).

An important factor associated with the failure of a market to allocate resources efficiently is the existence of 'externalities', costs not born by, or benefits which do not accrue to, the producers of a good or service. This remains a possible key to the problem of education and training in the UK. In an open labour market individuals are free to seek the highest return for their skill. However, if the cost of training employees is born by the employer while benefits accrue to employees who can exploit their skill in the labour market, then it will be economically rational (in the short-term) for employers to avoid the costs of training and 'recruit' (i.e. 'poach') trained and experienced employees by offering higher wages. Such employers will be 'free riders': enjoying the benefit without having contributed to the cost. While such behaviour on the part of employers and employees is an inescapable part of a free society, there is a clear implication that general skills of value to many employers have to be financed collectively.

However, if employers perceive themselves to be constrained by the institutional financial framework to concentrate on short-term factors, there is little incentive to develop long-term strategies where training becomes an investment rather than a cost. While a market may distribute available skills efficiently in an economy, it is problematic whether a market will necessarily create a supply of skills within a meaningful timescale.

The dilemmas identified by Crouch, mentioned earlier, are consistent with the notion of market failure, and like market failure they are capable of resolution. Germany has often been seen as the classic European example of such a resolution. The German economy is strongly associational: the relations

between enterprises and their banks, statutory provisions covering employers' membership of representative organisations, for example Chambers of Commerce (also the case in France) and the recognition of employee rights. In conjunction with the associational aspects of the German economy there exists a combination of processes that constitute a distinctive approach to the problems faced by contemporary industrial societies (Crouch 1992, Hirst 1994, Hutton 1995).

All these characteristics of the German system have historical roots that long predate, not just the post-war Federal Republic, but the formation of the first German state in 1870 (Crouch 1992, p.35).

Experiences of Industrialisation and Institutions

Underlying the central theme of this project is the 'late development syndrome' thesis put forward by Dore (1973). This argues that contemporary institutions in a society, and hence the strategic and policy approaches characteristic of that society's business and government, will have been strongly influenced by the experience of industrialisation. As Baumgartner and Walker (1989) argue in their examination of educational policy making in France and the United States,

The two educational systems developed in very different circumstances, and their different histories explain the different interest group environments which surround them' (p.285).

Following Granovetter (1985) and Dore (1973,1986), it is possible to demonstrate that aspects of the socio-economic and political institutional context in which they are embedded shape the meaning and functioning of institutions. These aspects of the institutional or societal approach are reflected in the way institutions present a framework of rules and associated behaviours and procedures that structure relationships between individuals, groups and units making up the polity (Hall 1986).

In each country different forms and processes of socialisation exist. Therefore an international comparison of management systems can only be relevant if these systems are related to all the particular social relations that make up a society (Maurice et al. 1984, p.233).

In the English case, industrialisation took place earlier than in other countries at the time when Britain was a major military and naval power. 'Late Developers', or 'Secondary Industrialisers' as Dore calls them industrialised in a very different context from that experienced by Britain. Governments and employers in Secondary Industrialisers adopted different institutional and strategic approaches. The institutional consequences of differing experiences of industrialisation can account for the absence in Britain of the features associated with Marquand's (1988) 'developmental' society: a society that is able to maintain, if not actually advance, its ranking in relevant international league tables governing productivity and welfare. Marquand pointed out that while Japan headed the list of modern developmental states, France was also on that list, as were Sweden and Germany.

While Pollard (1989) defended 19th century businesses, blaming the post-World War 2 weaknesses on those controlling Britain's economic fortunes after 1945, he does point out that in the 19th century:

The coincidence that in each case it always turned out to be Britain in which the new technology was not appropriate seemed too great to be entirely fortuitous... By contrast, the industries in which Britain was in a genuine technical lead were few. Britain was also backward in industrial organisation and in modern forms of internal management (1989, p.262).

The points raised by Dore and Marquand link what Maurice et al (1986) call the 'societal approach' with the methodological approach adopted in the current research – that of historical institutionalism in the attempt to 'make sense' of observed differences between policy processes and outcomes in different economies (Thelen and Steinmo, 1992).

Institutions such as schools and colleges, or commercial enterprises, in different societies have general features and objectives in common. However, they function and are experienced differently in different countries. “Macro theories such as Marxism.... often obscure the non trivial differences between different countries with the same broad structures, for example, differences in how capitalism is organised in Sweden and the United States” (Thelen and Steinmo 1992, p.10).

The ‘New Institutionalism’

The previous pages have contained several references to institutions and the link with historical development in societies, and the previous paragraph referred specifically to ‘historical institutionalism’. In this section, examining the differing experiences of industrialisation in the case of England and France it will be useful to review, briefly, the origins of what is known as the ‘new institutionalism’, of which historical institutionalism is a component. This will not be a comprehensive account of the development of this approach, but will concentrate on what are now considered the three main versions of institutionalism with the aim of illustrating why one particular version of such an approach was adopted in this study. This also links with the adoption of a qualitative research method that will be explored in Chapter 2. The following paragraphs draw upon the work of Hall and Taylor (1996), Peters (1999), Thelen (1999) and Lindner and Rittberger (2003).

The ‘new institutionalism’ describes an approach to research and theory that developed in response to convergence theory following the work of Kerr et al. (1960). The late Andrew Shonfield in his *Modern Capitalism* (1964) was one of the first to question the idea that industrialisation would result in societies converging on a pattern set by western, capitalist economies. Other examples are Dore’s 1973 study of the effects of early and late industrialisation as illustrated in his study of an English and Japanese factory, his 1986 study of

Japan entitled *Flexible Rigidities*, Maurice et al. 1980 study of differences in the organisation of manufacturing in Britain, France and Germany, Sorge and Warner's 1980 study comparing training and workplace relationships in manufacturing in Britain and Germany, and Maurice et al. 1986 comparative study of France and Germany entitled *The Social Foundations of Industrial Power*. Other contributors to this field were, for example, Senghaas (1982), Piore and Sable (1984), Scott (1988), Streeck (1992), Hirst (1994) and more recently Ertman (1997).

These works were part of a distinctive approach to the study of how different societies responded to the process of industrialisation and later globalisation, how and why they adopted different coping mechanisms. This resulted in a body of theory and research that became known as 'new' institutionalism. This differentiated the approach to the theory and study of the origins, development and functioning of social institutions from that of the more descriptive accounts of the formal institutions of government and constitutions by institutional scholars of late nineteenth and early twentieth century.

Also motivating the new institutional approach, involving political scientists, sociologists (including those specialising in organisations) and economists was the attempt to explain the observable differences in performance and competitiveness between, for example, Japan, South Korea, Germany, Sweden, and the more free market and de-regulated Anglo-American economies. Also of interest was the industrial development associated with networks of small and medium firms in the northern and central part of Italy, the so-called 'Third Italy' (Bianchi and Gualteri 1990, Boschma 2000).

In the context of discussing the new institutionalism, particularly given the focus of this study of comparative approaches to vocational education and training, the 2005 Global Competitiveness Report of the World Economic Forum provides a useful illustration of the kind of issues upon which many of

the 'new' institutionalism studies focussed. Interviewed at the launch of the Report, in which all five Nordic countries (including Iceland) are in the top ten, the Director of the Competitiveness Programme observed when asked for possible reasons for this strong showing:

Successive governments have managed to create a climate of transparency and honesty in public management that greatly contributes to business confidence...there is money for investing in education, in public health, in state-of-the-art infrastructure, all of which contributes to boost productivity. Highly trained labour forces, in turn, adopt new technologies with enthusiasm or, as happens often in the Nordics, are themselves in the forefront of technological innovations.

He went on to note that while business in Nordic countries point to high tax rates as a potential problem area, there is no evidence these adversely affect the ability to compete effectively in world markets, or to deliver extremely high living standards, "competitiveness is boosted, not undermined" (www.weforum.org/site/homepublic.nsf 30/09/05).

The origins, nature and functioning of the institutional frameworks that underlie the transparency and honesty mentioned above is what interests new institutionalists. How do the social-institutional frameworks in some countries engender transparency and confidence, and hence 'trust' (Culpepper 2000, Parker 2001), among the social partners (capital, labour and the state) to a greater degree than others? The short answer provided by Crouch and Streeck (1998) is that some industrial societies are more 'institutional' than others. Some states are more involved in the management of capitalist economies than others. The 'social partners' are involved to a greater or lesser degree in negotiations that modify the way in which markets and hierarchies function. Labour markets as well as managerial prerogatives for example can be regulated by a combination of laws and/or agreements between recognised institutions such as Chambers of Commerce, employers or trade associations and trade unions. It is argued that such 'institutional' economies combine

sophisticated competitive behaviour with the provision of collective goods such as education, vocational training and employment security that provides a social capital (an additional factor of production?). These give them an advantage over those economies characterised by short-term market and profit maximisation.

The new institutionalists were anxious to establish how individual behaviour and interests are involved in the development of collective action. They sought a theoretical, and empirical basis for the origins, functioning and change of institutions since, as means of solving collective action problems, institutions are important for an understanding of political outcomes. 'Political' in this context refers to outcomes of the functioning of the political economy, as encompassed by the role of the social partners and the mediation of their interests as mentioned in the previous and following paragraphs.

Hirst (1994) argues that even in a period of globalisation the political role of government and the national state remains effective if it can draw upon and reinforce bases of cooperation and consensus among social actors. Hirst identifies three functions of an effective state in the context of globalisation: sustaining a distributional coalition, the orchestrating of social consensus and either managing decentralization or 'at least tolerate a de facto federalism in economic governance' (p.118). What Hirst calls 'associationalism', and Streeck (1997) calls 'associational self-regulation', allows (some) market-based societies to embed the market system in a social network of coordinating and regulatory institutions.

Having identified a main focus of interest of the 'new' institutionalism, it should be noted that at least three different analytical approaches or 'schools' developed, historical, rational choice (calculus approach), and sociological (cultural approach) institutionalism (Hall and Taylor 1996, Thelen 1999).

These have come to be the key versions out of the six identified by Peters (1999).

Historical institutionalism, apart from making use of both the other two approaches also has a distinctive historical perspective that argues the effect of changes in the political or international environment will be mediated by contextual features of a given situation, often inherited from the past. Hence, for example, differing experiences of industrialisation result in different institutional frameworks and so responses to new challenges will tend follow certain paths, for example Dore (1973) and Ertman (1997). In this way policies may be difficult or costly to change in the light of new circumstances, with the consequence that policy approaches that may have been 'efficient' at one point in time continue when the effectiveness is undermined by changed circumstances. Studies using this approach have increasingly focussed on explaining not only the origins but also the persistence of institutions that may not facilitate coordination among the social partners or relations between the state and society, the polity (Thelen 1999).

Rational choice institutionalism assumes a utility maximising assumption about human behaviour, involving extensive calculation, and drawing upon the economics of organisations including the transaction cost minimising approach of Williamson (1975, 1985). Institutions have the effect of structuring interactions so as to reduce an actor's uncertainty about the behaviour of others (thus assisting utility maximising calculations) by influencing or constraining the choice of possible alternatives or providing information about possible choices and enforcement mechanisms. '...rational choice theorists take a classic 'calculus approach' to the problem of explaining how institutions affect individual actions' (Hall and Taylor 1996 p.945). While the rational choice model has developed generalisable concepts that lead to systematic theory building, such micro-foundations involve heroic assumptions about the foresight of past and present actors and so rest on a relatively simplistic image

of human motivation. Intentionality is conceptualised ‘...in terms of a relatively thin theory of human rationality’ (p.951).

What Hall and Taylor (1996) call **Sociological institutionalism** developed within the ‘subfield’ of organisational theory. In the late 1970s there was a challenge to the distinction made between those aspects of the social world thought to reflect formal means-end rationality, for example bureaucratic organisations on the Weberian model and those aspects akin to myths and ceremonies thought to display a range of practices or processes associated with the transmission of culture. Those making this challenge emphasized the way institutions influence behaviour by providing cognitive scripts, categories and models that are indispensable for action since, without them, the world and the actions of others could not be interpreted. Sociological Institutionalists argue that new institutional practices are often adopted by organisations because they enhance social legitimacy rather than because they enhance means-end efficiency. However, in the longer term such enhanced legitimacy may at least ensure a given degree of efficiency when it is not actually reducing it. In this context a ‘logic of appropriateness’ as opposed to a ‘logic of instrumentality’ becomes relevant since what an actor perceives to be ‘rational’ is socially constructed. What confers legitimacy or appropriateness ‘...is an issue about the sources of cultural authority’ (Hall and Taylor 1996, p.949). The sociological approach goes beyond considerations of efficiency. It takes account of the role the collective processes of interpretation and the concern for social legitimacy play in the process of choice in institutional creation (Hall and Taylor 1996, Lindner and Rittberger 2003). This approach goes some way to explaining the presence of apparent inefficiencies in social and political institutions.

Hall and Taylor suggest that none of these three approaches appears wrong-headed or substantially untrue. They do seem to offer partial accounts, or focus on different dimensions of the relationship between human action and

institutions. However, they argue that historical institutionalism occupies an especially pivotal position as many of the accounts produced under this approach could be translated into rational choice terms while others have similar links with sociological institutionalism. Thelen (1999) argues there are more points of tangency between historical and rational choice institutionalism than is generally assumed. The dichotomy that the rational choice approach produces elegant theories but explains little of observed events, while the historical approach is guilty of 'merely telling stories', is false.

Hall and Taylor's observation that sociological institutionalism might benefit from paying more attention to the process of 'contention' is addressed by Lindner and Rittberger (2003) in their attempt to overcome the alleged lack of testable propositions associated with historical institutionalism and the notion of 'unintended consequences' of initial institutional choices. This again illustrates the pivotal role of historical institutionalism, particularly as Lindner and Rittberger demonstrate that actors may, under certain conditions, be doomed to opt for dysfunctional institutions at the moment of their creation (Hall and Taylor 1996, p.957, Thelen 1999).

Although Peters (1999) claims historical institutionalism itself has a limited capacity to predict, he nevertheless does consider the strength of historical institutionalism to be its lack of sharp distinctions, its similarity with other approaches. Thus it can be integrated, he argues, with most versions of institutionalism to possibly create something of an integrated institutionalist theory. While Peters argues historical institutionalism has limited predictive capacity, mainly being effective at 'post-dicting' change, Thelen argues that the key to understanding institutional evolution and change lies in specifying more precisely the reproduction and feedback mechanism on which a particular institution rests. 'Knowing how institutions were constructed provides insight into how they might come apart' (Thelen 1999, p.400). Such insights may be important in the process of both policy formation and

implementation. The issue of prediction and hypothesis testing in this study are dealt with further in Chapter 2.

It is the pivotal position that several writers accord historical institutionalism, with its links to the other two approaches, which supports its relevance for this study. The issues raised in the debate over the new institutionalism, and its role in understanding differing institutional frameworks and their impact on human behaviour, ties in with the use of a qualitative research method (discussed in Chapter 2) in the light of the criticisms of the methodology associated with rational institutionalism.

The significance of the institutional approach can be illustrated by the charge of hypocrisy levelled by the German economist Friedrich List at the British stance on free trade in 1841. The success of the industrial revolution in Britain List argued was the result not of free trade but of the protection of the Lancashire cotton industry from the skill, raw material and cost advantages of the Indian textile industry. Such protection was possible since Britain was the major political, naval and military power, and so able to enforce free trade on others to the benefit of its own industrial interests.

Any nation which by means of protective duties and restriction on navigation has raised her manufacturing power and her navigation to such a degree of development that no other nation could sustain free competition with her can do nothing wiser than to throw away the ladders of her greatness, to preach to other nations that she has hitherto wandered in the paths of error and has now, for the first time, succeeded in discovering the truth. Quoted in Eatwell (1982, p.75).

More recently a similar argument has been made in the context of world trade and the role of the 'Washington Consensus' by Stiglitz (2002).

A further important feature of the British experience of industrialisation and state development, compared with that of France, has been the absence of both

military defeat and revolution. The significance of the former in Britain can be illustrated by the case of the Fisher Education Act of 1918. One aim of this Act was the establishment of a system of part time compulsory education after the minimum school leaving age, modelled on that of Germany. A number of factors were responsible for the failure of this Act: the inflation immediately after World War One, the emphasis on reducing public expenditure in order to return to the Gold Standard in 1925 and the Anglo-American perception of the role of the Technical High School in German militarism. Since Germany had been defeated, a long-standing concern with educational and technological advances in Germany was overcome in a manner that delayed the development of the Technical University in England for forty years (Sanderson, 1988). The British experience illustrates why it can be difficult to redirect an economy. 'There was no shock or jolt...indeed a victory in war bolstered confidence, and lingering market positions and customer loyalties may have allayed a sense of urgency about the need to change' (Porter, 1990, p.506).

The significance of the absence of revolution is illustrated by Wiener (1981) who argues the social and ideological features of the pre-industrial (feudal) elite of Britain carried over into the industrial age. This can be illustrated by the continuation of the 'master and servant' concept in English employment legislation up to very recent times, as well as the centralised features of the British political system which have been characterised by a recent Lord Chancellor as an 'elected dictatorship', the exercise of the rights of a feudal monarchy by a 'Prime' Minister. The so-called 'Glorious Revolution' of 1688 is perhaps more correctly labelled a 'rebellion' – it was certainly a 'limited' revolution. It was not so much the system itself that was under attack, rather the way in which the current incumbents operated it. The contemporary features of British political institutions (including an hereditary second chamber in the process of reform, for example) are surviving examples of why what Marquand terms a 'developmental society' failed to be established in Britain.

As Pollard (1989) wrote, referring to the Reform Act 1832:

The reform of the borough constituencies was designed at least as much to enhance the power of the higher nobility who controlled many of them, and remove large numbers of urban voters from the county register, helping the traditional county families to come into their own once more (p.218).

Gray (2002) argues that a precondition of the nineteenth-century British free market was the use of state power to transform common land into private property. This was engineered through the Enclosures that occurred from the Civil War up to Victorian times. Gray argues '...the mid-Victorian free market was an artefact of state coercion...in which property rights were created and destroyed by Parliament' (p.8).

Forms of the State: Policy Formulation and Implementation

This section explores the relationship between forms of the state and the nature and process of policy formulation and implementation in England and France. In particular, attention will be focused on the work of Duclaud-Williams and his examination of developments in education policy in France (Duclaud-Williams 1982, 1985, 1990). The work of Ambler (1987, 1988) Allum (1995) Hall (1986) and Ziegler (1988) will also be considered.

It is not intended in this section to attempt a comprehensive review of state theory and the form of the state. The focus is on a more specific comparison of aspects of state forms in France and England, relevant to this particular study. At a general level, Zeigler's (1988) five-point scale saw Britain as a case of 'structured pluralism' and France as an example of 'weak corporatism'. At this general level the debate concerning the strengths, weaknesses and relevance of the various state forms has produced a considerable literature. The nature of this debate can be found in Allum (1995), Cawson (1985),

Crouch and Dore (1990), Grant (1985,1993), Keeler (1985), Wassenberg (1982), Ziegler (1988). The case of France in the context of the debate over forms of the state and recent developments is covered by, for example, Elgie (2003) and Schmidt (1996).

More recently, following the work of Jessop (1991), Bertramson et al.(1991) and Peck and Jones (1995), Jones (1999) identified three state regimes associated with different national contexts, though 'it is unlikely they will be found in their pure form, either nationally or locally' (p.61.) The three are: the neoliberal state, dominant in the free-market nations of the US and UK, where flexibility is sought through market liberalisation; the neocorporatist state dominant in Scandinavia where flexibility is achieved by balancing competition and cooperation; and third, the neostatist regime with weak and selective forms of corporatism found in France.

Here the search for flexibility is sought through active structural policies and market guidance. 'While the central state remains boss, concessions are made through regional and local political autonomy. There is also an active role for business organisations such as chambers of commerce' (Jones 1999, p.62). These three state forms represent different forms of interest mediation that are characteristic of an industrial society.

The debate over forms of the state, and the significance of an understanding of the processes of policy formulation and implementation in advanced industrial societies, is relevant to an understanding of key features of a society able to adapt effectively to changes in the global environment, a 'developmental society' referred to by Marquand (1988). Simmie (1990) argues that the variety of state forms follow from differences in the structure, characteristics and number of organisations and interests groups seeking to influence policy.

An aspect of the British approach to the problems of adaptation to an ever-changing environment has traditionally been scepticism over the benefits of state action while readily assuming the operational benefits of free markets. Traditionally, government in Britain has had ‘...an abiding prejudice which sees it as the natural business of government to react – not to act...’ (Shonfield 1965, p.386).

However, it is generally considered fruitful to consider state forms such as pluralism and corporatism as ends of a continuum, rather than definitive classifications (Allum 1995, Hall 1986). It is possible to identify aspects of both forms in different countries at the same time or in one country at different times. It is also possible for different sectors of the economy in one country to be located at different points along the continuum at any one time. For example, Coleman and Grant (1988) point out that while the CBI, in terms of its membership base, is one of the most wide-ranging business organisations among industrial societies, its ability to speak with authority is sometimes hindered by that very breadth of membership. Also, while there is an increasing concentration of economic power in the business sector in England ‘...business remains politically weak, making it difficult for government to enter into a partnership relationship...even if it wanted to’ (Grant 1993, p.18).

In the case of France, the neostatist label follows from a particular term used to describe the form of the state, *dirigisme* or state-centred direction of the economy. This has its origins in the 17th century and since the time of Napoleon has been supported by an independent administrative bureaucracy imbued with a strong sense of the ‘state’. An important feature of this ‘statist’ form is a corps of technically trained and skilled civil servants who, following competitive entrance examinations after at least a year’s preparation following the Baccalauréat, attend the same elite state educational institutions and so acquire membership of a prestigious group, or *grands corps*, of civil servants. The ranking of these *corps* is itself a consequence of the individuals’ ranking

in the competitive final examination at a *Grande Ecole*. It was these *corps* who, due to their *corporatisme* or collective self-consciousness as a consequence of their attendance at elite educational institutions, promoted modernization in France after the Second World War ‘...the French ‘corporatist’ relationship is really a statist one, given that government decision-makers are the key players in organizing the state-society relationship...’ (Schmidt 1996, p.37).

In the following sections the neoliberal and neostatist state forms are discussed to provide a context for the discussion of approaches to VET policy in England and France. Before moving on it should be noted that ‘corporatism’ is associated with negative connotations particularly in Anglo-American minds. This follows from extreme 20th century forms of corporatism associated with the rise of Fascism, Nazism and Stalinism. The term neo-corporatism was coined to differentiate contemporary forms of corporatist arrangements.

During the 1980s and 90s arrangements perceived as corporatist were the focus of policies associated with the development of New Right consumerism in Britain. The objective was to eradicate corporatist, tri-partite relations of government, labour and employers held responsible for the relatively poor performance of the British economy after 1945. An important factor in the approach to education and training policy, as well as other areas of public service provision in Britain, has been the reduction in the role of tripartite institutions (and, it is claimed, the role of the state) assumed to hinder the flexible and effective operation of free markets. However, as Simmie (1990) has argued, the development of New Right ideologies in the 1970s and 80s was, and remains, based more on the perceived failings of bureaucracy rather than the demonstrated positive characteristics of markets.

There are a number of reasons, for present purposes, for concentrating on the recent work of Duclaud-Williams. In his later work it is argued that pluralism

(neoliberalism) strengthens state autonomy. Compared with the centralised French state, the British state has the greater autonomy and the greater ability to overcome political resistance. Second, Duclaud-Williams has explored the issue of relative state autonomy in the area of education policy and third, in his contribution to Simmie and King (1990), he consciously leaves to one side (as previously indicated) whether the greater freedom of manoeuvre enjoyed by policy-makers in Britain leads them to over hasty and so ineffective, policy-making. It is this issue that the current project will evaluate in the case of VET policy.

Ambler has also been concerned with issues of state autonomy in the context of education policy in France and Britain since the 1960s. He points out that France is often seen to epitomise both the European notion of the 'state', and a prime example of a strong, centralised and democratic state (Ambler, 1988).

If indeed the British state does enjoy greater autonomy, two questions arise. First, what factors lie behind the continued absence of a developed vocational education and training system comparable to those in major European competitors? Marquand (1988) has provided one answer to this question. Second, will recent and current policy developments in the area of VET in England be more effective than previous ones?

A Neoliberal State – England

In the neoliberal state the government is seen as holding the ring within which interest groups compete for scarce resources according to shared 'rules of the game'. The government in such a state simply reflects the balance of strengths and weaknesses of the groups when allocating scarce resources. It acts as an arbiter, taking into account the group interests *and* the 'national interest'.

The consequence of these assumptions is a situation, if not of a perfect political market, at least of a free and loyal one: the

competition between groups prevents the domination of one group and preserves the balance between groups (Allum 1995, p.250).

Compared with France, regulatory norms in Britain:

...represent less an overarching goal for the system than a prescription about behaviour or the rules of the game, which include mutual confidence, a certain accepted amount of state intervention, informal consulting, secrecy and confidentiality, and so forth (Schmidt 1996, p.43).

The attraction of pluralism or neoliberalism for those with power is that it ignores the agenda-setting aspect of power, the ability to limit the scope of decision-making, first identified by Bachrach and Baratz (1962) and later developed by Lukes (1974) in his notion of ideological hegemony, where a group interest comes to be established as a 'national' interest. The 'descriptive inadequacy' of the pluralist view particularly in respect of the role and nature of power in society has been noted by Clegg (1989), Lukes (1974) and Wolfinger (1971).

The pluralist or neo-liberal analysis concentrates on who participates in the decision process rather than on what difference the participation makes to the outcome. The focus is on one aspect of power only, not necessarily the most important one (Allum 1995). Adopting the work of Duclaud-Williams (1990) and Ambler (1988) on pluralism, it is possible to argue that a neoliberal state also involves the existence of interest groups who are required to operate in an institutional framework that neither entitles nor enables them to establish direct access to the policy process.

The observations of Pollard (1989) and Grant (1998) on the 1832 Reform Act and the Victorian free market mentioned earlier, plus current debates in England over the role of the monarchy, the reform of an hereditary upper chamber, regional assemblies, devolution and proportional representation, illustrate the state centred nature of the English neoliberal state.

The current approaches to the role of the state in Britain in the area of education and training can be equally subject to the charge of hypocrisy levelled by List against the British espousal of free market doctrines in the 19th century. Only governments with considerable autonomy from competing interests can achieve further centralisation under the banner of deregulation and flexibility. The autonomy of the British state that Duclaud-Williams (1990) and Ambler (1987) identify has been used, arguably, to increase centralisation of control. Walker (1987) and Peck (1990) made similar points in the case of youth training, and Peck (1993) and Bennett et al. (1994) make the same points in the case of the establishment and management of TECs.

A Neostatist regime – France

The views of List, which underpinned much of the economic policies of Bismarck in the struggle to establish a modern industrial Germany, were well received in France because of his claim to be repeating the views of Jean-Baptiste Colbert (1619-1683), Finance Minister of Louis XIV. Colbert, described by Adam Smith as a 'laborious and plodding man of business' (Eatwell, 1983), was an early advocate of the importance of quality rather than price in international trade: a precursor to Bonaparte's 'Nation of Shopkeepers' jibe directed at the English. Not only was Colbert involved with Richelieu in the establishment of several trade schools in 17th century France, but his views on the importance of centralising control and direction were reflected in the institutional structure of France established by Napoleon, whose '...political reforms, have provided the keynote of French economic policy for the past two hundred years...' (Eatwell 1982, p.75).

Taking issue with Adam Smith's assertion that individual self-interest was the key to economic success, List argued:

A system of the private economy of all individual persons in a country...[was] not a scientific doctrine, showing how the productive powers of an entire nation can be called into existence, increased, maintained and preserved... (Marquand 1988, p.91)

In the aftermath of the Revolution, a link was established in French thought between the ideal of equality of opportunity and centralised government as a means of countering the feudal notion of the social bond. This approach contrasted with that of Adam Smith who proposed the individualism of the market as a means of weakening feudal ties and the associated notion of '*noblesse oblige*'. The idea in France of national uniformity, of the equal treatment of citizens across the country was based on the *jacobin* idea that the state represented the common good or the general will of the people. Even before the Revolution there were state-owned mining companies in France, and there has been a positivist tradition in France linking the notion of social progress with rational, scientific thinking that pre-dates the revolutionary period.

Such thinking was responsible for the establishment of the *École des Ponts et Chaussées* in 1715, *École des Mines* in 1783, and the Central School for Public Works in 1795, later to become the *École Polytechnique*. These were all established to meet a recognised need for highly trained and technically competent civil servants and officials in key areas where the state was heavily involved. They were followed in 1802 by the Napoleonic *Lycée* that established strategic state control over secondary education.

The idea that the centre should control the periphery has its origins in the *ancien regime* prior to the Revolution, but found its most complete expression...under the Napoleonic Empire when the process of centralization was completed (Elgie 2003, p.212).

An understanding of the approach to policy formulation and implementation in France must be premised on the institutional framework established as a result of the Revolution.

A key feature of the Napoleonic administration was the drive for efficiency. French administration was modelled on a military hierarchical command structure. The necessity for such a structure was further strengthened by the perceived need to establish a coherent, unified nation after a lengthy period of civil war. The administration was characterised by centralisation and uniformity, a pyramidal structure of decision-making in which local authorities had exactly the same legal powers.

Statist, powerful, centralised, hierarchically-structured, ubiquitous, uniform, depoliticised, instrumental, expert and tightly controlled; such were the dominant features of the Napoleonic administrative model...even now the French administration bears the Napoleonic imprint... (Wright 1990, p.116).

The administration was assumed to embody the continuity of the state and represented the general interest. The distant, disinterested, dispassionate and depoliticised nature of the administration reflected the grandeur of the state.

The role of the *Préfet* (Prefect) illustrated the nature of centre-periphery relations: to ensure the implementation of decisions made in or by the centre – in effect, Paris. Technically competent civil servants and state officials, rather than politicians, defined and implemented legislation, and their role extended to areas such as education, which in England was left largely to private individuals, municipalities or both (Elgie, 2003).

It was not...the countries with the most developed economic relations that exhibited the most far-reaching adaptive responses within education. It was where...the state was conceived as an important instrument of economic development...(Green 1992, p.108).

This development can be related to points made earlier concerning the ‘secondary industrialiser’ or ‘late development’ syndrome. While both England and France industrialised in the 18th century, the slower rate of

French growth, combined with military defeat, resulted in state initiatives to strengthen development under Napoleon III. Partly as a result of this France acquired powerful industrial or development banks, which in turn led French industrialists to become dependent on public institutions at an early stage, and to a greater extent, than their British competitors.

A feature of the approach to planning after 1945 involved industrialists, trade unions and 'experts' joining commissions to 'sell' the plans to the business community. This system of indicative planning was associated with a period of development known as '*les trentes glorieuses*' - the 30 years period of almost continuous growth after World War Two. However, following the oil price shocks of 1974 and 1979, and the growing international interdependence of the economy, French officials moved away from a *dirigiste* approach to one relying on more market-oriented policies.

During the 1960s the Plan had anyway become more of a macroeconomic exercise designed to identify potential problem areas in the economy. This was largely due to the inability of the planners to cope with the consequences of the increasingly interdependent nature of the French economy (Hall 1990). These features of French national administration have been at the core of recent developments in France culminating in the decentralisation laws of 1982-85, characterized as 'local decentralised dirigisme' by Schmidt (1988, p.53).

The decentralisation laws allocated every level of local government new interventionist powers and resources with no reduction in the number of the traditional actors. Thus the energies of the social partners (state, capital, labour, agriculture) and representatives of local interest groups can be mobilised and incorporated into the policy process. This created a powerful role for Regional Councils in France that have the capacity to enhance the coherence and effectiveness of proposals for regional development.

Decentralisation laws mandated all levels of local government to promote economic development, business expansion, innovation and job creation. The laws instituted a regional planning process that 'democratised as it decentralised national planning'. Locally elected officials came to see one of their roles as fostering enterprise and the growth of business in their areas. This focussed attention on reducing unemployment, encouraging business creation, attracting employers and, importantly, retraining workers (Schmidt 1988). The regional planning process gives regions, mandated to consult with all other levels of local government, a new *dirigiste* role, at a lower level than that of the state.

It should be made clear at this point that the issue of regionalisation was not specifically addressed by this project. The French decentralisation laws had been in operation for between fifteen and eighteen years by the time of the fieldwork (early 1997 to late 1998) for this project. The fieldwork predated the emergence of Regional Development Authorities in England. Though 'on the horizon', they were not on the agenda of the employers and only spoken of in very general terms by Training and Enterprise Councils. Even though RDAs are now in existence, and Local Learning and Skills Councils are being restructured, a regional tier of administration is widely seen as another (costly) layer of bureaucracy by politicians and the public alike. A key factor driving development in England has been the requirements of the European Union in the administration and funding of structural development funds. 'The idea of regionalisation does not sit well within the political culture of the contemporary British state' (Philip 1996). The issue of regionalism in the EU has produced a considerable literature relevant to developments in England and France. Examples are: Bradbury (1997), Haughton (2004), Keating (1998), Le Gales (1998), Loughlin (2001), Wagstaff (1999). Also of interest are Clark (2004) and Jobert (1998). Jobert's work considers the tensions that can arise as the parties adjust to the demands of negotiating at a regional level as opposed to the national or local levels. Although Jobert is concerned with

training in the regions, and its collective regulation in France, similar tensions also characterise relations in England between the participants in developing regional structures.

Rising levels of unemployment associated with the oil price shocks, resulted in French planners adopting programmes designed to improve the skills of the workforce. The 10th Plan for the period 1989-1990 again emphasised the importance of education and manpower planning (Hall 1990). France now has an active and complex manpower policy involving work experience programmes for young people and the unemployed, and concessions for employers on social security charges designed to encourage small and medium employers (SMEs) in particular to take on new employees.

Also in the early nineties a consensus developed around the restructuring of French capitalism along the lines of Germany where banks provide stability and protection from hostile takeover and maintain a long-term view over capital investment in the downturn of the economic cycle (Schmidt 1996, Amable 2001). In this period the Anglo-American approach to business was criticised for its emphasis on risk-taking and short-term profitability rather than the long-term development approach which was considered to characterise, for example, Switzerland, Germany and also Japan (Albert 1991). The criticism was based on the widely held view in France that an industrial policy focused on manufacturing, rather than services as in Britain, was the key to economic growth ‘...let alone (Britain’s) laissez-faire approach to state involvement...’ (Schmidt 1996, p.171). An aspect of the French approach, important for this project is that in addition to investment in manufacturing, priority should also be given to training.

While France is typified as a centralised and ‘strong state’, the centre was never the all-powerful, unitary, all controlling entity of myth (Elgie 2003, Schmidt 1988, 1996). For example, precisely because of the hierarchical and

bureaucratic structure of the state, Ministries, and sections within them, were in competition for resources and influence in what Elgie refers to as a 'conglomeration of competing Ministries' (p.80). Equally, the state in France often acts in conjunction with social actors or partners in a form of sectoral corporatism. This has particularly been the case in agriculture and teaching, for example.

The educational system in France is centralised to a degree not experienced in England until recently - and then in a different form (Tanguy and Rainbird 1997). The government in France retains considerable and formidable powers over educational funding, the curriculum and the employment of teachers. However, the corollary of this centralisation is that it has produced, according to Duclaud-Williams and Ambler, a complex set of vested interests such that all issues become politicised, illustrated by attempts to introduce changes in the training and education of teachers (Judge et al. 1994).

Teachers in France are civil servants and divided into distinct groups according to whether they teach in primary or secondary schools, and within secondary schools they are further categorised on the basis of their qualifications. As these divisions are incorporated into the centralised system of educational administration, dealing with a centralised state has forced the teachers' unions to adopt structures and procedures that mirror the structure of the state.

Difficulties experienced by the Education Ministry in implementing change arise from the centralised nature of the educational system. This forces interest groups, trade unions, students and parents to organise to match the power of the centre. It is precisely the ability of interest groups to exercise such access to the centralised educational system that is held responsible for the lack of autonomy of the centralised French state. It is in this context that

the so-called pluralist or neoliberal character of the British system may be considered to enhance the state's autonomy.

Conclusion

This project is concerned with the link between the process of formulating and implementing VET policy and the enterprise strategies of employers in England and France. The objective is an evaluation of the advantages and disadvantages of two approaches to the formulation and implementation of VET policy in the two countries: the voluntaristic, market based neoliberal approach in England compared with the more corporatist or neostatist arrangements which characterise the approach in France.

In the context of education and training policies in France, the neostatist approach created a role for Regional Councils intended to enhance the coherence and effectiveness of regional development proposals. However, while the energies of the social partners and representatives of local interest groups may be mobilised and incorporated into the policy process, undoubted tensions may arise between the parties in the process of developing and implementing policies at the regional level. This represents a new forum for parties more familiar with the national or local level of negotiating (Jobert 1998). However, providing such tensions are managed, the process can provide a spur to local economic development which is not only consistent with Marquand's developmental state but, arguably, is missing from a neoliberal, market oriented, short-term, centrally financed and politically controlled world occupied by employers, Chambers of Commerce and TECs in Britain.

Neave (1991) emphasizes the role of differing 'visions of the market place' which drive politicians in France, Germany and elsewhere to seek market linked solutions to common, shared, problems. Though Neave was discussing

developments in higher education, the point is relevant to policy making in the area of VET. Neave concludes by stressing that the British vision is ‘...far more radical in the undiluted application of ideologically driven policy than any of its major European neighbours’ (p.39). This view is supported by Drake (1991) who argued the British training system was one of the most unregulated in the industrialized world, and that ‘...no (EU) member state relies as heavily on the market as the United Kingdom’ (p.228). Britain has been described as more of a ‘market society’ than a ‘market economy’ (Gray 1998).

Developments over the last forty years or so in the approach to VET in both France and Britain have been driven by the example set by Germany in particular. The point is not that Britain should adopt the French approach, any more than it should (or could) adopt the German model. The point is that an examination of the French approach to VET policy may at least highlight advantages and disadvantages associated with differing approaches to policy formulation and implementation.

Greaves (1994) provides an example of what can be learnt from comparative studies in the context of the publication of league tables and examination results. To enhance parental choice *Le Monde de L'Education* started publishing in 1981 Baccalaureate results for every *Lycée*. This was followed by the abolition of catchment areas for *Lycées* in 1987, also justified in terms of parental choice. This combination of innovations produced similar concerns amongst teachers, and problems for the government, as league tables have produced in Britain.

How can we accept the publication of examination results without making clear for each establishment the percentage of pupils who have given up on courses, the numbers repeating a year, the difference between the level of entry and the national average level? It almost beggars belief that a second national government should follow the footsteps of another into the mire of divisiveness and misrepresentation which issues from the publication of

examination results, as already acknowledged through the experience of a partner state (Greaves 1994, p.185).

Greaves' argument is consistent with Rose's (1991) distinction between comparative statics – what can be learned? and comparative dynamics – what does *their* present tell us about *our* future? Rose calls comparative dynamics 'prospective evaluation': it is not so much about prediction, but about minimising the waste from false starts.

So, what can be learned from comparing two differing approaches to the formation and implementation of VET policy? There are four questions this study will address.

- How do employers operating under more regulated or neostatist type arrangements, as in the French case, cope with a regulated VET system?
- Why do employers, and policy makers, in England remain wedded to what is essentially a neoliberal market based approach to VET?
- How, if at all, do the product-market strategies of enterprises differ under neoliberal and neostatist type corporatist arrangements, and how far do these impact on approaches to VET in the two different systems?
- Finally, in the English case, what lessons if any, can be drawn from the answers to these three questions?

The study involves a comparison of two broadly similar regions in England and France. Interview-based case studies of employers in a range of sectors across the two regions were carried out, as were similar case studies of

Chambers of Commerce. In the English region similar interview studies took place with Training and Enterprise Councils, of which there is no equivalent in France.

Chapter 2 will set out the research method adopted for the study, and the reasons why the method was adopted. Chapter 3 considers the developments in VET policy in England since the 1960s and in Chapter 4 developments in France in the same period will be considered. Chapter 5 reports the responses of employers in the West of England to issues concerning their approach to training and responses to changes in policy, and Chapter 6 reports the responses of French employers in the Midi-Pyrénées to the same issues. Chapter 7 goes on to discuss the responses of Chambers of Commerce and TECs in the West of England to questions concerning their perception of the training issue, and Chapter 8 reports the responses of Chambers of Commerce and Industry in the Midi-Pyrénées to the same questions. Chapter 9 then evaluates the evidence from the English and French interviews to assess the advantages and disadvantages associated with the approaches to policy in the area of VET in the two countries and the impact on enterprise strategy. Answers will be suggested in the English context to the questions ‘what is to be done? and how should it be done?’

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Chapter 2

Methods

Following the discussion of new institutionalism in Chapter 1, and the differing experience of industrialisation and state forms in England and France, this chapter will move on to discuss the utility of a cross-national study, the choice of the qualitative research method, sampling methods, the research process and data collection and analysis. The issues of validity and generalisability associated with the research method will also be discussed.

Why a Cross-national Study?

The practical value of studying, in a right spirit and with scholarly accuracy, the working of foreign systems of education is that it will result in our being better fitted to study and to understand our own (Sadler 1900).

It (comparative research) is seen as useless for direct copying or 'quick fixes' for policy problems but as useful for outlining alternative approaches to a problem and elaborating the institutional conditions under which a solution may be achievable (Ryan 1991, p.17).

By making comparisons, by assessing one situation or framework for action in relation to another situation or framework, an observer (a policy maker) may gain a more complete understanding or perspective on their own situation, their own taken for granted world. The range of choices or constraints facing the policy maker may be clarified. In other words, the policymaker will learn something.

By asking questions and trying to answer them we learn how (for example) do we go about increasing retention and achievement post-16 to match that of France and Germany? Why does the school leaving/university entrance examination in England involve three or perhaps four subjects at most while in mainland EU

countries it is usual for students to take up to eight subjects of which several are compulsory? What can we learn from the policy process in, say, France or Germany, Holland or Sweden?

In the area of public policy, comparisons may identify what might be a feasible policy proposal or method of implementation, as well as what may not be feasible. Comparisons may illustrate why similar problems are approached differently in different countries. The different approaches may have their origins in social, historical or institutional factors that cannot be replicated in our own country, but that does not mean there is nothing to be learnt from the differences. At the very least, by making a comparison decision makers may be led to *question* taken for granted assumptions about the opportunities and constraints that face them in their own country. Such questioning can illustrate for decision makers why an institution or policy that appeared to work in the past no longer seems to meet the old, let alone new, needs.

Heidenheimer et al. (1990) suggest a further advantage of comparing public policies. They argue that comparative policy analysis is relevant in a world characterised by interdependence. In a global world policies adopted in one country have significant policy implications for other countries. It is necessary to understand different problem solving approaches in different countries and how they interact. They argue that the comparative analysis of policy formulation and implementation broadens the understanding of particular policy problems in areas such as, for example, health, education and industry.

Comparative policy analysis also enhances the understanding of lessons to be derived from experience with particular approaches to policy formulation and implementation. Consequently, the comparative analysis of public policy occupies a position between 'pure' and 'applied' research. In this study the objective is to assess the relative utility of approaches to vocational education and training policy that are more reliant upon regulatory arrangements than the

operation of market forces. In particular, the study examines the relationship between these two approaches to education and training policy and the influence on enterprise strategy.

Interdependent factors, important in the development of socio-economic institutional frameworks, as identified by Dore (1973) in the case of late or secondary industrialisers, were emphasised by Maurice et al. (1986). In their comparative study of hierarchy and skill utilization in German and French companies these authors identified the significance of interdependent factors they labelled the educational and training domain, the organisation of work domain, and the industrial relations domain. This relates to Granovetter's (1986) notion of the embedded nature of economic action.

France as a comparator?

There are both institutional and educational reasons for selecting France as one of the two countries to be compared in this study. Following the discussion in Chapter 1, which located England and France on a continuum of state forms, a comparison of approaches to public policy on VET in England and France is a comparison of apparent contrasts. There are also educational reasons for using France as a comparator for a study of approaches to VET. By the 1970s, France, like England, compared poorly with Germany in the area of VET and this provoked policy changes in both countries.

In the 1980s the British Government drew attention to apprentice training in both Germany and France when planning changes in British training policy (Robertson & Waltman 1992, Bennett et al. 1989). However, as discussed in detail in Chapters 3 and 4, the two countries followed their respective institutional histories in responding to the challenge of Germany.

In England, a system of Industrial Training Boards (ITBs) and a levy paid by employers was abandoned in 1981. In 1991 Training and Enterprise Councils (TECs) were established as industry lead institutions. Their role was to establish and develop a market in training. The 1988 White Paper, Employment for the 1990s (Cm 540), sought to empower local business leaders by 'giving them responsibility for developing a strategy for government's training and enterprise programmes' (Bennett et al 1994, p.1). As Keep (1991, p.39) observed, the White Paper:

Reaffirms the Government's commitment to deregulation and increasing labour market flexibility...to pursuing voluntary moves by companies towards financial participation and employee communication as an alternative to any notion of social partnership.

As will be apparent from Chapter 1, this reaffirmation was in the context of concern at the time about the state of technical education and training in Britain, some one hundred and thirty years after such concerns had been first expressed. This continued emphasis on a neo-liberal approach to policy formulation, in an area where any success had been limited at best, raises the kinds of questions that institutionalists address. As already indicated, from an early date the problem had been construed as one of a lack of demand for training associated with an approach to enterprise strategy centred on price and cost.

In 1991 Training and Enterprise Councils (TECs) were established to develop a market in training. These were modelled on what was thought to have been a successful initiative in Boston, Massachusetts. There is debate over the extent to which the model provided by what were known as Private Industry Councils in the US, and their relevance to England, was a consequence of a misunderstanding of their role and function in one town in one state in the US (Jones 1999). The TECs – akin to rearranging the deckchairs – were an example of dubious policy borrowing on the back of a shared language and provided the impetus for this

study examining the role of regulation and the links, if any, with enterprise strategy in the development of an effective VET framework in Britain.

Qualitative Research

A key role of qualitative research is the provision of insights, explanations and theories of social behaviour. It aims to explain and illuminate the attitudes, behaviour and experiences of people. Qualitative research offers policy makers a basis of understanding, or a theory of social action, *grounded* in the world-view of those who will be affected by a policy and the method or style of implementation. Or, as Walker (1985) argued, those who are ‘...thought to be part of the problem’ (Quoted by Ritchie & Spencer 1994).

Ritchie & Spencer conclude by suggesting that as a consequence of analysing qualitative data and identifying the underlying motivations, patterns and explanations, it may be possible to develop strategies for change arising directly from the qualitative data. The basis for these change strategies may arise from suggestions made by respondents themselves, or they may be derived from, or *grounded* in the way in which the nature of the problems or issues are described and illustrated by the respondents.

Qualitative research is an attempt to present and re-present the social world, and the perspectives on that world, of the people studied in terms of their concepts, behaviours, perceptions and accounts (School for Policy Studies, Bristol 1994. Notes on Methodology).

In qualitative research the views, feelings, perceptions and meanings of the respondents emerge from the data, thus illustrating the notion of the ‘accountable’ (Garfinkel 1967), the ‘embeddedness of economic action’ (Granovetter 1985) and the role of rhetoric (Potter & Wetherall 1994). Garfinkel argued that social actions are inseparable from a body of common sense knowledge and practical reasoning that renders human conduct ‘account-able’. Granovetter

argued that the 'embeddedness' of economic action arises from the fact that social behaviour and institutions are so constrained by ongoing social relations that to construe them as independent is likely to result in serious misunderstanding. These two approaches are consistent with the view that an individual constructs a claim, or a justification for an act, in a way that makes them appear fair, reasonable or objective; to make them 'accountable' (Potter & Wetherall 1994). The illumination and illustration of such features of social behaviour are central to debates around the formulation and implementation of policy.

The point of qualitative research is to make sense of the way in which people sharing a situation or environment makes sense of 'their' world. How they identify what are appropriate or rational actions in the light of accepted or shared objectives among the collectivity or group of which they see themselves as part. This approach places less evidence on the *quantitative* aspects of social life as commonly represented by, for example, opinion polls.

Qualitative research uses relatively open questions or topic guides and the data is typically in the form of interview transcripts. During the analysis of the responses recorded in the transcripts (the data) concepts, categories and typologies emerge from the data. This data includes the pauses and hesitations as well as the spoken words of the respondent. The categories and typologies constructed from the data are used to illuminate the views, feelings and perceptions of the respondents; the meanings the respondents impute to their environment and the way they construct a context for what they do. In the case of a cross-national comparison, this refers to what Silverman (2000) calls 'contextual sensitivity'. Contextual sensitivity requires the researcher to recognise that apparently similar institutional arrangements such as the firm or enterprise, management, employment relations, even strategy, take on different meanings in different contexts.

In the current study this was illustrated by the way, for example, the English and French employers responded to questions about employee involvement in

decisions over training. While employees in England *may* be consulted about training, this depended upon the approach of the individual enterprise, or even the individual responsible for training. On the other hand, in France employee representatives have a *right* to be consulted.

The interviews with Chambers of Commerce (CoCs) identified another cultural or contextual issue. Chambers in England and France were asked about their 'membership': how many firms, size range and sector. The French Chambers counted as 'members' only '*Membres Titulaires*', individuals elected by those enterprises obliged to pay a subscription to the Chamber (see Chapter 8), while English Chambers meant enterprises that *chose* to pay a subscription. While the senior managers in England who authorised membership regarded themselves as 'members', the Chambers considered *all employees* of member enterprises as members (see Chapter 7) and entitled to benefits. An important point is that those referred to as 'members' by French Chambers are elected representatives of the industrial and commercial sectors present in the area covered by the Chamber. In the English case, the de facto membership (i.e. senior managers) represented only themselves, though they could represent wider views depending on the extent of their personal network of contacts.

Why qualitative research for this project?

Like the case study, it often throws up insights on qualitative factors which cannot be assessed statistically...Without measurement there may be no science in a strict sense but without qualitative comparative research there would be fewer ideas (Ryan 1991, p.16).

There is considerable empirical and quantitative evidence going back over two decades comparing VET in England with that of major European competitors. In the light of these studies there is little need for a further quantitative study. More important is to address the issue of why so little seems to have changed as far as the situation in England is concerned.

The National Institute of Economic and Social Research (NIESR) carried out a series of studies during the eighties (see for example, Prais 1981, Prais & Wagner 1983, 1985, 1988, Steedman 1987). These and other NIESR studies compared vocational education and training in a number of European countries in a number of occupational areas. There are also the OECD studies of educational attainment, the most recent of which reported in 2003. Finally, the 2002 Green Paper on extending opportunities for the 14-19 age group (Cm 5342) sums up the present situation after these and many other academic comparative studies.

Half a century ago, at the time of the 1944 Education Act, it was clear that the nation needed to develop better vocational and technical education to meet the needs of a rapidly changing post-war society. During the last sixty years...successive attempts have been made to improve vocational education and raise its standing in society. In practice, most of these changes were piecemeal and enjoyed limited or no more than short-term success, while a long tradition of apprenticeship training was allowed to go into decline...We need now to rectify the *traditional neglect* of vocational education as a route to success and encourage far more young people to stay on in learning after age 16 (Cm 5342: Para. 1.1, Chapter 1, emphasis added).

The concerns expressed in this opening paragraph echo those first expressed a decade after the Great Exhibition of 1850, and repeated in a number of enquiries and Royal Commissions in the second half of the 19th century. While a long tradition of apprenticeship training was indeed lost in the period mentioned in this paragraph, that tradition had been criticised over a number of years for an inappropriate emphasis on timeserving rather than skill development.

The current project is an attempt to come to an understanding of why, after nearly a century and a half of concern over vocational education and training in Britain, English managers and policy makers remain committed to a market based voluntary approach for dealing with the issue. The project also involves an attempt to develop an understanding of how French managers cope with a regulated system that is anathema to their English peers.

In particular, an objective of the research is to assess the relationship between the different policy approaches to VET and the product market strategy of enterprises in the two countries. The attempt to understand, to illuminate and to make sense of, the perceptions of employers in the two countries requires something other than a quantitative study. Indeed, it is the quantitative research that has already been undertaken on the qualifications of the labour force in Britain compared with major European competitors that is the basis of the puzzle. Why do policy makers and managers in England still emphasize the benefits of market-based voluntarism in training and the economy in general, while in France they appear more accepting of a degree of regulated, tripartite approaches to the same issues?

Quantitative studies may assist policy makers to identify which particular policy initiatives would be favoured by which groups, and which would not, but this quantitative data would not necessarily explain or illustrate the reasoning underlying those views, nor the strength with which they were held. Asking respondents to report the strength of their feelings on a scale of 1-5 for example, does not explain *why* they feel the way they do. If a respondent is then asked, 'Why do you feel this way?' a qualitative study is underway. This is the role of focus groups.

Qualitative research is complementary to quantitative research rather than being an alternative. In this way qualitative research and data analysis can be helpful. As Ritchie and Spencer argue, the output of what they term 'applied policy research' is research with a potential for actionable outcomes: research that needs to be targeted on providing answers, or at least providing greater illumination or understanding of the issues underlying the perceived problem. Such understanding can inform both the process of policy formulation and, importantly, implementation.

Because of the emphasis in qualitative research on making sense of the way people make sense of their world, hypotheses do not form the same basis for research as they do for quantitative research. Hypotheses, in the strict scientific sense of the term, may not be appropriate when the problem or objective of the research is to make sense of the way in which two groups in different (or even the same) societies make sense of their worlds.

An early justification for the hypothesis playing a relatively minor role in qualitative research compared with quantitative research was given by Johnson (1949) and referred to by Dalton (1964). Dalton quotes Johnson who expressed the fear of ‘...The tendency for hypotheses to degenerate into frozen prejudice’ (Dalton 1964, p.54). Dalton notes that explicit hypotheses are themselves dependent upon a degree of familiarity with the situation to which they will apply. He also refers to the work of two natural scientists – a physicist P.W. Bridgman and a chemist Michael Polanyi. The former, a Nobel Laureate, argued the scientific method was simply a special case of applying intelligence and any unique characteristics were due to the nature of the subject matter rather than the method. Polanyi argued that while the scientist is methodical, the methods ‘...are but the maxims of an art which he applies in his own original way to the problem of his own choice’ (Polanyi 1958, p.311, quoted in Dalton 1966, p.90).

Importantly, Dalton also points out that objectivity may be less difficult for the natural scientist to achieve than it is for the social scientist ‘...Who studies entities from which he derives most of his attitudes (personality) and on which he relies greatly even to preserve his sanity’ (Dalton 1966, p.90). The process of making sense of the way a person or group make sense of their world implies that what may have originally been formulated as a formal hypothesis, will be modified in the process of data analysis. As the interviews proceed, new ideas or insights may emerge from the responses. Such ideas and insights will lead to the replacing or modifying of the original hypotheses, or the addition of new ones.

In the study of organisations Crompton & Jones (1988, p.72) point out: ‘...quantitative data always rests on qualitative distinctions.’ This is because even organisations in the same country do not necessarily share similarly structured hierarchies, for example. The same job title in two organisations in the same sector of the same industry in the same country, does not necessarily equate to the jobholders having the same responsibilities, similar numbers of subordinates or being at the same level in the hierarchy. There is also the effect of the relative market strength of the two organisations. For these reasons the two jobholders may well be faced with different demands, different constraints and so different choices. In effect they have different jobs.

Stewart’s *Contrasts in Management* (1976) was provoked in part by the difficulties associated with designing and delivering management courses when job titles (or even job descriptions) give very little indication of the demands, choices and constraints inherent in a particular job. This is significant for the promotion and development of staff even in a single company. Promotion in one firm, let alone moving to another, may mean moving between jobs with very different characteristics and demands. Being able to compare jobs with the same title in two or more organisations requires knowledge of how the organisational cultures differ. To understand such differences, and why they exist requires a form of qualitative research.

In the context of cross-national comparative studies of management Lawrence (1988, p.99) warns of the danger of what he terms ‘the fallacy of self-fulfilling equivalence’, for example, assuming that personnel or HR managers in England and France do the same jobs and have similar demands, choices and constraints. As Stewart (1976) showed, this did not hold true even in one country! They *may* be similar, but that has to be established rather than assumed. A qualitative approach will be necessary to establish just what happens in different countries or companies, and *why* and *how* jobs and processes may differ. Hypotheses, in the strict scientific sense of the term, may not be appropriate when the objective is to

make sense of the way people make sense of their world and what is happening to them. 'Observation is also calculated to yield unprogrammed insights. Most research is dependent on presuppositions (the scientist calls them hypotheses).' Lawrence (1988, p.103).

Dale & Glover (1990) noted an example of this kind of problem. In using European Labour Force Survey data to compare the training received by French and British women they found to their surprise that British women in full-time employment received more than four times the 'job-specific training' received by French women. On further investigation it transpired that the French statistical bureau INSEE categorised only apprenticeships as job-specific training. In the British case a small number of apprenticeships were lumped together with general 'in-house' training. In the English sample for the current study, such 'in-house' training would include induction courses, health and safety courses required by legislation, and in food processing the food hygiene courses required by legislation and additional such courses required by major retail outlets.

In order to address the view that grounded theory is given lip service to a greater degree than is appreciated (Bryman 1988, Richards & Richards 1991), and to minimise Johnson's (1949) concern of hypothesis like statements degenerating into frozen prejudice, the chapters reporting the surveys of the employers, CoCs and TECs (in England) are largely descriptive. They report results and contain a minimum of evaluation. Evaluation is specifically undertaken in Chapter 9 as the basis for the conclusions reported there.

Research framework and sampling

In order to arrive at answers to the questions identified in Chapter 1, employers and Chambers of Commerce in four counties in the West of England, centred on Bristol, were interviewed, as were employers and Chambers in five *Départements* in the Midi-Pyrénées region of Southwest France, centred on Toulouse. These two

regions share similar economic features. Both are centres of electronic and aerospace manufacture, agriculture, food processing, tourism and the chemical industry. The two regions also share an historic association with engineering manufacturing, chemical and coal mining industries. In both cases these had either disappeared completely (coal mining), or survived in specialist sectors (chemicals, aeronautical and agricultural engineering).

Employers in the West of England were selected from the two volumes of Dunn & Bradstreet's register for the West of England and in France the INSEE (National Statistics and Economics Institute) register of employers in the Midi-Pyrénées region of France was used. In England the focus was on what had been the four counties of Avon, Gloucestershire, Somerset and Wiltshire up to the reorganisation of local government in 1996. These four areas were chosen as, centred on Bristol, they represented the major concentration of industrial and business activity in the West of England. Also, the travel to interview time was optimised. Up to two, or on rare occasions three, interviews could be fitted in on one day and still allow for a geographic and sector spread. The four areas selected were appropriate in illustrating the major business and industrial activities throughout the region.

In the Midi-Pyrénées five *Départements* were selected: Aveyron, Tarn, Tarn-et-Garonne, Haute-Garonne, where the regional capital Toulouse is located, and Haute-Pyrénées. These stretch from the northeast to the southwest of the Region and as in the English counties constituted the main industrial and business axis of the Region, with similar profiles to West England.

Following the explanation and justification offered earlier for adopting a qualitative approach in this study, the sampling method adopted was 'purposive' or 'theoretical' sampling. The attempt to make sense of the way people make sense of their world means that probability sampling centred on techniques of statistical analysis in estimating population parameters or testing empirical

hypotheses, is not appropriate for the reasons indicated by Johnson (1949), Dawson (1964), Stewart (1976), Crompton and Jones (1988), Lawrence (1988), Dale and Glover (1990), Kuzel (1999). Where the aim of the research is a wider understanding of social processes or social actions (as in the current study), the representativeness of the sample in the statistical sense may be of less importance (Arber 1993).

As Silverman points out, sampling in qualitative research is neither statistical nor purely personal – it should be theoretically grounded (2000, p.105). This follows Bryman (1988, p.90), who argued that qualitative research follows a theoretical not a statistical logic: ‘...the issue should be couched in terms of the generalisability of cases to *theoretical* propositions rather than to *populations* or universes’ (emphasis added). On similar lines Mason (1996) argues that purposive or theoretical sampling involves selecting a sample to study on the basis of the sample’s relevance to the research questions and the explanation or account the research seeks to develop. This involves selecting a sample that can represent a wider population by including ‘processes, types, categories or examples which are relevant to or appear within the wider universe’ (Mason 1996, p.92) quoted in Silverman (2000, p.106). In other words, it is not so much whether the organisations or enterprises included in the sample are statistically representative of the wider population of enterprises but whether, for the purposes of the current study, the approaches to training and the links with enterprise strategy, are typical of the wider population of enterprises in the two regions.

Arber (1993) has observed that important sociological work is often based on small samples from a local area. While such samples may attempt to be representative of a specific category of people, they are not such that statistical inferences may be made about the characteristics of the population from which they are drawn. Burgess et al. (1994) argue that samples such as those used in the current study, and described by, for example, Arber (1993), are ‘illustrative’ while

not being 'representative' of the range of enterprises in the regions of the two countries from which they are drawn.

The samples of employers in both countries in the current study were constructed as follows. Following Kutzel (1999), the required number of enterprises in each region, between 20 and 25, was arrived at on the basis of capturing the characteristic range of industry in the area, logistics and cost. This number of cases would enable the main economic sectors in the two regions to be covered and would also include enterprises of different sizes with a focus on small and medium enterprises. Small and medium enterprises were the focus, as large firms in England, and indeed in France, are not considered quite as problematic as far as training is concerned.

As always, time and budget were limited and this influenced the number of employers that could be interviewed. The usual constraints on time and money were exacerbated by the cross-national nature of the project that imposed additional time, travel, transcription and accommodation costs. Another factor limiting the number of possible interviews was the amount of material that would have to be transcribed for each one-hour interview. If the interviewee is a willing participant, an hour-long interview can produce up to 20 pages or more of transcription. This would require funding for a proficient audio typist for between two and three hours per taped interview.

In addition to the interviews with employers, four TECs and two CoCs in England plus four Chambres de Commerce et l'Industrie (CCIs) in France were interviewed. The interviews in France would require translating in addition to transcribing. Translating would occupy at least a further three hours for a short interview, and up to six or eight for longer ones. As Burgess et al. (1994) point out, in setting the number of cases to be examined the kind of compromises indicated here are common in research that has to be conducted rigorously but remain within a constrained budget.

In the English case, some 100 firms were identified from the Dunn & Bradstreet registry and a similar number were identified from the regional database of INSEE in Toulouse. Of these 100 firms in each country 60 were contacted in the first instance.

The selection of enterprises was guided by the need to reflect the spread of industries in the regions while focussing as far as possible on small and medium sized enterprises. In some cases this meant sites of large enterprises were included in both countries. The identity of the persons in the selected enterprises or sites responsible for recruitment and/or training was available from published information. If not, a phone call was made to the enterprise to identify the appropriate individual. In the case of small organisations where there were no personnel or HR function, the letter was addressed to the owner or director.

The relevant person in the selected enterprises and organisations in England and France was sent a letter seeking an interview, accompanied by a one-page description of the project indicating the topics to be covered in the interview. The recipient was advised they would be contacted in the following five to ten days to establish if they were prepared to take part in the research and, if they were, to identify a convenient interview date and time. In some cases two phone calls were necessary. This procedure was adopted in both countries.

The first trawl in both countries produced less than the minimum number of positive responses (20) and further letters were sent and phone calls made until sufficient positive responses from appropriate enterprises had been obtained. The search for appropriate respondents continued during the interview stage in both countries. This meant the search for respondents was adjusted by targeting appropriate enterprises in the light of the response rate in both countries, and with a view to ensuring comparable samples in each.

25 employers fitting the desired sampling frame in each country agreed to participate. However, between agreeing the interview date and the actual interview date, five English and six French firms dropped out. The reasons given were a mixture of unforeseen business pressure (7) and health reasons (3).

An initial problem with identifying French employers prepared to take part emerged when they realised the researcher was not in France at the time they were telephoned. This had an obvious negative impact on their willingness to cooperate. After an initial abortive attempt to seek agreements to participate prior to visiting France, the process was altered. Letters to French enterprises were sent to arrive a week to ten days before the researcher's planned arrival in France. The recipients were telephoned a few days before the researcher left England, continuing after arrival in France, to arrange an interview in the following two weeks. Depending on the response to the phone calls from England, further letters were sent before leaving England and followed up in France. While this added to the frequency, length and so expense, of the field trips, it did markedly improve the positive response rate.

In each country considerable difficulties were experienced in gaining entry to one particular sector: hotels in England and department stores in France. Hotels contacted in the West of England were very hesitant to get involved. Several phone calls were required before the request for an interview was rejected. Small hotels gave the same reason as many small enterprises: they were such small businesses they had nothing to say, and would be of no use to such a study. With larger hotels the relevant person was difficult to track down. When contact was eventually made suspicion about the provenance of the researcher, and the motivation behind the project, was manifest. After a short conversation the request was abruptly rejected. The French hotels contacted displayed curiosity rather than suspicion about the researcher or the project.

In France, the problem was with department stores. The majority of such stores are subsidiaries of chains e.g. Galérie Lafayette, Monoprix, and all their personnel matters are dealt with by the head office in Paris to which all calls and letters (it later became apparent) were re-directed. Repeated attempts to make contact with the appropriate person at head office failed. The reason was always that the person was 'away from the office'. This occurred even when a date and time for a further call had been agreed. Subsequently the Regional Chamber of Commerce of the Midi-Pyrénées advised that this was not unusual with multi site enterprises. Because of the regulatory pressure, branch sites were allowed little autonomy and Head Office HR staff spent considerable time travelling. Local managers would not want to get involved.

Due to potential respondents withdrawing due to pressure of work and ill health as mention earlier, twenty-one and nineteen interviews were carried out with employers in England and France respectively. However, while four French chambers were interviewed only two English ones were. This illustrates the relative strength and the central role of the chamber movement in France. In the four *Départements* in France public sector training providers (GRETAs) were also interviewed. The GRETAs are locally based and publicly funded training organisations based around local *Lycées* and have no direct match in England. Their main focus is on training for the unemployed and other disadvantaged groups and individuals, though they may offer training programmes for local businesses. However, the focus of a GRETA is on welfare policy rather than the needs of local business. Welfare policy needs and business needs may overlap, and where they do mutual benefits will follow. Although the GRETA interviews were carried out and transcribed and translated, they were not included in the study since, while TECs administer programmes for the unemployed, their main focus was on business needs in the areas they cover.

In both countries the interviews usually lasted an hour. In addition to being informed in the initial letter of the main topics to be discussed in the interview, all

respondents were provided with a full printed topic sheet in their own language at the interview. All interviewees agreed to the interview being recorded on audiotape.

The topic list for the employers and the Chambers of Commerce (and TECs in England) in this study was divided under topic headings. The interviews were 'semi-structured' as only initial descriptive background questions e.g. number of employees, turnover, wages bill, training budget, nature of the business and recruitment problems required definitive answers. Under each heading were subsidiary headings or questions indicating the areas the topic was intended to cover. The remaining headings covered the allocation and distribution of the training effort of the enterprise, contact with training providers, the relationship between the product market strategy and training, involvement with quality initiatives, involvement with Chambers of Commerce and TECs (in England). In the responses issues would emerge that other respondents had not raised, or were given different weighting by different respondents. Such differences were then pursued in an effort to establish whether this was due to different contextual factors or different approaches in different enterprises. Finally respondents in both countries were asked for their view on the provision of VET in their area.

CoCs and CCIs, and TECs in England, were also asked initially about factual matters such as the geographic area covered and how that related to travel to work areas. They were then asked about the features of the enterprises with which they had most contact; the factors influencing their links with enterprises and training providers, the development of links between training and enterprise strategies, the emphasis on management training compared with the training of operatives in the enterprises in their areas.

The purpose of the topic list was to provide a basic framework for the interview, rather than listing precise questions. It was intended to provide opportunities for the interviewee to describe their perceptions of the situation in which they and

their enterprise found themselves. For example, asking if there was a training budget was not intended to produce simply a yes/no answer. It was intended to invite responses. In the English case these ranged from 'Yes' through to 'No' by way of 'Well...we don't work that way...if training is needed it will be paid for'. Or, 'Well, there is, but I'm not bound by it.' Interviewees were invited to elaborate on their initial response and, if appropriate, to distinguish between their own personal views as opposed to the 'official' organisation view. In some cases of course, given the seniority of the respondent, the two were identical. In the case of the French enterprises with a training budget *de jure*, the question was modified to establish if the budget was at the legal minimum or above, and why this was the case.

The enterprises in both countries that agreed to be interviewed were illustrative of the regional economies. The two samples included cheese making, food processing, financial services and specialist as well as general and aeronautical engineering. The absence of hotels from the English sample and department stores from the French was explained above. Small to medium engineering firms in the West of England, including electronics, were very unwilling to participate in comparison with their French peers.

Apart from an abrupt 'No!' followed by the phone being put down, 'pressure of work' and 'we're a small company' were frequent responses. It was also claimed by a precision engineering firm that as labour turnover was high 'No one is here for very long, so we cannot be much help.' Small to medium French firms in the same sector also declined to participate on the grounds of pressure of work and size, but in general sounded more interested in the project than their English peers.

The respondents in the West of England were responsible for training and or recruitment and included eight women. The titles ranged from Director to Office Manager to Staff Trainer and included Personnel Managers, Human Resource

Managers, a Recruitment Manager and an Employee Development Manager. An 'Assistant to the Director', an Operations Director and a Production Manager in the sample were all responsible for recruitment and training.

Those with Personnel and Training in their job titles carried out the usual functions associated with such titles, as did the Recruitment Manager and the Employee Development Manager. The 'Assistant to the Director' was mainly involved in administration and in this capacity dealt with personnel and training matters. Similarly the Operations Director and Production Manager were both responsible for recruitment and training as well as their operational activities.

Two directors, part owners of their businesses were, given the size of their operations, actively involved in the implementation of training and recruitment although day-to-day operation was delegated to department managers. In the case of Crossleigh's, cheese makers, involvement was 'overseeing' rather than 'supervising', while in the case of FinMan, involvement was a function of the regulatory obligations placed upon independent financial advisors.

When telephoning the contacts the general impression was one of a lack of interest in the very idea of such a project. There was no sense that such a project might have had some point even if they were too busy to be involved themselves. It was just one more academic, and so rather unnecessary, exercise. It was possible in some cases to persuade the person of the potential utility of the study. The persuadability of the person seemed to relate to the extent to which they personally, or the enterprise, were linked with the local business community through contact with the Chamber of Commerce, the TEC or their personal networks.

As with the English sample, the Mid-Pyrénées respondents were all responsible for training and/or recruitment to a greater or lesser extent. There were three 'Directors': two Directors of Administration and one of Human Resource

Management (HRM). There was also one 'Assistant to the Director' – who was a close relative of the owner. One of the hotel respondents gave their function as 'Husband of the owner'. He filled the role of 'Assistant to the Director', engaged in administration and was responsible for recruiting and training. Five respondents gave their function as 'Chief Executive Officer': they were the owners or part owners of their respective enterprises and, given the size of the enterprises (8- 25 employees) were actively involved in recruitment and training decisions in the absence of an HR function.

The rest of the sample was made up of four HR Managers, three Training Managers and the 'Senior Clerk' at the turbine company who dealt with personnel administration and purchasing. However, in this case much of the administration required of an HR function in France was actually carried out by the CCI as part of their service to small employers.

Car component sites were included in the French sample but not the English. One of the English companies did components for the motor industry but focussed more on aeronautical components. The French cases were both located in different rural areas and were important for that reason.

The French when first contacted by phone gave the impression of being more interested in the idea of the project than their English peers. Many also seemed intrigued that an English researcher was contacting *them!* However, this opening interest gave way in many cases to suspicion about the use to which the data would be put. In subsequent conversations with CCI representatives it emerged that this was a common response of small and medium enterprises given the regulatory framework governing training.

The educational and vocational qualifications of the English and French respondents are worth noting in a comparison of approaches to training in the two countries. Eleven of the English and twelve of the French sample had left school

at 18 with university entrance level qualifications. Seven of the English respondents went on to obtain a first degree only, *two* of which related to their current area of work. Eight of the 12 French respondents however went on to gain at least one post-graduate qualification and only in *one* case did neither of the degrees obtained relate to the person's current area of work.

The single English respondent to obtain a postgraduate qualification had one A level. This higher degree was relevant to their area of work and was obtained as a mature student. They were one of three English respondents who went from A level to an HND. Three French respondents had a similar qualification to an HND, equating to the first two years of undergraduate study.

Five of the French respondents were either owners or part owners of their enterprise, as were two of the English respondents. Interestingly, in both samples one respondent was the spouse of the owner, neither have been regarded here as 'part owners'!

Noticeable by its absence was any reference in the French sample to the Association National des Directeurs et Cadres de la fonction Personnel (ANDCP), comparable to the Institute of Personnel Development in England, and associated qualifications. The French respondents would access updating courses or programmes through local and national industry bodies, CCIs and parity organisations such as ASFO (Association Formation). Practitioners and university personnel would staff such courses. If such courses or programmes sought recognition as 'qualifications', they would require approval by the regional Académie and/or the local university.

A similar approach to the interviews with employers was adopted with TECs in England and the CoCs and CCIs. However, in the case of TECs, and the CCIs in France, the 'population' was interviewed. While the TECs have no match in France they were included in the study as they perform many of the functions in

relation to training that are undertaken by the CCIs in France. Local contacts in the West of England and the Midi-Pyrénées identified the relevant person for interview.

In England the TECs covering the four counties covered by the study agreed to be interviewed. In three cases the interviews were with the person responsible for labour market research and in the fourth case the interviewee was an executive of a training company limited by guarantee and set up by the TEC.

Only two of four Chambers of Commerce could be interviewed in England (see Chapter 7). These interviews took place with the Chief Executive of one and the Marketing Manager of the other. One of the four relevant Chambers had merged *de facto* with a TEC that had been interviewed, and the Chamber covering the same area as the training company just mentioned passed all enquires to that company.

In France, the CCIs in the *Départements* of Haute-Pyrénées, Tarn and Aveyron agreed to be interviewed, as did the Regional Chamber of the Midi-Pyrénées. The interviewees were responsible for the training programmes of the Chambers, while the respondent from the Regional Chamber was responsible for coordinating the training provision of the individual CCIs in the Region.

Limitations of the Data and Generalisability

One immediate issue for comparative research relates to language and translation. There are other more general issues relating to validity and generalisability, including specific issues of discourse.

Translation, although possible, is an undertaking which tends to hide most of the culturally relevant materials; *traduttore traditore* as the Italian saying goes (translator, betrayer) (Usunier 1998, p.32).

A major problem with translation arises over the question of equivalence, has one *translated* or merely *transliterated*? Has one captured the *meaning* as opposed to relying only on the dictionary? Translation equivalence can be broken down into lexical equivalence (provided by the dictionary), idiomatic equivalence, grammatical-syntactical equivalence and experiential equivalence (Usunier 1998, p. 49).

To minimize problems with translation equivalence, following Cambell and Werner (1970) the topic lists for the French respondents were 'back-translated' by native English and French speakers. In this process one translator translates from the source language (S – in this case English) into the target language (T – French in this case), and a second translator then translates 'blind', (that is, in ignorance of the source language text) back into the source language. In addition, the technique known as 'decentring' (Cambell and Werner 1970) was also used. Here, the opportunity is taken, after back translating, to change the source-language (English) wording where this enhances accuracy.

The ultimate words and phrases employed will depend on which common/similar meaning is sought in both languages simultaneously, without regard to whether words and phrases originate in the source or target languages (Usunier 1998, p.53).

Both the English and the French interview tapes were fully transcribed, including indications of pauses and hesitations in delivery.

The interviews in France were conducted and recorded, in French, by the researcher. They were transcribed by a French audio typist and then translated into English. In two cases (one employer and one Chamber of Commerce) the French respondent spoke English, and these interviews were not significantly different from those conducted wholly in French. Undoubtedly there were occasions when, working in a second language, the researcher missed what may have been important points, or failed to follow up what may have been important

or significant issues. However, following translation with the assistance of French speaking colleagues, omissions or ambiguities that could be attributed to language difficulties were clarified either by referring back to the interviewee, or by reference to published information aimed at employers in France.

There is a lot to be said for interviewing in a foreign language even if your command is not perfect. At least it gives the interviewer control of uncertainty: you know they are replying to the right question; any failure to comprehend is on your side and you can judge whether to throw it away or go for an 'action replay' to get it right (Lawrence 1988, p.102).

The English interviews were carried out between March and July 1997, and the French interviews took place over three separate visits between September 1997 and October 1998. In the case of qualitative research, reflecting upon past interviews enables the researcher to clarify meanings or ambiguities as the interviews proceed. As Fielding (1993, p.167) points out, following Becker's notion of 'sequential analysis' in the case of ethnography:

In the periods between observation one may 'step back' from the data, so as to reflect upon their possible meaning... Thus hypotheses, or, if you prefer, hunches, are gradually refined. This is a distinct advantage over methods like surveys, where, once the instrument is designed, analytic interests cannot affect the data collected (Becker 1971).

A possible source of bias concerns the effect on respondents of taking part in an international study – even though only two countries were involved. There was little evidence that being part of a two-country study influenced the English respondents in any way. They did not appear to be doing more than describing the situation in their enterprise. Doubtless there was some 'embellishment', but the overall impression was that respondents readily admitted where they could, or indeed should, be doing more. There was no indication they were putting a gloss on their procedures to influence the comparison with France. Indeed, only two employers and one Chamber respondent expressed any interest at all in training in France. While TEC respondents were aware of, and appeared to approve the

more organised approach to employment relations in northwest Europe and the more structured approach to training in particular, they concentrated on illustrating the situation in 'their patch' while making few comparative observations.

The French employers and respondents from the CCIs displayed more interest in the situation in England. However, this did not emerge until the interview was completed. Again, the respondents seemed concerned to give an accurate account of what they were doing and why. It is possible the regulatory framework within which they were required to operate resulted in respondents reporting what 'should' happen rather than what they actually did, but the manner and style of responses gave little or no hint of this. In addition, there was a consistency between what employers reported in their interview and the CCI's account.

While the French have a reputation for defending their culture and institutions in public, it was noticeable that many respondents forcefully expressed criticisms of the French education system and its 'products' – as did their English peers of their own system. Indeed, in discussion after the interviews many French employer respondents expressed envy of the low level of regulation enjoyed by their English peers. The respondents from the CCIs however, appeared less enamoured of the English approach. Two observed that the French system was somewhat more 'thorough' and more 'democratic' concerning employee involvement. Interestingly, the CCI respondents, all of whom had worked in industry before joining a Chamber of Commerce, shared the 'measured' style of presentation of the TEC officers, three of whom had been civil servants.

The French tapes were transcribed by a native French speaker and translated by the researcher with assistance from native French speakers. By comparing both the English and French transcripts with the original tape, it was possible to monitor both the accuracy and the quality of the transcriptions. 'Accuracy' refers to the degree with which the respondent's actual spoken words and phrases were

recorded, while 'Quality' refers to the degree to which the transcript reflected the respondent's manner of delivery.

Immediately after an interview in both countries, thoughts about the interview, the atmosphere in which it was held, and the respondents approach or manner were recorded. Were they giving minimalist responses? Were they interested in the project? Was there a coherent approach to training, or were they just 'waffling'? Also recorded were observations concerning the setting for the interview. For example the location of the site, the state of the buildings, whether or not the respondent shared an office, how they were treated by or behaved towards others, and so on.

The transcribed and translated interviews were analysed by extracting indicative phrases from the responses to the items on the topic list. The topic headings were set out horizontally across the top of the table and the organisations were listed vertically on the left margin. Also indicated in this table were relevant sections of the response that could be quoted when writing up the interviews. In this way it was possible to identify categories or types of responses and explore whether these indicated a feature or features of the organisation, the industry sector or, indeed, the respondent.

The respondent would be contacted by phone, e-mail or fax to clarify any uncertainty about what had been recorded due to 'noises off', for example doors banging, raised voices in the corridor or phones ringing. Similarly if, on reflection, there was any uncertainty about the meaning or implication of a response clarification was sought by the same means. Both the English and French sets of interview tapes were copied before being sent for transcription so the tapes could be listened to while interviewing was in progress and the transcripts awaited. In this way clarification on some issues could be sought sooner rather than later, and so the data gathering process could be adjusted as the project developed.

It is a feature of qualitative research that data analysis commences during the data gathering stage. Not only may topics be added or excluded if necessary during data gathering, but also a respondent can be questioned further about their response to a topic in the light of insights gained from previous interviews (Becker 1971, Dalton 1966, Fielding 1993,). This not only clarifies or develops the meaning of a category of responses, it also helps to distinguish or differentiate between individual responses.

Generalisability

The comparative approach directly tackles the question of generalisability by demonstrating the similarities and differences across a number of settings (Peräkylä 1997, p.214).

While a sample may not be representative in the sense of statistical probability, this does not mean that generalisations cannot be made on the basis of an illustrative or purposeful sample. To repeat the view of Arber mentioned earlier, where the aim of the research is a wider understanding of social processes or social actions, the representativeness of the sample in the statistical sense may be of less importance.

As Becker (1998) argues any scientific enterprise attempts to establish, by studying a few examples, a phenomenon that applies to everything of a certain class, be it a social group or organisations. Following Peräkylä (1995), quoted by Silverman (2000, p.109), the results of the present study may not be generalisable in terms of a description of what HR/Training Managers, other than those interviewed, *actually* do in terms of their approach to training and strategy, but the results are generalisable as descriptions of what other HR/Training Managers *could* do. According to Silverman, the crucial issue is to substitute theoretical cogency for the statistical language of quantitative research. Silverman quotes from Alasuutari (1995), who suggests *extrapolation* is the more appropriate term

to capture the procedure in qualitative research. Generalisability may be the wrong word for qualitative research and should be used only in the context of quantitative surveys.

There are at least two reasons for asserting the validity of generalisations to be made on the basis of the data gathered from both samples of respondents in this study.

First, in the case of the employers, the main difference within each national sample was based on size rather than industrial sector. The larger employers in both countries had a more formal approach to training than smaller employers. While small employers in France had to complete the same form setting out the proportion of payroll expended on training as large firms, the paper chain was shorter simply because they dealt with fewer employees. The small to medium employers in the two countries were more like each other in some ways than they were like their medium to large fellows. The converse was also true. For example, the smaller the enterprise in each country the more likely they were to be critical of the national education system and its relevance to business. The smaller enterprises in France tended to be the more critical of Chambers of Commerce. The criticism tended to focus on the bureaucratic nature of procedures. The larger enterprises in both countries tended to view Chambers as an important resource for smaller businesses rather than to their own. Importantly for this study, the small and medium sized enterprises in the food sector in England were as accepting (or tolerant) of the health and safety and food hygiene regulations as similar sized French organisations were of the regulatory framework governing training.

In the English case, both the smaller and larger enterprises tended to echo the free market views associated with the Small Businesses Association and the Institute of Directors. Financial assistance from the government was acceptable, but the bureaucracy associated with public funding was resented. While smaller

enterprises regarded training initiatives such as NVQs and Modern Apprentices as not really relevant to them, the larger ones complained of the cost of training assessors and the bureaucracy involved in claiming allowances and grants.

In France both the smaller and larger organisations accepted the legitimacy and utility of the regulations governing the funding and administration of training. While both recognised the bureaucracy involved, not surprisingly perhaps the smaller ones complained more vigorously about it!

Second, in both countries the comments and observations of employers could be verified by reference to the comments and observations made by respondents from the TECs in England and the CCIs in France. The same was true of the respondents from the two English Chambers, though their role was not as central as that of their French peers. The TECs, and the Chamber respondents in England and France, had no knowledge of which employers had been interviewed, so their observations were independent. Comments by TEC and Chamber respondents were generally consistent with the responses and observations made by the employers. This indicates that the responses of the sample of employers in the two countries were consistent with what a wider population of employers were also telling the TECs and Chambers.

A final point about the generalisability of the findings of this study is to be found in Lawrence (1988). He argues that in terms of reliable contacts personnel officers 'are a good bet.' The reasons he gives are to a considerable extent independent of national context. Since they are not directly involved in counting, making or selling, those in the personnel or HR function are likely to have more of an overview of the organisation. They are also likely to be more aware of the educational and vocational training system and employment law. In addition, it is also likely they will have an '...appreciation of the values and aspirations which employees bring to the employing company' (p.10).

English and French Employers – The Discourse

A comparison of the characteristics of discourse in relation to interview responses of the English and French employers is also relevant to the issue of generalisability, at the levels of inter- and intra- sample generalisability. It should be noted that discourse analysis was not the aim of the interviews, but as these were taped and transcribed in full it is possible to make some 'generalisation'.

There was a noticeable difference between the English and French employers in terms of their language and presentational style. This difference was also apparent between the two English CoC respondents and their French peers, but not among the English TEC respondents and their peers from the CCIs. The English employer respondents were in general more hesitant in their answers than their French peers. The responses of the English employers were characterised by more frequent and longer pauses, both before and during their replies. Not all English respondents were equally hesitant or unsure, and this could be related to the extent to which there was a strategy in the organisation, even if relatively low key. So respondents from larger organisations tended to be less hesitant and gave apparently more structured replies than respondents from smaller enterprises.

However, even in English organisations where respondents reported strategic initiatives they appeared to be reporting what was an *individual* rather than an *organisational* initiative. That is, the respondent had developed an initiative, the implementation of which senior management had agreed, or tolerated. It was a strategic initiative but not one originating from a strategic management decision. This is consistent with the observation of Campbell & Warner comparing training strategies and microelectronics in German and UK engineering industries:

A number of examples were nonetheless found where results, analogous to those achieved by national vocational systems in Germany, had been achieved through the localised and sometimes covert strategies of individuals in British companies (1990, p.157).

Two factors could account for the apparent 'coherence' of the French respondents, that is their apparent ability to produce structured replies involving fewer pauses and hesitations. One factor is cultural (for want of a better term), and the other is organisational or institutional.

The cultural factor has two components. One is the tendency towards formality among French business people (Barsoux & Lawrence 1990). This formality applies between superiors and subordinates and between peers. This formality was noticeable among the French respondents to a degree that was not a feature of the meetings with their English peers. That two of the younger French managers, in auto components and with a business school background, did not display such formality vis-à-vis the interviewer is consistent with observations that the American or Anglo-American style is developing in French business.

The second cultural component is linguistic. The French take language – especially their own – seriously. This is reflected in the structure and formulation of sentences and vocabulary (the register) rather than accent – to which the English perhaps pay (or paid?) more attention. On a formal occasion, an interview for example, delivery will appear measured because a more complex or 'formal' language structure will be used. Age, education and position in the hierarchy are all important factors, as is the perceived status of the interviewer! The more free flowing responses, with asides and searching for words, à l'Anglais, came from formally less well educated respondents who had left school 30 or 40 years ago with the minimum school leaving qualification. The language of the two younger managers in auto components mentioned earlier was formal even though their social style was less so.

The second factor that can be seen to contribute to the more measured and structured responses of French managers is organisational or institutional. This relates to the hypothesised relationship between the regulatory framework of

labour relations in France and the impact on training and enterprise strategy. The legal requirement that enterprises invest a percentage of the salary bill in training, and prepare a training plan that is discussed twice a year with employee representatives, results in training programmes that are linked with enterprise strategy.

The training and enterprise strategies are reviewed each year by management, and are formally set out. Staff responsible for HR and training in French businesses will be familiar not only with the formally agreed training plan but, also, how it links with enterprise strategy. Indeed, as was pointed out by one respondent 'training is in the strategic plan- it's natural.' In addition, quality issues will also be in the strategic plan, and will involve HR staff in their organisational behaviour role as well as via the training plan. As a result, the majority of French respondents gave more structured answers because they were familiar with a wider range of related strategic issues.

As a minority of the French respondents noted, the preparation of the training plan, consultations with employee representatives, the evaluation of training courses and providers, and links with the strategic plan of the enterprise creates a bureaucratic process. However, it is significant that while only a minority commented on the level of bureaucracy, that comment was an observation rather than a criticism.

A third and important difference in the responses from the two sets of respondents was the future orientation of the French responses. The talk was of training for the future with the emphasis on the adaptability of the labour force. While competitiveness was as routinely mentioned as in England, the way in which it was talked about differed.

Equal Opportunities and EU Training Policy

While being aware of the impact of race and gender on opportunities in both the education system and the labour market (Couppié et al. 1997, Dex and Walters 1989, Green and Zanchi 1997, Rees 1995, 1998, Rubery et al. 1998, Windebank 2001), the study notes but does not explore these issues in detail. This is not because such differentials are considered unimportant, but because of the additional complexity such an exploration would entail in a study focussed upon the study of links between regulatory frameworks on VET and the product market strategies of enterprises. How training is distributed between genders across the labour force in an enterprise is a separate, but related, issue and worthy of a study in its own right.

In England, gender discrimination at work is governed by specific equal opportunities legislation to a greater extent than is common in mainland Europe where constitutional rights are thought to provide cover. In France, employment legislation in the area of training enables gender related issues to be raised through employee representatives in the context of the annual training plan. Further research focussed on the effectiveness of employee representatives in dealing with gender discrimination in training in France is required.

When the issue of gender differences in training arose during the interviews in France, the anecdotal evidence suggested the existence of an occupational divide between 'male' and 'female' occupations as in England.

The effects of EU training policy are not specifically addressed, as the focus of the study is on differing policy approaches in two member countries of the EU, and the impact on enterprise strategy of those different approaches. The motivation and objectives driving the training policies of the two countries covered by the study, and the policy of the EU in regard to training, do not differ in any significant way. Within the EU, and beyond, it is widely agreed that a well-

educated and well-trained labour force, whose skills are continually upgraded and developed, is a *sine qua non* of a successful and dynamic industrial, and socially inclusive, economy. However, given the tensions surrounding the debate between the Anglo-American and European social models, the way those shared policy objectives will be achieved in the two countries covered in this study may well differ.

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Chapter 3

Developments in Education and Training in England since 1960

They are eagerly debating on the reform of schools in the whole kingdom. Comenius. On his first impressions of England, 1641. Mason et al. (1992).

The worst of all (workers) are those who begin selling newspapers or other commodities in the streets at an early age, for they will rarely do anything else afterwards...In Germany such lads would be in the workshop, the factory or the army, either learning their trade or receiving good and wholesome discipline.

(Assoc. British Chambers of Commerce to President of the Board of Trade between 1908 and 1910, quoted in Sheldrake and Vickerstaff 1987 p.6)

The concerns over training and education in the 1960s were very much the same as noted by observers in the first decade of the 20th century. These were highlighted by the NIESR studies during the 1980s. The problem was seen not so much the paucity of well qualified workers, as the large number of workers in Britain who entered the workplace with limited or no training and who received little if any training subsequently (Ryan 1991).

The problem was, and remains, one of ensuring an adequate supply of intermediate skills to meet the challenges of major competitors. In addition to the problem of comparative rates of industrial productivity, social equity is also an issue in the debate over training. The English education system has long been noted for the manner in which a sharp distinction between the academic and the vocational colours the experiences and opportunities of young people.

Chapters 1 and 2 set out the nature of this project as a comparison of policy approaches to VET under different national institutional frameworks, and identified an appropriate research method. This chapter will first consider general issues around national policies in developed industrial societies in the search for a high-skill economy while providing acceptable levels of social welfare in the face of declining employment or increasing unemployment in the face of global competition. In the context of this discussion, and that in Chapter 1, the chapter will move on to set out developments addressing the issue of VET in England since the 1960s. This will be a selective, rather than a full account, illustrating the policy approach adopted over the last forty years. The 1960s was selected as the start date as it coincided with resurgence in concern in both countries over the state of education and training.

Similarly, Chapter 4 provides an account of developments and policy approach to VET in France over the same period. The two chapters provide the framework for evaluating the responses of employers, Chambers of Commerce and TECs in the interviews conducted in the West of England and the Midi-Pyrénées region in France. This evidence will form the basis of proposals to address the issue of VET and company strategy in England set out in Chapter 9.

The first part of this chapter draws on the work of Crouch and Streeck (1997), Crouch et al. (1999), Finegold (1991,1993), Finegold and Soskice (1988) and Senker et al. (1999) in examining the implications of striving for a high-skill economy in response to global competition. The implications apply to France and Britain (neostatist and neoliberal regimes respectively as described in Chapter 1) as much as to other developed industrial democracies.

An examination of the consequences of seeking a high-skill economy along the neoliberal, deregulated route advocated by the OECD leads Crouch et al. (1999) to argue that a 'high-skills' strategy and the search for a 'learning society', falls into the 'necessary but insufficient' category. It is insufficient because upgrading skills, while perhaps improving productivity, implies a decline in the numbers employed in the high-paying, high-productivity sectors of the economy engaged in international trade. Importantly, for improvements in skill levels to feed through to increased productivity, enterprise strategy needs to prioritise innovation and the development of production processes. This applies to services as much as to manufacturing as Finegold and Soskice (1988), the 1980s NIESR studies and Finegold (1991) argue.

This neoliberal approach to labour markets is based on inconclusive evidence argue Crouch et al. (1999). The evidence is inconclusive due to methodological problems with the data used by the OECD to support the view of the sclerotic consequences of regulation. They not only fail to distinguish forms of regulation between northern and southern Europe, they bracket Japan and the USA as 'deregulationist' while not separating out different economic sectors before comparing forms of capitalism (Crouch and Streeck 1997).

Also significant is the relatively smaller share of international trade in the GDP of the large economies of Japan and the USA compared with that of European and other smaller countries. Since a larger proportion of the Japanese and US economies are subject to lower levels of international competition, that means very high quality, and so well paid, performance is limited even further to certain firms in certain sectors. While the US unregulated market model is associated with high and increasing employment rates, and so applauded by the OECD, the skill and pay levels involved are questionable – retail and fast food for example. Even in the internationally significant finance sector in the UK, the majority of those employed will be in

relatively low skilled and low paid occupations when not outsourced to economies with even lower wage and social security costs.

The assumption that wage and social security costs can be forced down to those of China or Eastern Europe for example, 'creates a real credibility problem' (Crouch and Streeck 1997). If levels of welfare, community and social services are to be maintained, along with investment in education and the infrastructure, GDP will have to increase. High skills will be part of that, but so also will be significant changes in the utilisation of those skills in innovative developments in all sectors of the economy.

Porter (1990) noted that over a 15-year period, compared with ten other countries, the UK lost the greatest share of high-value added product and service markets. More recently the OECD noted that while UK performance in innovation was mediocre, the R&D 'intensity gap' may be due to the UK having fewer R&D intensive industries than, for example, France. This accounted for 80% of the gap with France, while 20% was due to lower R&D investment by existing R&D intensive industries (OECD, 2005). The same study noted that the UK ranked 15th out of 27 OECD countries in productivity per hour. This may not only account for the UK's position just above the OECD median of GDP, but it also illustrates the need for management to prioritise innovation to increase GDP to fund the social and material infrastructure, including education and community and social services that are significant employers of high-skilled labour (Crouch et al. 1999). These OECD findings are consistent with a low level demand for skilled workers first noted in 1906 and reinforced 90 years later by Keep and Mayhew (1996).

The issues discussed above relate to the context in which the current debate over high-skills and competitive advantage and the role of VET is currently conducted in both England and France. They relate also to the policy

framework in which the developments discussed below were formulated and implemented.

The following sections of the chapter will be structured by dividing the 40 plus years to 2000 into four periods while noting that history is not so precise as an imposed chronology implies. Policies tend to be announced a year or so before implementation. The four periods are: the late 1950s to 1970; developments in the 1970s; the 1980s and the New Training Initiative; and developments in the 1990s. These periods all commence with major developments in VET in England. In political terms, the last two periods cover the growth and decline of the Thatcher era. The section draws particularly upon the work of Bennett et al. (1994), Dale (1985), Jones (1999), Raggatt and Williams (1999), Ryan (1991), Sheldrake and Vickerstaff (1987), Stringer and Richardson (1982).

The late 1950s to 1970

By the late fifties there was growing concern over the operation of 'stop-go' economic policies and an increasing awareness of relatively poor economic performance. In addition, there was an awareness of the need to address the education and training issues raised by the post-war 'baby boom' in the number of school leavers.

These factors, along with increasing awareness that voluntarism had failed to produce an adequate supply of trained people, or income restraint or industrial restructuring, facilitated the recognition that some form of economic planning was perhaps necessary (Senker 1992, Shackleton 1992). The British Association for Commercial and Industrial Education (BACIE) had been arguing for a stronger, more focussed, policy on training before the war, and in 1949 a speaker from the Ministry of Labour at a BACIE conference expressed the view that no employer should be allowed to employ a young person unless

appropriate training was available (Sheldrake and Vickerstaff 1987). An indication of concern with the training situation, though not the first since 1945, was the report of the Carr Committee in 1958.

The Carr Committee was a tri-partite sub-committee established by the National Joint Advisory Committee of the Minister of Labour and National Service to review arrangements for training in response to increasing concern over the entry into the labour market of the post-war 'baby boomers' (Vickerstaff 1985). The Carr Committee argued for a national body to oversee training arrangements and rehearsed the familiar concerns over the lack of skilled workers, the narrow content of most training, the length of apprenticeships, age entry restrictions, 'poaching' of skilled staff by employers who did no training and the absence of agreed training syllabuses. These issues are being addressed today, nearly forty-five years on. The report repeated the view that responsibility for industrial training should remain with employers, and both the TUC and the British Employers Confederation (BEC), predecessor of the Confederation of British Industry (CBI), accepted the recommendations of the report. The result was the establishment of voluntary Industrial Training Councils.

The Carr Report raised the awareness of the public that something should be done about the insufficient training being carried out by industry. In 1959 the Crowther Report, recommended full-time education to 16, followed by part-time education to 18 for those aged between 15 and 18 and whose aptitude was 'practical' rather than 'academic'. Such was the level of concern over the supply of skilled labour and training provision in 1960, the Minister for Labour felt able to propose that 'some form of compulsory levy' would be an alternative to a subsidy to cover the additional costs involved in increasing training provision (Sheldrake and Vickerstaff 1987, Senker 1992). A study was even made of the French *taxe d'apprentissage* system.

A similar view was reflected at the BACIE conference in May 1962. On the grounds that the exhortations relied upon by the Carr Report were insufficient, a compulsory Apprenticeship Authority for every industry, and an associated fund to which all employers would contribute, was proposed. Also included was the idea that the Authority should organise training courses for instructors. Fuelled by economic recession an intensifying debate resulted in a White Paper in December 1962, *Industrial Training: Government Proposals*. The proposals included the establishment of tripartite training boards with employers being required to pay a levy to these boards. This would be returned in the form of grants to employers with approved training programmes. The expansion of Government Training Centres (GTC) was proposed to expand adult training, particularly in engineering and construction.

Firms were, with reservations, prepared to accept these ideas. The BEC wanted the training boards to have only general outlines and employers were to be in the majority on the boards with a veto over levy proposals. The trade unions had their own reservations. While traditionally advocating action by the state to carry out social reform and in favour of a degree of state planning, they were very concerned the White Paper proposals might undermine their defensive strength. This had been built around traditional apprenticeship and training methods. Centred on timeserving these were increasingly under attack and not only by traditional opponents of trade unions. With increasing awareness of the problems facing the economy at this time, economic planning was seen in a more positive light.

The Industrial Training Act 1964

The Industrial Training Act came into effect unopposed in March 1964. The Act rejected a centralized organization but it did include the establishment of a Central Training Council (CTC) with six members each from employers and trade unions. However, as the government wished to minimise bureaucracy and interference by Whitehall officials, and to encourage the involvement of industry, this Council was solely an advisory and consultative body with no power to direct the 24 tripartite Industrial Training Boards established at the same time. These Boards were empowered to impose training levies to spread the costs of training by rewarding with grants those firms that trained in excess of their immediate needs. Firms that 'poached' skilled workers would receive little - if anything - in the way of grant. However, decisions about training, and the nature of provision would continue to remain with firms.

It is significant that the drive for change came from the Ministry of Labour since neither the employer nor the union side through their 'peak' organisations, BEC and TUC, had developed any policies to address the training issue (Stringer and Richardson 1982).

Criticism of the levy/grant system varied from those who considered there was too much direction to those who thought there was too little. BACIE and the TUC shared the view that the CTC had few teeth, only a symbolic function and no powers to direct the ITBs. Small firms, who received little if anything by way of grant, were particularly critical of the levy/grant system. Some 67% of building firms employing 14 or fewer people received no grant at all.

By 1968 small firms were complaining that the legislation represented nothing more than increased bureaucracy and an extra tax to be paid (Sheldrake and Vickerstaff 1987).

Two main reasons were advanced for the inability of small firms to qualify for grant. First, it was difficult for such employers to release employees for off-the-job training, the only form recognised by the Training Boards. Employers in small firms did not have the time or resources to complete sometimes complex claim forms (Senker 1992). While many small firms did join Group Training Schemes, and the Committee of Inquiry on Small Firms (the Bolton Committee of 1971) recognised the Act had increased training in small firms as it had in larger ones, it was thought the mechanism established by the Act was unsuited to small firms in general and the only solution was to exempt them from the levy.

Employers generally regarded the Act as an unacceptable intrusion by government into what was seen to be a private concern. While intervention by the state was mediated through a framework of corporatist style arrangements of ITBs with members from employer, trade union and educational bodies, it is arguable that the absence of any strong institutional framework for the mediation of sectional interests in English society limited the effectiveness of ITBs. Writing about the Area Manpower Boards of the Manpower Services Commission (MSC), established in 1973 (discussed later), King and Schnack (1990) suggest many individuals from industry would not have regarded themselves as being accountable to particular representative bodies, even when their firm was a member of an employers' organisation such as the CBI or its predecessors, or a trade association. Trade union members were more likely to see themselves as being accountable to their union or the regional TUC. Unlike their French counterparts British employers and trade unions had no

experience or tradition of state involvement in industrial development via corporatist type arrangements, except under wartime emergency conditions.

A further basis of criticism was that the unemployed were not covered, nor was retraining and redeployment for those in declining industries. Also, due to an industrial rather than functional base of the ITBs, skills common to more than one industry were overlooked while duplication was likely when efforts were concentrated on industry and firm specific skills. This was the case particularly with clerical and commercial skills. The industry focus with an emphasis on craft status suited employers and unions by allowing the conventional wisdom to continue to operate. Trade unions continued their defensive approach to the status of craft workers, and employers remained focussed on the immediate market based – and so short-term – needs of the individual enterprise. The ITB system of delivery allowed each industry and each company to maintain a focus on its specific interests.

The Royal Commission on Trade Unions and Employers' Associations in its report of 1968 was also critical of the lack of standardised training and formal qualifications characteristic of the training system. In its evidence to the Commission the Ministry of Labour was critical of the approach of both sides of industry in its evidence to the Commission. Neither side was seen as having an interest in training outside their immediate needs.

While employers and unions tolerated the role of the ITBs, little impact could be observed on training practices at the level of the firm or enterprise (Sheldrake and Vickerstaff 1987). Research carried out by the Royal Commission on Trade Unions and Employers' Associations on the role of employers' associations in industrial relations made a significant comment on the preferences of employers that relates to the voluntaristic approach to training as well as to industrial relations in Britain.

The picture of employers' associations, which emerges from this survey...reflects what the members themselves want and implies that a substantial number of individual employers desire to deal with their own problems and to seek advice on the way to do so rather than to take decisions collectively and be told what to do (Research Paper 7, *Employers' Associations* HMSO 1967, p.81).

Between 1964 and 1969 27 ITBs covering 15 million employees had been established, and by the end of the decade it was generally considered the 1964 Act had at least resulted in a 'one-off' improvement in both the quality and quantity of training. However, the basic approach of employers and unions had not significantly changed. The general needs of the economy were not being addressed, and the levy/grant system was considered a rather ineffective and blunt instrument particularly damaging for small firms who should be exempt (Bolton Committee Report 1971).

Developments in the 1970s

The manifesto of the Conservative government, which came to power in June 1970, had committed the party to a review of the operation of the 1964 Act, including the levy/grant system. The general aim was to 'root out unnecessary bureaucracy'. Even large firms were arguing that the levy/grant system should be abandoned as it had outlived any usefulness, and they resented having to seek outside approval for their training. A Department of Employment Working Group was set up in February 1971 to review the operation of ITBs. The group reported in May and recommended the publication of a Green Paper in the autumn of the same year (Senker 1992).

In February 1971 the CBI published the findings of a review of the 1964 Act that, while listing the problems of the current system, concluded it did

nevertheless provide a sound basis for developing a satisfactory framework for organising training. In the same month the government expressed the wish that ITBs would exempt even more small firms from the levy, and announced the closing of the Hairdressing and Allied Services Training Board precisely because small firms were typical of that sector. The debate over the continuation of the levy/grant system had thrown into doubt the continuation of Training Boards since under the 1964 Act the Boards were to finance their activities through the levy. In the absence of the levy/grant system the purpose of a system of (by then) 27 ITBs was questioned.

Concerns over training were heightened by the onset of yet another recession, and a reduction in apprentice intakes. In a context of widespread criticism of attempts to reform training practices and a developing recession, the Green Paper Training for the Future was published in February 1972. This proposed a levy/grant/exemption scheme and the establishment of a 'National Training Agency' to meet the need for coordination at national level. In addition, the Government's Vocational Training Scheme was expanded and renamed the Training and Opportunities Programme (TOPS).

Two factors suggest that basic attitudes had not changed much since 1964. First, there was evidence that several industrial bodies and employers associations were anxious to increase the public funding of off-the-job training during the first year of apprenticeship, and the CBI and Engineering Employers Federation considered the abolition of the existing system would result in a substantial decline in training (Senker 1992).

A White Paper published in 1973, contained proposals for a levy/exemption system under which ITBs were not *required* to raise a levy, but if one was raised it was to be no more than 1% of an employer's payroll. Also included were proposals for an executive agency for the management of employment

and training services of the Department of Employment to be established under the Employment and Training Act of 1973. This agency became known as the Manpower Services Commission (MSC). The MSC Commissioners included three members each from the TUC, the CBI, and education and local government, but the extent to which tripartite coordination at the national level may have been extended was counterbalanced by a reduction in the powers of ITBs at the local or operational level.

Under the 1973 Act the MSC had the responsibility for a comprehensive manpower-planning role unique in peacetime. The Act also empowered the Secretary of State for Employment to intervene directly in the educational system via the MSC. This occasioned less concern than the perceived potential for increased political direction thought to follow from the responsibility for the provision of grants to encourage training exercised by the Training Services Division of the MSC, and for the administrative costs of the ITBs. Sheldrake and Vickerstaff (1987) argued that while this avoided the 'carrot and stick' approach of the 1964 Act, it involved a more active and expensive role for the state.

By 1975 the Training Services Agency of the MSC recognised that the 1973 Act was hindering rather than facilitating the development of an effective training system. In the case of the Engineering ITB, the requirement that it produce five year plans and budgets jointly with the MSC - instead of simply consulting with its industry to agree plans and budgets - meant that the '...time and effort so involved...tends to be unproductive in terms of better training results where these really count - in the industry itself' (EITB Annual Report 1974/5, quoted in Senker 1992).

For a short period exemption worked reasonably well. It worked with large firms who deserved exemption, and also initially with small firms. However,

in both cases much of the time of training advisers and ITB management was taken up with the issue of exemptions. In such a context, the regulated managed the regulators by concentrating on producing the 'appropriate' paper work, and exerting political pressure through local MPs and industry groups.

Unlike the levy/grant system, where the number of apprentice recruits was the basis for the grant, the pressure building up on training advisers was such that it was easier to grant exemption than to take issue with employers who challenged non-exemption decisions. By 1975 some 58% of the engineering industry workforce was covered by exemption agreements, and in the training year 1976-77, 85% of large firms and 41% of smaller firms were exempted (EITB Report 1976/77, quoted in Senker 1992).

A further factor affecting training and recruitment was the change taking place in the structure of employment. Areas of employment with a tradition, if not well developed in practice, of joint regulation of training were declining (industrial/manufacturing), while employment in areas lacking such traditions was growing (services). Gospel (1995) quotes Department of Employment figures showing apprentices and other trainees, falling as a percentage of manufacturing employment from 5.6% to 4.3% between 1967 and 1974; a drop from 243,700 to 139,600 apprentices, while other trainees (those on formal programmes but not full apprentices) fell from 209,600 to 116,300.

While unemployment was increasing, there were still reports of skill shortages. This represented an important feature of the situation not recognised by politicians and employers in particular. As a result of technological change the unemployed neither possessed, nor were well placed to acquire, the skills that were in demand.

After the election of November 1974, the attention of industrialists and government centred on the role of *attitudes* in sustaining the mechanisms underlying poor economic performance. Britain's educational system was increasingly seen as responsible for the country's relative economic decline (Beck 1983). This approach offers a cultural or normative explanation rather than one based on political economy. Such an approach sees the low esteem of manufacturing deriving from the values of the educational system and its professionals, rather than from the institutional and economic features that influence the context within which industry, wealth creation and distribution operate. As Eatwell (1982) and more recently Hutton (1995) have argued, the interests of manufacturing industry in Britain have historically been ranked below those of financial institutions and the City of London centred on 'free trade'. Such financial institutions are strongly associated with particular social status groups as Wiener (1982) argued.

Between 1974-76 the MSC addressed what it saw as the funding problem underlying the chronic shortages of skilled workers during periods of economic up-turn. This was seen to be due to employers concentrating on training activities for immediate needs while ignoring the long-term transferable skills of the labour force. While the Training Services Agency of the MSC was pushing for attention to be given to long-term transferable skills rather than short-term approach of individual employers, the MSC argued for employers to be fully reimbursed for off-the-job training in the first year of apprenticeship.

In *Training for Vital Skills* (1976), the MSC argued for collective funds to be allocated to employers, not just those within the scope of ITBs, to encourage recruitment for training in transferable skills, something ITBs had pressed upon their industries (Sheldrake and Vickerstaff 1987). The collective funds to cover the costs of such training were to be raised by contributions from

employers and the government. The CBI argued against the idea on the grounds that it represented 'training for stock' that would be in excess of the needs of industry. From the point of view of the Engineering Employers Federation, such a mechanism was thought to be expensive and cumbersome, but at the same time the Federation were anxious to ensure that employers outside ITBs should be charged for any transferable skill training that benefited them (Stringer and Richardson 1982, Ainley and Corney 1990).

Continuing economic and political problems, including oil price shocks and increasing youth unemployment, contributed to pressures that by 1976 resulted in the MSC becoming increasingly involved in developing programmes to deal with youth unemployment. Training became merged with programmes of subsidised job creation. In such a context, another issue of increasing concern was the extent to which public funding was being diverted to support training, such as it was, that would anyway have been undertaken by employers. This was hardly surprising since none of the policy innovations directly addressed two long-standing problems of training in Britain: the focus of individual employers on their short-term needs, and the defensive craft based strategies of trade unions. These points were acknowledged in a joint Department of Employment and MSC paper in 1976 which emphasized that increasing reliance on public funding was unlikely to increase the awareness of employers of their own or the economy's long-term needs.

The MSC established a tripartite working party in 1976 to examine the possibility of introducing a scheme so that all unemployed school leavers would receive training and work experience and preparation in a context of subsidised employment. This attempt to remodel the school to work transition was related to issues raised in the 'Great Education Debate' initiated in the same year in a speech at Ruskin College, by the Prime Minister James Callaghan. The speech initiated a period of structural and curricular change

that came to be known as the 'new vocationalism'. This approach was a response to a political reaction from an increasingly vocal body of opinion that was critical of the developments in 'progressive education', including comprehensive schools, and the power of teachers to control the syllabus. Mr. Callaghan had argued in his speech that liberal and progressive educational policies had produced socially well-adjusted members of society who were unemployed because they lacked skills.

The debate resulted in a broadening of the state's involvement in education with a consequent centralisation of the relationship between the state, Local Education Authorities (LEAs) and schools and colleges. For understandable political reasons, the blame for the country's problems with education and training was moved from employers and industrial unions to the practitioners and unions in the educational system, creating the 'English Training Problem' (Cutler 1992).

From 1976 the MSC became more involved with programmes aimed at dealing with rising unemployment, especially among school leavers and young people. A Youth Opportunities Programme (YOP) was established by the MSC in 1977 with four elements. Work Experience on Employers Premises (WEEP) - covering 70% of the places available; Community Projects - a combination of community service and project-based work experience; Training Workshops where experience was gained in the manufacture of relatively simple products in metal, wood or fabric, and a variety of work preparation courses of between two and thirteen weeks.

This was a response to both increasing youth unemployment and the criticisms of traditional education following the Ruskin College speech. The scheme offered young people an opportunity to acquire employment related knowledge and skills, an opportunity to practise those skills in a real work situation, and

guidance and support from a responsible adult. Youngsters taking part were not employees of participating firms (the sponsors), but MSC trainees receiving a training allowance from the MSC via the sponsors. Private sector sponsors provided 63% of places; local authorities and public sector organisations provided 25% of available places, and 10% of places were available from the voluntary sector (Lindley 1981).

The YOP scheme came under considerable criticism: unacceptable levels of unemployment among YOP leavers; job-substitution as employers took on trainees they would have recruited anyway; lack of progression and integration within and between programmes; apparent lack of effort to promote equal opportunities and no representative structure for the trainees themselves. In response to these criticisms, changes were announced in 1980 so that vocational preparation would be available until their 18th birthday to every 16 or 17 year old who was not in education or employment.

A review of the 1973 Employment and Training Act was published by the MSC in July 1980, a year after the Conservatives returned to power under Mrs Thatcher, and MSC spending had been cut. This review argued that little progress had been made in reforming training in the UK and that time, rather than objective assessment of performance standards, remained the main determinant of skilled status. However, the paper raised the important issue that many of the factors underlying the skill shortages were not training problems. They were issues concerning the management of labour, poor utilisation of available skilled workers, poor labour mobility and the continuation of unwarranted craft status to many occupations (MSC 1980).

The new government was committed to reviewing the role of ITBs, and considerable emphasis was placed on returning the responsibility for training to employers. The Secretary of State for Employment asked the MSC to

review the operation of ITBs and suggest which should continue and what their scope should be. Since the new government's policies were based on the control of the money supply and public expenditure, education and training which accounted for some 15% of the total budget was to be significantly pruned. The effect, coupled with a growing recession, was a serious fall in apprenticeships. In engineering numbers declined from 21,000 to 12,000 while those in construction fell by 53% between 1979 and 1981 (Finegold and Soskice 1988). Between 1964 and 1989, the total number of apprenticeships in manufacturing fell from just under a quarter of a million to 53,000, a drop from 3% of employees to 1% of employees (Gospel 1995).

While the MSC's Review Body accepted the need for the establishment of a more effective approach to local and cross-sector training needs, it nevertheless felt that the existing statutory framework could be developed to meet changing needs and should remain in place. However, the Review Body Report only expressed positive support for the retention of ITBs in a few cases, and no firm proposals for abolition were made despite strong reservations expressed in many industries. The main reason given for not recommending abolition was that in many cases the relevant industries had not identified adequate voluntary alternatives (Senker 1992).

The report clearly indicated that part of the problem arose from the levy exemption provisions of the 1973 legislation that resulted in the income of many ITBs being so low grants were likely to have little influence on training. While the MSC had expressed the view that no ITB should be abolished, the Employment and Training Act 1982 closed 15 of the 23 existing ITBs, reduced the scope of operation of two, and announced that it would not meet the operating costs of the remaining ITBs after 1982. The considerable pressure from employers for the abolition of the ITBs, including several powerful members of the Engineering Employers Federation (EEF), was based on the

conventional view that voluntarism was the most effective approach to the problem of training. The alternatives represented an unacceptable increase in bureaucracy and costs, which would operate against business and social interests (Sheldrake and Vickerstaff 1987, Senker 1992).

After 20 years of debate and almost continuous policy changes the problems remained: skill shortages in key sectors; little adult re-training and a generally poorly qualified labour force. These problems, compounded by increasing concerns over youth unemployment and urban riots in Bristol, Liverpool and London in the summer of 1981 resulted in another White Paper entitled 'A New Training Initiative'.

The 1980s, The New Training Initiative (NTI)

In December 1981 a White Paper, *A New Training Initiative: A Programme for Action* was published. Three major objectives were identified:

- (i) The development of skill training and apprenticeships related to available jobs, open to young people at different ages with different educational attainments, and providing a basis for progression;
- (ii) All young people under the age of 18 to continue in full-time education with planned work experience, work-related training and education;
- (iii) Increased opportunities for employed and unemployed adults to develop and update their skills and knowledge during their working lives.

Such a programme had the potential to develop as a bridge between schools and work in the form of an integrated system of vocational education and training with standardised qualifications similar to the German system.

The Youth Training Scheme

Based on an MSC paper with a similar title, the NTI focussed on work experience and training for all young people, more flexible apprenticeships and adult retraining. What Sheldrake and Vickerstaff (1987) referred to as 'the real revolution' in training was the focus on the school to work transition. Apprentice reforms were left to employers and unions to negotiate in a context of high unemployment levels, and adult retraining was seen as the responsibility of individual employers. In the context of the current study it is interesting to note that in 1980 the Central Policy Review Staff argued that the view shared by successive governments that employers and unions were best placed to identify training needs, should be modified (CPRS 1980). The same group also reported that evidence from competitor countries (e.g. Germany and France) influenced the formulation and development of the NTI.

The YOP scheme was renamed Youth Training Scheme (YTS) and underwent a major expansion. This gave the MSC an opportunity to replace the plethora of temporary employment schemes established under the previous government with a permanent, comprehensive and national training programme for young people. This was something for which it had argued since it was founded.

YTS had the dual objective of dealing with youth unemployment while providing for an increase in the number of school leavers gaining basic transferable skills and competences to the levels found in Northwest Europe. The new programme attempted to improve the image of YOP programmes by upgrading the training content, guaranteeing a year's placement with 13 weeks

off-the-job training to every school-leaver as well as most unemployed 17 year olds, and more than doubling the budget to £1bn (Finegold and Soskice 1988). The new scheme not only compensated for the government's hostility to ITBs, but also contributed to an undermining of trade union power and had the potential to bypass schools and the educational establishment in the handling of the school-to-work transition. After the winding up of the 15 ITBs, 90 independent training bodies, 'Non-statutory Training Organisations' (NSTOs), were recognised by the MSC.

In effect, the MSC took control of important aspects of secondary and further education courses and teaching and the youth and career services from the Department of Education and local authorities. Control passed from the Department of Education to the Department of Employment. While the MSC may have started out with the appearance of being at least a pluralist, if not corporatist body, these and subsequent developments suggested it had quickly evolved into a politicised and centralist entity, indirectly responsible to parliament through the Secretary of State for Employment. Even the Commissioner representing the education service, himself the author of a Conservative Central Office paper, referred to a CBI/MSc axis which behaved as though the two year YTS was a CBI scheme (Walker 1987). The extension of the scheme to two years in 1986 was supported by an increase in funding from £781m to £1,100m and the grant to employers was increased by 90% (Jones 1988, Walker 1987).

Initially, the YTS programme was focussed on the short-term objective of reducing youth unemployment, with employers encouraged to regard the scheme as one that enabled them not only to demonstrate social responsibility, but also an opportunity to screen possible future employees. By 1986, nearly half of those 16 year olds not in full-time education (26% of the age group)

were on YTS schemes. Some 29% were either in employment not within the scope of YTS or were unemployed.

By this time, minimum age school leavers were divided into a minority who obtained apprenticeships, and the great majority who either went into employment with very little training or joined YTS (Walker 1987). More emphasis could be placed upon the development of craft and technician skills, and trainees were required to spend at least 20 weeks on approved off-the-job courses and further education. However, Fuller and Unwin (1999) point out the decline in apprenticeships and the expansion in YTS represented a shift between what Raffe (1988) called the 'sponsorship' sector where the trainee was recruited by the employer, and the 'detached' sector where a training (or managing) agent recruited young people and potential employers were simply placement providers. Many of these were small businesses and more than half YTS providers had failed to meet the MSC's quality standards (Leadbeater, 1987), and by 1989 only a quarter of trainees leaving YTS schemes obtained a recognised qualification, and even the worth of some of these was questioned. Further, some 40% of trainees left the scheme inside two years, many for jobs with little or no training content (Marsden and Ryan 1989).

Earlier, Ryan (1984) had argued that while YTS was intended to provide breadth of training as a foundation for an increased stock of trained labour, employers would tend either to provide placements and training specific to their needs, or minimal training in those sectors where there was no training tradition. Skill shortages in computing and related technology were still not being addressed while trainees went into areas such as hairdressing, typing and supermarket checkout operations. There was also considerable imbalance between the gender distribution of trainees as the existing occupational gender distribution of occupations prevailed.

The NTI demonstrated a breakthrough in terms of the way the change process in education operated. As a department of State, headed by a minister nominally responsible through Parliament to the electorate, the Department of Education and Science (DES) was required to operate in accordance with a rule-bound, bureaucratic procedural model. The MSC was a corporate body made up of representatives of those interests likely to be affected by its decisions. Consequently, the MSC could act significantly faster than the DES, and so was effectively given the task of implementing the programme. While employment and education policy was a joint responsibility of the DES and the Department of Trade and Industry, the MSC, which had previously been involved only with school leavers, became involved in secondary education as well.

It is perhaps ironic that at a time when nationalised industry was increasingly seen as a beacon of how *not* to run anything, training was effectively nationalised. The further education sector had traditionally operated on an entrepreneurial basis, attempting to match provision with the interests and demands of local industry and publics expressed through enrolments. To the traditional 'markets' of non-advanced FE were now added the potential markets of the unemployed, which became available via the funds administered by the MSC. In this way a state agency took control over a public service from the relevant department, local government and practitioners, gaining control over the school to work transition.

The MSC controlled the allocation of considerable sums of state funding which in effect obliged FE colleges, schools and local authorities to conform to its directives. However, many of the actors involved did not necessarily find themselves pressurised to do things they would rather not have done. The continuing debate over the role of education and training in arresting economic decline had increased awareness of the need for 'something to be done'. The

2-year YTS programme was in effect compulsory for all unemployed school leavers, a 'rite of passage' similar to conscription into the armed forces for 18-year-old males up to 1958. The element of compulsion attached to YTS increased after the eligibility for unemployment benefit was removed from unemployed young people under 18. More than half the age group, and 60% of 16 and 17 year olds were on YTS by 1987.

However, it has been argued that YTS actually exacerbated many of the problems underlying education and training in Britain at the time. Far from being a departure from the voluntarism that had characterised the approach of British employers, training provision remained constrained by local labour market conditions and the strategies of employers and entrepreneurial private training providers. "If anything, market forces under YTS have made matters worse" (Lee et al. 1990, p.187). A Dickensian parallel was drawn by Unwin (2004) in terms of the netherworld of decaying buildings in back streets inhabited by many training providers. Apart from being poorly trained and qualified they are "...subject to the policy winds of change...and to remain in business they have to be supremely flexible, adaptable and ready to move on (p194)." This is an example of the contradiction between 'quality' and 'flexibility' identified by Crouch et al. (1999).

Continuing concern over the existing arrangements for technical and vocational education and training, including that expressed by the National Economic Development Office, was the justification given in 1982 for the development of yet another pilot scheme to start in 1983.

The Technical and Vocational Education Initiative (TVEI)

This particular initiative started out as an idea to establish a system of technical schools to address the British problem of technical and vocational

education. The idea developed from a visit to technical schools in Israel by the then Chair of the MSC who had been impressed by the enthusiasm of non-academic pupils when engaged on technical or vocationally related activities. Initially only government ministers and the Director of the MSC were involved in discussions, and when senior officials at the Department of Education were informed they enquired if the scheme could be run in existing schools administered by local education authorities. This was agreed on condition that it was not taken over by LEAs and just regarded as extra money. "Thus, virtually instantaneously, what was to become the TVEI changed from being a plan to introduce technical schools into a scheme for introducing technical and vocational elements into the curriculum of existing comprehensive schools" (Senker 1992). Neither the DES, local education authorities, teachers' organisations nor the MSC (other than the Director) were consulted before the announcement was made in the House of Commons in November 1982.

The government required the Chair of the MSC, along with the Secretaries of State for Education, Employment, and for Wales, to develop a pilot scheme for organising and managing new programmes of technical and vocational education for 14-18 year olds across the ability range within existing financial resources, and, *where possible*, in association with local authorities (Dale 1985, emphasis added).

Local authorities were invited to bid for financial support for full-time projects for pupils of 14 years of age. They were to be of four years duration combining general technical and vocational education with planned work experience resulting in nationally recognised qualifications. Successful applicants signed contracts with the MSC for delivery of the programme outlined in their application.

Following the 'great debate', the idea was not only to change what was taught in schools, emphasising the 'vocational' rather than the 'academic', but also to change how the change process itself operated. 'Vocational' in this context addressed at least three foci of the Great Education Debate: the 'progressive ideology' which was associated with teachers' organisations, the belief that what was taught at school did not fit pupils for the jobs currently on offer, and that pupils learnt little about the 'world of work'. The approach of the TVEI focussed on practicality, relevance and motivation. The intention was to address not only the problems of those unable or unwilling to follow academic courses, but also the lack of work related knowledge, experience and aptitudes of all school leavers in the context of technological change - particularly IT.

National Vocational Qualifications (NVQs)

Although YTS had been expanded, concern over youth unemployment remained. Government funded training was uncertified and employers and young people remained confused over the value of the training. Employers were unsure of quite what the trainees could do (a point raised by an employer in Southwest England), and the trainees themselves had difficulty reassuring employers about the training undergone.

In 1985 the government announced a Working Group (chaired by Oscar de Ville) to review vocational qualifications in England and Wales. The group reported the following year. A finding that no national system of vocational qualifications existed was not new. Neither was the observation that the existing range of qualifications had evolved rather than having been designed (www.dfes.gov.uk/nvq/history accessed 10/03/04).

In the context of the discussion of neoliberal, neocorporatist and neostatist arrangements in Chapter 1, it is significant that the majority of the examining

bodies concerned with vocational qualifications, some dating from the 19th century, were all private organisations dependent upon income from examination fees. The Working Group proposed the establishment of a National Council for Vocational Qualifications which would develop a systematic structure of NVQs covering the vocational qualifications offered by existing validating bodies such as the City and Guilds of London Institute (CGLI), the Royal Society of Arts (RSA) and the more recent Business and Technicians Education Council (BTEC). The Government accepted the proposal. With an emphasis on the practical rather than the 'academic' or 'intellectual' underpinnings, the process of learning is not important and the syllabus is not specified. The qualifications were centred on the individual's competence to carry out to a prescribed standard specific tasks required by the employer. Experience can also be assessed in the certification of 'units of competence' as 'accredited prior learning'. 'This means that competence can be certified in the absence of any formal training and instruction' (Rainbird 1997 p.187). While accredited prior learning is not the same as new learning, it may be promising for an individual with no formal qualifications. However, 'A work place learning strategy based solely on NVQs may therefore be limiting in terms of learning experiences and progression routes...' (Sutherland and Rainbird 2000, p.201).

The intention was that the traditional examining and validation bodies and the so-called 'industry lead bodies' (ILBs, later renamed Industrial Training Organisations (ITOs)), successors of the ITBs, would propose awards to be ranked alongside their existing awards but known as NVQs if they met the requirements of the NCVQ. Similarly, the NCVQ would look to the ILBs for definitions of competence-based standards as the basis of NVQs.

The De Ville Committee proposed a four level structure ranging from basic entry level to the competence to perform a task under supervision, and then

competence to design and specify defined tasks, products or processes and to accept responsibility for the work of others (Jones 1988). This was subsequently developed into a five level schema ranging from entry- level skills to post-graduate. Each level has been linked with an occupational level and its academic equivalent.

NVQ Level	General NVQ	Occupation	Academic Equivalent
5	Vocationally related post-grad	Professional/ M/management	Post-Graduate
4	Vocationally related Degree/HND	Higher technician J/management	Degree
3	Vocationally related National Diploma	Technician/ Craft supervisor	A/AS level
2	Broad-based Craft Foundation	Basic Craft Certificate	GCSE
1	Pre-vocational Certificate	Semi-skilled	National Curriculum

Table 3.1: The NVQ system of Levels (Adapted from Shackleton 1992)

The employer-centred approach is illustrated by the fact that NVQ qualifications are awarded on the basis of practical skills demonstrated to the trainee's instructor or supervisor in the workplace. Written examinations and external examiners are optional rather than a requirement of the validation/recognition process operated by the NCVQ; performance rather than knowledge is regarded as the basis of achievement. A recent guide to measuring training effectiveness (Rae 1997) refers to training a hotel receptionist to '...operate a calculator in the addition mode only so that she will be able to summarize customer's incidental expense account to 100 per cent accuracy even under stress conditions'(pp.31-2).

An objective underlying the new qualifications was the increased transparency, from the viewpoint of employers, of a system based on units of competence enabling workers to progress from level to level. The emphasis is on an individual's ability to meet a prescribed standard, the actual process of learning being relatively unimportant. Rainbird quotes from two studies (Marshall 1991, Ashworth and Saxton 1990) to the effect that (i) trainees are required to remain passive and regurgitate prescribed activities at the required time and (ii) 'competence' is the embodiment of a mechanistic, technically-oriented way of thinking which is normally inappropriate to human actions or to the facilitation of training human beings (Rainbird 1997 pp.187-188.) These concerns, and those mentioned by Rainbird on p 3.25, reflect those of Crouch et al. (1999), Crouch and Streek (1997) and the holistic approach of Senker et al. (1999), over the consequences of a neoliberal emphasis on a high-skill strategy to deal with global competition.

Prais has argued that written sections of the tests, and the utilisation of external assessors, customary in mainland Europe, are considered essential for the assessment of transferable skills in terms of both *validity* and *reliability*. He observed that while closely tailored specialisation may encourage employers to contribute to the finance of training, it was not obvious that it would promote an adaptable economy or be in the long-term interests of employees who need to be able to change their type of work (Prais 1991). In both Germany and France, obtaining the basic craft level qualification requires the student to demonstrate practical and theoretical ability in both occupational skills and general education. It should also be noted that the level of competence required at NVQ Level 1 is, in effect, so low as to have no equivalent in Europe (compare Table 3.1 above with Table 4.1 on p. 4.10).

In the context of low educational levels, Green (1999) argues that deficiencies in the British economy when compared with other advanced economies are mainly in relation to educational qualifications and apprenticeships. Such deficiencies will only be remedied if the poor results of low achievers are addressed. Among multi-national companies, in-plant training would seem to be required to bring British recruits up to skill levels associated with workers in France and Germany, for example (Department for Education and Employment and Cabinet Office 1996). Green goes on to suggest that raising the level of technical skills may not be the only objective of training. Also important will be raising the 'social skills' of workers to "...align workers interests and values more with those of firms and their shareholders..."(Green 1999 p.141).

The following paragraphs refer to developments in the context of NVQs in the early nineties. They are reported here to maintain continuity, as the major development in VET in the 1990s was the establishment of Training and Enterprise Councils, discussed in the next section.

In 1993 a development similar to TVEI took place in the context of NVQs with the introduction of General National Vocational Qualifications (GNVQs), sometimes referred to as 'vocational A levels'. Developed as meaningful post-16 qualifications, these were seen as a route between traditional academic 'A' level courses and vocational NVQs, offering a preparation for employment and/or progression within further and higher education.

Unlike NVQs, assessment is mainly through externally set written tests. Grades are given for the full GNVQ, not for individual units, and the award of a GNVQ does not imply that the candidate can competently perform an occupational task immediately on qualifying. GNVQs are also mapped alongside equivalent academic GCSEs and A/AS levels. They are designed to

allow an individual to move between vocational and academic courses of study according to their personal and career development.

Developments in the 1990s

Training and Enterprise Councils (TECs)

In December 1988 the Government issued a White Paper 'Employment for the 1990s' in which they proposed the establishment of TECs with the role of promoting and supporting, self-employment, small businesses and establishing a market in training for the geographic area in which they were located. This initiative was based upon the limited experience of Private Industry Councils (PICs) in the USA, in particular one that was thought to have been influential in the regeneration of the local economy in Boston, Massachusetts. The assistant secretary of economic affairs for employment and training in Massachusetts, who had been responsible for the Boston PIC, was an advisor to three Secretaries of State for Employment in Britain from 1988 - 1993. As mentioned in Chapter 2, there is debate over the extent to which the model provided by PICs, and the relevance to England, was a consequence of a misunderstanding of their role and function in one town in one state in the US.

In 1990 *The Economist* suggested that as more than 90% of public funds allocated to TECs were specifically for training for unemployed adults or YTS "... that is for low level training for school drop-outs and long-term unemployed.... TECs belong not to the emerging world of skills shortages and high-tec jobs, but to the vanishing world of mass layoffs and concealed dole queues." (April 21). As Rainbird (1991) noted in the case of the construction industry, new techniques and technology will be introduced in such a way as to reduce the skill requirements of the industry '...in stark contrast to the route

taken by West German and French employers who are increasing the skill levels of their workforces' (p.219).

TECs were managed by a board of between 9 and 15 members, of whom two thirds were required to be senior personnel from local private sector employers reflecting the make up of local industry and commerce. The remaining third could be from local education authorities, voluntary bodies and trade unions. TECS were intended to 'Give the leadership of the training system to employers where it belongs' (DfEE 1988, p.43). TEC board members were drawn from, rather than being representative of, local industrial interest groups, and there is no statutory requirement that particular local interest groups be represented. Not only were TEC boards not representative of their communities, their composition was unstable (Finn, 1994). TECs have been described as a component of a deregulatory strategy for restructuring the state by the empowerment of non-elected local state institutions, an example of the growth of the 'non-elected' state (Peck 1993). TECs marked a transition from a situation of weak social partnership and regulated labour markets to an approach to training based on enterprise self-regulation, an 'employer-led institutional fix' (Jones 1999, p.111).

Some 82 TECs were established in England and Wales, with a remit wider than that of the PICs upon which they were modelled. TECs were to play a major role in stimulating local economic activity in addition to taking over the not inconsiderable range of training and enterprise initiatives established during the 1980s. Given approaches to public policy, and the weak institutionalisation characteristic of British industry, it was not surprising that the Government ignored Chambers of Commerce (Grant 1993, Jones 1999). While some Chambers were effectively 'moribund', by no means all were. The effect was to emphasise a local and voluntaristic focus of the TECs that

would not facilitate the development and delivery of flexible, transferable, general skills.

Contributing to concerns over TECs was the emphasis placed on the quantity rather than the quality of training by an output related funding mechanism. Output-related funding arrangements (payment by results) encouraged the provision of conventional training for those most likely to be successful, a 'creaming' process which was also associated with PICs. The result was that groups such as the long-term unemployed or the disabled were overlooked, as were single mothers and women returners.

The thinking illustrated by tying funding to levels of labour market activity emphasises the focus on responses to unemployment rather than the provision of retraining and upgrading for those already in employment and possessing craft or technician skills and above. In effect TECs were the front line in dealing with unemployment, redundancy and business failure (Peck 1993). Because funding was tied to particular training needs, and the achievement of output targets, the senior private sector managers involved with TECs were required by government policy needs to spend more time involved with the training of young and adult unemployed rather than initiating training packages to develop the competitive edge of local enterprises on the basis of funds from the private sector.

Some 74% of TEC budgets were for training programmes that were part of YT and Employment Training (ET), with 20% being for 'enterprise' related activities. Economic development programmes could only be supported by TECs with money from external rather than government sources, or 'efficiency saving' (Bennett 1994). The TECs, intended to challenge the apparent superiority of German and Japanese skill levels, became in effect agencies whose principal responsibility was reduced to catering for the unemployed. In

such cases ‘...the public service cannot then become associated in employers’ minds with advanced developments in VET’ (Crouch et al. 1999 p.232).

Further questions were raised by the fact that the geographic areas for which TECs were responsible were often defined in terms of local government administrative criteria rather than labour market and training criteria centred on a travel-to-work area. This issue was taken up by Meager (1991) in a study of West London TEC whose area includes Heathrow Airport. The presence of national and regional offices of national and international firms tended to undermine the concept of a coherent business community whose needs could be identified and addressed. Shackleton (1992) also identifies firms like the Midland Bank and Boots who withdrew from training schemes as the establishment of TECs meant that instead of negotiating centrally with government departments or agencies they had to deal with several locally based and voluntary organisations.

Modern Apprenticeships

In 1995 Modern Apprenticeships (MAs) were introduced to increase the number of young people achieving NVQs. There are two levels of MAs, Foundation (FMAs) and Advanced (AMAs). The FMAs are normally intended for 16-18 year olds and taken over approximately 12 months. They include an NVQ level 2 and are equivalent to 5 GCSEs at grade C. AMAs will normally be taken by 19-24 year olds and will take 18-24 months to achieve. The programme includes an NVQ level 3 and is equivalent to 2 A level passes. MAs were supported by TECs that agreed funding levels with each employer according to local arrangements. While the government contributed funding through the TECs, employers met wages costs and a contribution to training costs. A significant feature of the MAs is that each programme is designed and owned by an occupational sector. However, while they were intended to

be 'employer-led' only a minority of leading employers and some employers' organisations have been involved. The key players were modernizing civil servants and highly placed training professionals (Fuller and Unwin 1999).

Union Learning Fund (ULF), Local Learning Partnerships (LLP) and the demise of TECs

The decade ended with a flurry! The ULF was established in May 1998 as part of the DfEE's lifelong learning strategy to increase the take up of learning in the workplace and boost trade union's capacity as learning organisations. The emphasis was on the development of basic skills in which union learning representatives (ULRs) would play a key part. The fund was allotted £12.5m up to March 2002. From April 2003 ULRs have similar rights to shop stewards to paid time off to advise fellow members on training, educational and development needs.

In November 1998 the Secretary of State for Education announced the establishment of area Learning Partnerships (LPs). These were to be responsible for creating a coherent, effective and accessible set of arrangements for learning and careers advice and guidance and to develop local targets linked to national targets. LPs would be voluntary groupings of post-16 providers and users, subsuming and building on the best of current arrangements.

In June 1999, a decade after the paper establishing TECs, the DfEE published the 'Learning to Succeed' White Paper. The Learning and Skills Act was passed in 2000 abolishing TECs and transferring their work to the Learning and Skills Council (LSC) for England, and 47 Local Learning and Skills Councils (LLSCs). A new Adult Learning Inspectorate was also established. From April 2001 the LSC and the LLSCs took over the funding of the Further

Education Funding Council (FEFC) and the TECs for post-16 FE and work-based training, including school sixth forms. Forty percent of the membership (12-16 members) of the LSC and LLSCs are employers or people with substantial recent business and commercial experience. The boundaries of the LLSCs are mainly those of the TECs, or groups of TECs where this was considered appropriate. FE colleges are now independent corporations no longer under LEA control but do have an LEA representative on their governing boards. The Business Links advisory service associated with TECs was renamed the Small Business Service to work closely with the LLSCs. A significant feature of the new arrangements is the apparent exclusion of higher education from the LSC's remit.

Local authorities were given power to propose creating 16-19 institutions where there is a clear need, and the LSC and FE colleges may also propose new sixth form provision. However, the national LSC has reserve powers to propose closure of school sixth forms and LEA maintained sixth form centres that show persistent weaknesses.

As part of the changes introduced by the 1999 White Paper, the 71 NTOs had recognition withdrawn in March 2002, and were replaced by Sector Skills Councils (SSCs) from April 2002. They operate under the Sector Skills Development Agency (SSDA), a company limited by guarantee and a non-departmental government body. The DfES and the Lifelong Learning Ministers in Scotland, Wales and Northern Ireland may license up to 25 SSCs, independent organisations developed by employers and limited by guarantee. SSCs liaise with employers in their sectors to establish strategic sector skills and workforce development and business needs. They in turn liaise with the LSC and LLSCs to ensure identified needs are met. To assist with this work each SSC receives (at the time of writing) £1m per year towards core costs (DfES 2001, www.ssda.org accessed 7/7/03 and 27/7/03).

Conclusion

It may be too soon to be able to make any empirically based judgements about the long-term efficacy of the NCVQ and TEC programme, but the last 35 years has seen a continuation of the fragmented and voluntaristic approach to vocational education and training which characterised the previous 100 years. Recent attempts to redress the unfavourable balance between education and training in England, compared with major European competitors, have contained elements of those systems that have long been admired, or feared, but there has been no serious reappraisal of how policy in this area could, or should, be formulated and implemented. While the most recent developments suggest a more coherent approach, there has been such a flurry of initiatives that it is not clear how (if?) they will work. Given the continuation of the voluntarism that has characterised approaches to VET policy in England, the problem of the representativeness of business led boards, including non-business members, remains.

Even where the state does take a lead, for example with TECs, LSCs or the establishment of a core curriculum in the 1988 Education Bill, centralised neoliberal approaches have been adopted rather than the more neocorporatist or even neostatist arrangements of major European competitors. The effectiveness of the voluntaristic approach may yet, after 150 years, be demonstrated, but there is some strength to the view that the machinery of government in England has difficulty formulating and implementing effective policies in areas, such as industrial training, where costs are immediate but the benefits long term. Evidence has accumulated of the need to reform the way in

which government in Britain functions (Senker 1992). Such a pattern suggests a positive answer to the difficult normative question of whether the greater freedom of manoeuvre of policy makers in England tends to ‘...lead them to over hasty and over-political, and therefore ineffective, policy-making’ (Duclaud-Williams 1990, p.165). While the OECD’s 2003 Education at a Glance shows that despite scoring very well on some of the education indicators compared with 1993 (mentioned in Chapter 1), the UK has one of the worst records for the proportion of 15-19 year olds staying on at school: 74% compared with 86% in France. This again suggests the flood of initiatives in the area of VET have not, as yet, had much impact. However, the UK does have one of the best records for the proportion of people going into HE.

Given the long running role of major examining bodies with a business orientation in England, for example CGLI, RSA, BACIE, plus the entrepreneurial focus of FE colleges, it is not clear how vocational courses became so apparently alien to business. In a market economy, if school pupils and their parents choose (where they can) allegedly ‘non-vocational’ subjects it is, presumably, because they were responding to market signals. If the problem is the inability of the educational system to meet the demands of those not inclined towards academic study, or the lack of familiarity with the world of ‘work’ of those who choose academic routes, then dealing with this requires work experience opportunities organised on a significant scale. This in turn requires the active participation of employers.

After yet more policy initiatives that have yet to demonstrate their effectiveness in terms of their impact on the labour market, productivity and innovation, and while it may be too early to make a definitive judgement, the situation at present remains - *plus ça change, plus ç’est la même chose*.

Chapter 4 goes on to examine developments in education and training in France over the same period, that is, from the late 1950s/early 1960s. History in France, as in England, is not so precise as an imposed chronology, as policies or laws are announced sometime prior to implementation.

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Chapter 4

Developments in Education and Training in France Since 1960

As in England at the same period, at least three factors lay behind developments in VET in France between the 1960s and the 1990s: the need to produce qualified labour to accompany if not precede developments in technology, the need to reduce the number of young people entering the labour market with minimal or no qualifications and third, the need to deal with increasing youth unemployment due to a combination of a post-war baby boom and the numbers of young people being failed by the educational system (d'Iribarne 1985). From the 1970s, concerns over international competition, the 'oil shocks', unemployment and education and training were focussed on the need to maintain the benefits of a thirty-year period of economic growth after 1945, known as *les trentes glorieuses*.

A further factor of some concern in both England and France was the apparent reluctance of employers to train young people in general skills. This was influential in persuading the French government to establish initial vocational education and training within the public education system.

It is worth noting that in France VET translates as '*formation professionnelle*'. *Formation* encapsulates the idea of 'forming' someone, of creating or developing a particular type of person, of imparting the range of theoretical and practical knowledge of a job, trade or occupation. *Formation* carries some of the connotations that 'education', or even 'profession' has in English, where there is a perceived distinction from just 'training'. The word 'profession' in English has associations with high status occupations rather than being a general term to describe a range of occupations. A factor behind the way VET has developed in England is the belief that 'education' is what goes on in the education system while 'training' takes place in work. Such a cultural factor

influenced the way in which vocational education developed in the two countries.

As with the English experience, developments in VET in France will be set out in a form that illustrates the nature of the policy process in France and the manner in which the social partners are involved. The purpose is to set the framework within which French enterprises currently approach the issue of training.

The chapter starts with an account of the Internal Labour Market (ILM) form, characteristic of French employers, and how this contributed to the relative lack of focus on the development of general skills among young people. The chapter will then deal with developments in VET in France since the 1960s in four time periods: the 1960s to 1970, the 1970s, the 1980s, and finally the 1990s. These periods are associated with key developments in VET in France, and the last two periods also cover the resurgence and relative decline of the Socialist Party in France under Mitterand and Jospin. Three particular dates, 1971, 1984 and 1990 (Jenkins 1991), are important in the modern development of the French vocational training, and will be discussed in more detail in the relevant sections of the chapter.

The chronology of developments will be followed by an account of the current range of vocational qualifications in France, illustrating how they link with the 'academic' area of secondary and HE education and remain under the authority of the Education Ministry. The final section of the chapter will describe the range of consultative arrangements at national and regional level that involve all the social partners.

Internal Labour Markets (ILMs) and Occupational labour Markets (OLMs)

The reluctance of both English and French employers to train young people in general skills is consistent with these two types of labour market. A number of

authors, for example Marsden and Ryan (1990), Eyraud et al. (1990), have argued that ILMs are characteristic of the labour market in France, while occupational labour markets (OLMs) are characteristic of England and Germany. The institutional framework in which the German OLM works is characterised by a strong training ethic governing the employment of minimum age school leavers which ensures the majority maintain contact with secondary education for at least two or three years after leaving school. It was a similar approach that the French government consciously attempted to address from the 1960s onwards.

In an ILM workers move between jobs within the same firm and recruiting is based on rules limiting hiring to certain occupations, or levels of entry. The majority of job vacancies that occur will be filled by those already employed in the enterprise. Rules and procedures will govern who is eligible to move into given jobs and how the decision is made (Osterman,1984). In such a case, training will be firm specific rather than general. Resort to an ILM will be encouraged where the labour market is regulated such that reducing the labour force in response to changes in the product market will be a slower and costlier process than in a relatively unregulated labour market. While not as regulated as Germany, the French labour market is regulated to a greater extent than in England.

An OLM is characterised by the operation of a market in occupational (transferable) skills, which forms the basis upon which employers maintain and adjust the skill mix of their labour force in response to developments in the product market or the economy in general. In the absence of a well-developed tripartite culture of training, OLMs will be associated with minimal involvement of firms in training.

A feature of ILMs in France is the emphasis placed by employers on the level of qualifications achieved by potential employees, defined in terms of the level or year in which the holder left the education or training system. Employers

consider this level an indicator of 'trainability' or 'potential'. New entrants to the labour market will be concerned to gain entry to a firm where a reputable training programme will be firm specific rather than general, and associated with positive career development within the firm.

Young workers have difficulty in gaining access to jobs and associated training in firms operating an ILM for a number of reasons. The recruitment of externally qualified workers into skilled positions is limited, as most existing employees will have been internally promoted to such positions. Employers will prefer to recruit young workers into semi or unskilled jobs, or leave them to gain experience in low wage positions in small firms before recruiting them as adults into less skilled positions prior to upgrading. This combination of features has influenced development of a work-experience component in vocational education courses in secondary and higher education in France over recent years. For different labour market related reasons neither English nor French employers address general skills in their training.

At least four other factors were particularly important in the approach to education and training in France from the 1960s. The development of the European Union and the increasing political and industrial strength of Germany were both given added significance by a third factor - the changes in the nature of global competition facing French industry after the oil shocks of the early 1970s. A fourth factor was a concern, after the *événements* of 1968, over the threat to social and political stability raised by growing youth unemployment. There was increasingly the realisation that the educational system was failing young people whose aptitudes did not mesh with the overwhelmingly intellectual and selective ethos of the education system.

The reforms that have taken place in the structure and organisation of general and vocational education in France since 1960 have been directed at achieving social and economic goals. Not only were there problems of a relatively weakly industrialised and economically ineffective society, but also the social

injustice of a traditionally 'dual' educational system. The duality was manifested by a very selective educational system characterised by a small proportion of the age group able to succeed through the *Lycée, Baccalauréate* and University or *Grande École*, and a 'school for all' from which young people quickly entered the labour market at a fairly low level.

The French educational system, noted for the rigour of its programmes and the excellence of the teachers, was also characterised by rigidity and a Malthusian ethos in which one in eight young people left school with neither a diploma nor training. This was attributed to social and cultural features of French society where considerable emphasis is placed upon the disciplines of science, mathematics and letters. This emphasis was combined with a competitive examination based approach to the selection of elites in the education system, the civil service and industry. A sharp divide between the education system and the world of work has traditionally been a feature of French society: 'The school and the firm, a reciprocal ignorance...largely responsible for the industrial backwardness of France' (Cahiers Français 249, 1991 p.79).

While the majority of the business elites in both England and France will have experienced the overwhelmingly academic education of the elite sectors of their respective education systems, it is interesting to note they also share very similar views on the irrelevance of schooling to the perceived needs of business. The employers taking part in the study saw little if any connection between school curricula and the world of work, and a preoccupation with academic credentials and inadequate training in basic skills.

Except where indicated, the following sections on developments in VET in France draw on the CEDEFOP publication *Vocational Education and Training in France* (2000), and where particular courses are described the information is from ONISEP (National Board for Information on Education and Occupations) publications.

Developments from 1960 to 1970

The changes affecting the French educational and training system since 1959 have focussed on overcoming the features of a system that failed to cater for those who, for what ever reason, had difficulty in coping with a highly selective and demanding general educational system and that also ignored the needs of industry and the economy. However, the approach can be characterised as one that ‘cools out’ the least successful at every stage.

The late 1950s and early 1960s witnessed a flurry of laws in France relating to VET. A 1959 law under De Gaulle’s Minister of Education raised the minimum school leaving age to 16 for the generation starting school that year. This was part of a ‘social advancement’ programme designed to enable anyone wishing to follow a vocational training programme to be able to do so. The aim was to meet an obligation for social justice. This was followed in 1962 and 1963 by two decrees that created Colleges of Secondary Education and deferred entry to all forms of technical training until the end of Year 10 (16 years), the *3ème*. Also in 1963 a national employment fund was established to provide training schemes for those made redundant or threatened with redundancy by industrial restructuring. In the following year an advanced technician diploma, *Brevet de Technicien Supérieur* (BTS), was established to meet employers’ needs for technicians at middle management level. These are two-year post *Baccalauréat* (Bac+2) courses offered in specialist sections of a *Lycée*. In an effort to achieve parity between technical and general education diplomas, a decree in 1965 fused the two types of education to enable those gaining a diploma to continue on to university if they wished (d’Iribarne 1985, CEDEFOP 2000).

In 1966 *Instituts Universitaires de Technologie* (IUTs) were formed to offer another Bac+2 training, a diploma in technology with a vocational focus, *Diplôme Universitaire de Technologie* (DUT). This was designed to lead directly to employment. One third of the teaching at the IUTs was undertaken

by practitioners from firms, a feature of other vocational courses (Lamoure and Rontopoulou 1992). This reflects the need for vocational and employer-relevant knowledge and skills to be passed on to students. The reforms initiated in 1959 and 1965 were all in place by the 1970s. Up to that time all secondary education took place in *Lycées* (the equivalent of old English Grammar Schools) even though only a minority of pupils progressed to the French university entrance exam the *Baccalauréat*, taken at 18+ and equivalent to (but different from) the English 'A' levels. In the same year the IUTs were established, it was also agreed that individual employees should have an opportunity for a period of personal training leave.

The 1970s

At the start of the 1970s the social partners (employers, unions and the State) established a system for the development of training policies that has not been seriously challenged. The method of incorporating agreements reached on the basis of collective bargaining at national level in laws and regulations governing training has been crucial. In 1970 an inter-industry agreement or Accord (*convention collective*) on 9 July between employers' organisations and trade unions included an understanding that an obligation to train would be imposed on employers. These inter-industry agreements are a feature of French industrial relations where unions are weak and poorly organised at plant or enterprise level. This weakness is to some extent addressed by the state, which encourages and facilitates *conventions* between representative peak employers' associations and national union head offices (*les centrales*). In the same year, 1970, a two-year masters degree in the science of management was established to follow the two-year *Diplôme d'Études Universitaires Générales* (DEUG), the general two-year initial course at universities.

The 9 July Agreement was implemented by the Law of 16 July 1971 covering the right, not merely an opportunity, for an employee to be absent from the

workplace for training and also the involvement of the works committees *Comités d'entreprise* (CEs) in consultations over training issues. In addition, the 1971 Law also addressed the issue of inequality of opportunity.

The law was aimed at those less than twenty years of age who had no technical training or apprenticeship, and those whose careers had been interrupted – particularly women with children, and working adults. Drafted by Jacques Delors, the law codified a number of agreements that had been signed during the 1960s between unions and key employers' associations (Jenkins 1991). It addressed the issues of investing in training and dealt with who should be trained, the methods to be used and financial support. The law required all enterprises with more than 10 employees to allocate 0.8% of their salary bill (*masse salariale*) to the training of their employees, and that the social partners should administer the funds. This percentage has risen in stages following further agreements to the current level of 1.5%. The money must be spent by the firm, or paid to jointly administered organisations that provide or fund training. These organisations (OPCA – *organisme paritaire collecteur agréé*) are specified in collective agreements signed by employers' associations and unions. If neither of these courses is followed, the employer is in effect 'taxed' for the amount due. The right of individual employees to paid training leave (*Congé Individuel de Formation* (CIF)) was also set out in the 1971 law.

Reforms initiated by Minister of Education Haby in 1975, resulted in the current structure of the secondary school system, to include vocational education and training. The reforms introduced the French equivalent of the comprehensive school in England, the *collège unique*. From the start of the academic year 1977-78 all children would attend the same type of secondary school to 15-16 years of age, and be taught in mixed ability classes. This initiative raised the same issues as the comprehensives raised in Britain. A key feature of the French response was increased autonomy for schools. A new definition of equality was established based not so much on equality of

opportunity centred on national uniformity, but on the ability of the school to respond to the needs and resources of its location.

Secondary schooling was divided into two cycles. The first cycle in the *collèges*, covered Years 6 to 10, from 11+ to 16. The Haby reforms were an effort to develop 'inclusive' education, rather than consign to vocational high schools students experiencing difficulty with, or unsuited to, the general academic programme. This had been unpopular with parents reluctant to have their children labelled as 'vocational stream' (Wolf and Rapiou 1993). The objective of the Haby reforms was to revalue manual work by guiding pupils to classes in the *collèges* that provided some pre-vocational initiation to working life while maintaining a major component of general education (d'Iribarne 1985).

The second cycle is covered in general and technical *Lycées* and vocational *Lycées professionnels* (LPs). Following initiatives between 1978 and 1980 apprenticeship was re-established along with the idea of work experience placements or *alternance*. Apprenticeship had never been strong in France since the abolition of the guilds during the Revolution, and the first law governing them was the Astier Law of 1919. This included compulsory financial contributions from employers, an apprenticeship tax (*taxe d'apprentissage*). This is now equivalent to 0.5% of the *masse salariale*. A national craft qualification, the CAP (*Certificate d'aptitude professionnelle*), was also established. This form of training has been extended from the traditional artisanal areas to industrial and tertiary areas and covers people from 16-25. The apprentice contract is a particular type of employment contract of between one and three years, usually two, and before employers can enter into a contract they must be accredited as apprentice masters by the local authority (*Département*) (CEDEFOP 2000). The apprentice receives between 30% and 80% of the minimum wage (*Salaire minimum interprofessionnel de croissance* (SMIC)), depending on age and length of service under the contract. The SMIC was established in 1950 and is not

indexed to prices but to the ‘minimum inter-industry growth’ rate: in effect, it is raised annually by at least half the real growth in annual earnings (Philpott 1995). In this way it is intended the low paid should share in the general growth of the economy (Petit, 1988).

Employers benefit from a reduction in the social and fiscal costs of employing an apprentice. A skilled employee is appointed to oversee the training schedule for the apprentice that is drawn up in conjunction with the relevant Apprentice Training Centre (*Centre de formation d'apprentis* (CFA)) and which must be validated by a diploma or title at least at Level V in the French system (see Table 4.1 below). The shop-floor apprentice master receives three days training to clarify his role. CFAs now operate alongside LPs. The off-the-job training received by an apprentice must average at least 400 hours per year. If the apprentice is working for a *Bac Pro* (level IV) or a BTS (level III) then the total length of training must be 1,500 hours minimum.

CFAs are not legal entities in their own right, but exist on the basis of a contract or convention between the Regional Council or the State and the body running the Centre. This body may be a local authority, a CCI, a trade union, a public or private educational institution or an enterprise. The Centre is subject to the national education ministry and is supervised by the State or the region with which the contract was signed.

Level: I – Post-Graduate or equivalent.

Level: II – Degree or equivalent.

Level: III – Diploma at Bac+2.

Level: IV – Baccalaureat level.

Level: V - Vocational Diploma, 2 yrs. post college.

Table 4.1 French Education and Training Levels.

As a result of parental objection to the ‘vocational’ label, and in order to develop an inclusive educational system at the lower secondary level, students in difficulty at a *Collège* are guided towards classes offering a less academic

curriculum and more practical classes, leading on to an LP or CFA. The structure of the educational system now allows pupils at an LP to acquire a vocational *Baccalauréat* (Bac Pro) or transfer to a technical programme in a general and technical *Lycée*, or enter the labour market with a CAP after two years study at the LP or CFA.

Initial vocational education and training is also carried out under the auspices of three other ministries in addition to the Ministry of Education. They are the Ministry of Agriculture, the Ministry of Social Affairs, responsible for preparing students for examinations in the fields of paramedical and social work, and the Ministry of Culture in the area of the arts.

While the Law of 1971 gave the state a regulatory role rather than powers to intervene directly, this changed after the first oil crisis in 1974. This marked the end of what was viewed in France as the thirty glorious years of economic growth and low unemployment following 1945. The recession provoked by the oil crisis resulted in a steep rise in unemployment, particularly among young people and, as in England, the state became involved in measures to promote youth employment and to develop post-school vocational training. The 1980s saw a number of developments in the area of education and training as well as a change of government and a programme of decentralisation to the regions that included labour market and vocational training matters. The measures to promote youth employment in this period institutionalised state intervention in the post-school system of VET, as was the case in England

The 1980s

Following the change of government in 1981 the then Minister of Vocational Training called for the system established by the 1971 law to be modified to meet the changing economic and social conditions. This resulted in inter-industry agreements in 1982, 1983 and the law of February 1984. This law and the two agreements amended, rather than re-wrote, the 1971 legislation.

The law ensured the general application of the measures agreed by the social partners. In this way, once the peak employers' associations and national trade unions have reached agreement, the provisions can be implemented in enterprises with little or no union representation.

The 1982 agreement required the employer to fund the enterprise training plan and the CIF (individual training leave) separately. The CIF was to be funded by a levy of 0.1% of the payroll paid by enterprises with 10 or more employees. This is paid to an approved regionally based parity organisation, composed equally of representatives of employers and unions, that funds the training leave.

The 1983 agreement established three work experience (*alternance*) training measures for young people: a 'qualification contract' (*contrat de qualification*), an 'adaptation contract' (*contrat de adaptation*) and what in 1991 was renamed the 'guidance contract' or *contrat d'orientation*. These three measures were established by the law of February 1984.

The *contrat de qualification* is available for a person up to 26 who either does not have a recognised qualification or holds one that is not relevant to current job vacancies. The contract is for six months to two years during which the employer will provide a job and training that help the individual to acquire a qualification recognised by a collective agreement or by the employer/union agreement for that industrial sector. General, technological and vocational instruction must amount to one quarter of the duration of the contract, and take place off the job during working hours. The person is paid a percentage of the SMIC depending on their age and length of contract: the employer is exempt from social security contributions. From 1985 long-term unemployment became a priority for government action, and in 1988 the measures that had been established were regrouped and extended to adult jobseekers.

The *contrat d'adaptation* is available for people under the age of 26 and is for six months but can be for one year or longer. The training includes general, vocational and technological subjects over 200 hours that are available off-the-job during working hours. The objective is to provide training to assist the person to adapt to a job or a type of job. During the contract the individual is an employee and is paid at least 80% of the SMIC. However, the employer does not benefit from any exemptions from social security contributions.

The *contrat d'orientation* covers young people up to 26 years with no vocational diploma and who did not complete the second or upper cycle of secondary education after the *Collège*. This contract is designed to provide vocational guidance through practical work place experience. During the contract of between three and six months the individual is an employee and receives a wage of between 30% and 65% of the SMIC depending on their age. Guidance and training is provided during working hours intended to help the individual to draw up a career plan. The employer is exempt from social security contributions and the young person may terminate the contract to take up employment or to follow a course leading to a qualification.

Jenkins (1991) identifies three main features of the 1984 law. The right to CIF was extended to all workers, including those employed in enterprises with fewer than ten employees. Workers were able to access the leave for training independent of the enterprise's own training programme providing the training related to their own development, career planning or knowledge acquisition. The law also sought to develop sector negotiations over training between the social partners to include the financial and material basis for the development of training programmes. Where possible i.e. where there was official union recognition and negotiating procedures, agreements were to be reached at enterprise level. Third, the involvement of works councils (CEs) was increased. In firms with more than 200 employees the 1984 law required the CE to establish a training committee to discuss training in general and the annual training plan in particular. Importantly, a comparison of the jobs, skills,

working hours, pay and prospects of men and women in the enterprise was to be included in the training plans, which covered the economic, technical and employment strategies of the enterprise. The state subsequently supported these developments by increasing in 1988 and 1989 the tax credits firms could claim for expenditure on training that exceeded the statutory levels (Jenkins 1991). The 1984 Law also initiated a process to regulate the training market by imposing obligations on training providers relating to the treatment of trainees and the training of trainers.

An Orientation Law introduced in 1989 established the aim of having 80% of pupils reaching the level of the *Baccalauréate* by the year 2000, compared with 15% during the 1960s. This target had been put forward following the recommendations of the Bourdieu-Gros Commission established in 1987 to establish why only 45% of the age group reached *Baccalauréat* level. In addition, by the year 2000, all pupils were to achieve at least the level of the basic craft qualifications (CAP) or *Brevet d'études Professionnelles*, (BEP) at Level V, at age 16 or 17. These qualifications may be obtained at either an LP or a CFA. While the CAP leads directly onto the labour market, the BEP may lead either to a vocational *Baccalauréat* (Bac Pro), or into the technological stream of a general and technical *Lycée* where the person can progress to a technological *Baccalauréat* or a *Brevet de Technicien* (BT). This arrangement was a major component of the plan to increase the numbers achieving a *Baccalauréat*, level IV.

However, the choice of a vocational option was as, or even more, likely to be due to low achievement than a positive choice. Many students would choose to retake a year (*redoublement*) or opt for a technical course in a *collège* rather than a LP. Anecdotal evidence from employers and CCI interviewees indicated that technological qualifications were proving effective in terms of access to employment, or for entry to two-year Bac+2 courses. This is consistent with Vincens (1995) study of the graduate labour market in France. INSEE figures quoted in CEDEFOP (2000, p.43) show that 7% of BTS

holders are unemployed five years after qualifying. The *President-directeur général* (PDG) of two of the small high-tec firms interviewed for this study held a BTS.

The objective of these changes in the 1980s was to develop a means of coping with the differing demands of individuals and employers, while at the same time maintaining the integration of the new programmes with what is still widely regarded as the 'main stream' of education. This integration is demonstrated by the opportunities which exist for a pupil to move between the general, technical or vocational streams, and the dual purpose of vocational and technically orientated courses which provide both for access to the labour market and to further and higher education in a number of technical, vocational or general areas.

The 1990s

The July Law of 1990 allowed any worker without a qualification to exercise the right to work for a qualification. This law also increased the supervision of training agencies, many of which were private organisations, and also imposed obligations on them to ensure provision of training information and appropriate publicity. In addition, all training organisations recognised by the state were required to state health and safety facilities and the procedures for trainee representation and rights of appeal.

The Law of December 1991 incorporated the main features of an agreement the previous year that included acceptance by employers and unions of more responsibility in the area of VET, including the development of diplomas. Also included was provision for an individual with five years work experience, including one year with the current employer, to be entitled to leave for up to three days (24 working hours) for a skills audit. The cost of the audit and the employee's pay would be met by the organisation funding the CIF.

Also, in 1992 legal decisions limited employers' discretion by requiring them to provide training when an employee's job changes, rather than making them redundant. During the training period the employee and employer remain bound by the employment contract. However, on completion of the training the employer is not under an obligation to take account of the skills acquired.

A further development was the Law of 1993 that was to run for five years. This transferred responsibility for upgrading the training programmes for 16-25 year-olds from the Government to the Regional Councils. After five years the regions would take over responsibility for all initial and continuing training of young people. The Regional Councils coordinate training in consultation with the Government and the social partners in their region. This Law also implemented a 1991 Accord that raised the percentage of the salary bill to be spent annually on training by enterprises with more than ten employees to 1.5%. Coverage was also extended to those enterprises with fewer than 10 employees for whom the agreed figure is 0.25% of the salary bill (ASFO, 2002).

As a result of the changes of the last 30 years or so, vocational education and training for young people in France now takes place from the age of 14 years, commencing in the first cycle of secondary education stage in *collèges*, or in *Lycées Professionnels*. It has been suggested by practitioners that a factor underlying the relatively high youth unemployment experienced in France during the 1980s derives from this approach to school/work transition. Young people and their parents, in conjunction with the schools' counselling and guidance procedures, took occupational decisions several years prior to entering the labour market. However, a law of 1993 strengthened the apprenticeship system by allowing apprentices to work for qualifications up to level 3 or 2 in the French system (Steedman 2001). Recent evidence suggests some 22% of apprentices will work successively for at least two apprentice qualifications. One third of apprentices obtaining a BEP will continue their apprenticeship, most often to achieve a Bac Pro. In general 20% of young

people with a Bac Pro will proceed to a BTS (Simon and Joseph 2001, p.3). These changes, associated with the increased length of time now spent in education and training, 70% of the 15 –24 age group, renders the legal minimum age of school leaving - 16 years - increasingly arbitrary. This is consistent with the emphasis French employers place on trainability and follows from a notion of competitiveness focussed on the speed with which product and process innovations are introduced. This was noted by Philpott (1995), Casey et al. (1999), Amable and Hancké (2001) and stressed by the French employers interviewed for this study (see Chapter 6).

Vocational Qualifications in France

Although the concern of this and the preceding chapter is more the vocational qualifications available in Britain and France than the non-vocational, the nature of the French educational system is such that some account of the *Baccalauréat* is necessary to put recent changes and developments in context. As indicated above, it was the elitist and selective nature of the education system in France that prompted developments over the last forty years resulting in the fusion of general education, technical education and vocational education with the possibility of students moving between different programmes. The changes since the 1980s have also aimed at increasing the numbers gaining *Baccalauréat* level qualifications by incorporating vocationally related qualifications into mainstream education. Except where indicated, what follows in this section draws upon the publications of ONISEP giving details of the routes, and course content, available through the education system.

As with the A Levels in England, the general *Baccalauréat* in France is regarded as the elite educational qualification, holders of which rarely, if ever, go directly into employment. The *Baccalauréat* is broken down into a number of specialisms each with a very distinct status or prestige ranking. This ranking is widely known amongst the population in general, and is based

upon the number of hours per week the pupils spend on mathematics. The Bac C tops this list, and not surprisingly perhaps, has the greatest proportion of pupils from higher socio-economic groups (Lewis 1991).

Despite its undoubtedly elite status, the *Baccalauréate général* has been the subject of considerable criticism. The acceptability or validity of a subject in French education has tended to be premised upon the breadth of knowledge acquired, with pupils being force-fed large amounts of material without coming to grips with it. A sign of this is the relative lack of practical work in most subjects outside of the vocational sector, and even teachers complain about the over-comprehensiveness of the approach (Lewis 1991). It was in such a context that developments took place in the range and provision of vocational education.

The basic craft qualification in France is the *Certificate d'Aptitude Professionnelle* (CAP). This qualification has a long history, being offered by the old technical colleges that became vocational *Lycées* that in turn became the current *Lycées Professionnels* (LP). There are 235 specialist versions of the CAP taken at age 17, after a two or three year course starting at 14 or 15. Students are required to spend at least 12 weeks, and no more than 25% of the course, on placement during the course. The exact length of the placement on any particular CAP is determined by those agencies involved in establishing each one, and all are jointly recognised by the State, employers' associations and trade unions.

The CAP has an academic general education component that includes classic French authors (Dundas-Grant 1989), and Steedman et al. (1996) suggest that the level was comparable to City and Guilds Advanced Craft level. Holders of the CAP may work for an additional CAP in related trades, or for higher-level technical qualifications through evening classes at *Chambres des Métiers* (Chambers of Trade), or they can 'recycle' themselves back into the mainstream educational system via the special 'second' classes in the second

cycle of secondary education. This class or form equates to the 5th form in the British education system, and leads to the *Baccalauréate de technicien* (BTn) - see below. Alternatively, students can opt to follow a 2-year course for a vocational *Baccalauréate*, the BAC Pro. These qualifications can be taken full time at a *Lycée* or a *Lycée Professionnel*, or by a system known as ‘*alternance*’ where the individual may have the status of an apprentice and ‘alternates’ between periods of theoretical instruction at school and practical experience in the work place.

On completion of the first cycle of secondary education, in theory at age 15+, students take the *Brevet des Collèges/Brevet d’Études du Premier Cycle* (BEPC), a certificate of intermediate secondary education, which is the point at which the three ‘tracks’ of the education system open up: the ‘academic’ route to university; the vocational route which can also lead to higher education, and the vocational route to the labour market. The *Brevet* means very little to the average student in a *collège* as only French, mathematics and history/geography are tested in this examination, the remainder of the assessment being based on the marks accumulated up to that point (Lewis 1991).

The *Brevet* is, however, of significance for those wishing to follow vocational courses, as it is a prerequisite for the Vocational Diploma - *Brevet d’Études Professionnelles* (BEP), established in 1968 and which is taken at age 18. There are some 30 BEPs covering three general areas: the industrial sector, commerce and service sector and agriculture. A BEP is more demanding than the CAP as it covers the skills required for a particular professional, industrial or commercial sector rather than focusing on just one trade. BEP holders who have scored good marks may join a transition class to re-enter the second (higher) cycle of secondary education and prepare for a BTn.

The BTn, of which there are 18 specialist forms, covers 5 branches: Industrial Sciences, Medical Sciences, Economic and Commercial Sciences, Information

Technology, and Music and Applied Arts. The BTn curriculum includes between 15-19 hours per week of both general and technological input, providing the general preparation required for access to higher, university level, education. The BTn is one of two qualifications intended to meet the need for a workforce that understands the theoretical underpinning of the manufacturing or service technology being used. This will enable employees to recognise the need for, and contribute to the development of, new machines and systems. Such employees are assumed to be the key to a functionally flexible workforce able to maintain the continuous and incremental improvements in products and processes emphasised by the contemporary drive for quality and flexibility that characterises the competitive process.

BEP holders who do not continue with the second cycle of secondary education go on to take one of 35 vocational *Baccalauréates* (Bac Pro), established in 1985 and designed to lead directly to employment. The Bac Pro evolved in response to increasing demands from employers for production and maintenance operatives qualified at a level between the CAP and BEP and the two Bac+2 qualifications, the *Brevet de Technicien Supérieur* (BTS) and the *Diplôme Universitaire Technologie* (DUT). Holders of the CAP and BEP were considered insufficiently qualified given the technological developments in manufacturing such as computer integrated manufacturing (CIM) and robotics, and information technology in offices and management.

The Bac Pro includes 16 to 24 weeks of work experience and includes scientific and literary education. The development of such a qualification also fitted with the ambition of the 1981-6 Mitterand government for 80% of the age group to reach *Baccalauréate* standard by the year 2000, and was a major weapon in this drive (Dundas Grant 1989, Lewis 1991, Kirsch 1992).

The BTn and Bac Pro qualify their holders for employment at technician level, or alternatively - especially in the case of the BTn - for admission to courses in higher or 'advanced further' education at non-degree level. For those not

pursuing the academic stream of French education, for which there are 8 general *Baccalauréate* specialisms, the BTn can be followed by two year diploma courses for one of 101 specialist BTS, or 30 DUT available at either a University or an *Institut Universitaire de Technologie* (IUT).

The degree of integration and interrelationship of the system is further illustrated by the fact that up to 20% of general *baccalauréate* holders go on to follow DUT and BTS courses, and a similar proportion of BTn holders go on to university while 10% of Bac Pro holders proceed to the BTS.

Vocational training qualifications are periodically updated, and new ones established, on the basis of ministerial decisions that take account of the views of the relevant Joint Advisory Board (*Commission Professionnel Consultative* (CPC)). Nineteen CPCs cover the sectors of the economy and are made up of equal numbers of employers and trade union representatives, representatives of public authorities appointed by the Minister, and qualified individuals from the public and private sector. The Commissions make proposals and offer advice on training needs following changes in the labour market of their sector, technical and pedagogical issues concerning curricula and training methods, recognition of courses, the harmonisation of general and technological education and the integration with national policies of regional aspects of training.

The Role of The State and Regions in Training in France

While centralisation has been a feature of French public administration since the 17th century, in an attempt to overcome some of the negative aspects of centralisation in the contemporary context the 96 *Départements* are now grouped into 22 Regions. For educational matters each Region is the responsibility of an *Académie* under the authority of a Regional Education Director (Rector) who is the representative of the Minister of Education. While decentralisation was extended by the laws of 7 January and 22 July

1983, the Ministry of Education continues to have responsibility for educational policy, teaching aims, curricula and diplomas, and the recruitment and training of teachers. However, each Region is required to ensure the provision of training related to the needs of the Region, and since 1984 the organisation of vocational education in the secondary educational system is within the remit of the Rector.

The following section draws upon interviews with the Deputy Director of the *Délégation Académique à la Formation Continue* (DAFCO), and the official of the Regional CCI responsible for coordinating the work of the CCIs in the Midi-Pyrénées.

The DAFCO is the division of the '*Rectorat*' of the *Académie* responsible for continuing education and training. Associated with the DAFCO is a *Centre Académique de Formation Continue* (CAFOC), itself linked with a local university. CAFOC is responsible for the training of trainers and research into teaching and learning methods for adult education and training. This is considered important given the difficulties likely to be experienced by traditional *Lycée* teachers with little or no experience of teaching vocational or adult students.

There are also Regional and *Départemental* advisory committees for vocational training. These also have an equal number of members (5) from management organisations and unions. In addition there are two representatives of public sector educational establishments and one each from the national federation of teachers' unions, the CCI, the Chambers of Trade, the Chambers of Agriculture and one from the voluntary and social sector. In addition, at the regional level the Prefect of the Region and the President of the Regional Council are also members (CEDEFOP 2000).

At national level there is a National Management/Union Committee for Vocational Training (CPNFP) with two members from each of the four unions and three management associations that signed the agreement of July 1991

covering individual training leave, employer/union management of the training funds paid out by employers and individual and collective rights to training. This agreement was incorporated in the Law of December 1991 that extended provision to enterprises with less than 10 employees. The function of this committee is to set out the procedures for implementing the agreement and to advise employers and employees on the agreement. The committee is the body that deals with the authorities over vocational training and has a group that monitors the system of training placements.

In addition to the national and regional committee structures mentioned above, an indication of the role of social partners in the developments in VET in France can also be judged by the listing of the main laws and inter-industry agreements between employers and unions in *Vocational Education and Training in France* (CEDEFOP, 2000). From 1972 to the late nineties 12 laws, one Ordinance and one Decree relating to vocational training were passed. Two of the laws were updating and consolidating previous laws, while four represented the legal enactment of inter-industry agreements.

The role of the social partners in the developments in VET in France illustrates how the state remains at the centre of policy developments while at the same time involving employer and union organisations. While a law may be passed, its framework will be based either on an agreement between management and labour, or at least take some account of the views of the peak associations of the social partners. In the case of the state sponsored restructuring of French industry in the 1980s referred to earlier, the employers and unions at national or sector level were required to negotiate. This approach goes back to a 1936 law allowing the Minister of Labour to convene joint commissions of representative employers' associations and unions to negotiate collective agreements. The 1936 law reintroduced a procedure from the 1914-18 period whereby employers could be required to comply with agreements, whether or not they had participated in them, if their employees were union members. This was the approach adopted over the introduction to the 35 hour week. (Jefferys 2000, Milner 2002).

While employers may be required to negotiate with unions at sector and plant level this does allow significant derogation or local flexibility and, possibly, significant degree of non-compliance (Milner 2002). A similar approach operated in the case of training. Following negotiated inter-industry agreements, employers do not *have* to train. However the requirement that training plans are produced at enterprise level, and discussed with employee representatives, has the effect of introducing bargaining at enterprise level where French unions are weak. If employers do not train, the funds go to parity organisations to support training generally. Thus a disincentive to train is reduced, if not replaced by, an incentive to train. This approach is consistent with the critique of the market liberalism approach of Hayek (1944) and Friedman and Friedman (1980) (by Hindess (1987)).

Conclusion

The changes in the education and training system in France over the last forty years are an example of the legislative and directive role associated with the French state and the form of relations with and between the social partners. The latter were involved in national and sectoral level negotiations involving the main employers' organisations and the head offices of national unions. Another factor was development in the French model of management and the approach to strategy discussed by Jenkins (1988). Jenkins quotes from a 1987 report, *Modernisation mode d'emploi*. Written by Antoine Riboud, Chief Executive Officer of the BSN foods corporation, the report was prepared for the then Prime Minister and addressed the challenges facing French companies as a result of technological change. A major factor identified in the report was one emphasised by a number of respondents in the sample of French employers participating in the current project. Current economic conditions require firms in all sectors of the economy to be continually innovating. This impacts not just upon the sophistication of the product and production technology, but also upon the employees, the human resources. Jenkins (1991, p.26) quotes Riboud:

Our whole report is based upon solid experience; the highest performing companies always analyse the nature of work processes and the dynamics of social relations inside the firm at the same time as their technological changes.

Riboud's argument that enterprises should include 'social planning', covering training and stress and uncertainty, in their strategic analyses of change over the short and the long term, was given some legal force by the law introduced by Martine Aubrey in 1993. This required companies planning redundancies to set out 'social plans' giving precise redeployment measures both within and outside the company (Milner 2001). Combined with the 1992 legal decision mentioned above in relation to training and possible redundancy, the role of the CEs in the development and implementation of the annual training plan is relevant. As one of the French respondents in the current study commented: "Training is in the strategic plan...it's normal..."

The key feature that emerges from this account of the developments in the French VET system is the extent of the involvement of the social partners in negotiated agreements resulting in the development of a legal framework, and the integration of a significantly developed system of VET that is linked into the general education system and includes the universities.

This and the previous chapter on developments in education and training in England since 1960 set the scene of policy developments, and the differing approaches to policy, in the two countries. This provides the context for the following two chapters on the case studies of employers from Southwest England, to be followed by those from the Midi-Pyrénées.

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Chapter 5

The English Case Studies: Employers in the West of England

This chapter describes the results of interviews with employers located in Bristol, Gloucestershire, Somerset and Wiltshire. The questionnaire was in five sections, which form the basic structure of the chapter. The aim of this and the following chapter covering the interviews in the Midi-Pyrénées is to identify the approaches to training of employers in the two regions of England and France. The objective is to assess the impact of different approaches to VET policy on the HR and product market strategies of the enterprises in the two countries.

Both chapters are structured in five sections.

1. The sample firms and their labour market situation.
2. The focus of training, training budgets, the evaluation of training, VET provision and contact with providers, employee involvement in training decisions and incentives for employees to undertake training.
3. Enterprise strategy and training: the analysis of strengths, weaknesses, opportunities and threats (SWOT analysis) and product and service developments.
4. Human resource management and development initiatives.
5. Links with Chambers of Commerce (CoCs) and (in this chapter only) Training and Enterprise Councils (TECs).

The chapter will conclude with a summary of the findings. This will form the

basis of a comparison with the sample of French employers from the Midi-Pyrénées region of southwest France who answered the same questionnaire. Responses of the French employers are covered in Chapter 6.

The sample firms and their labour market situation

20 enterprises located in Bristol, Gloucestershire, Somerset and Wiltshire were interviewed. Respondents were responsible for recruitment and training in their enterprises and job titles ranged from Managing Director to Office Manager and appeared to accurately reflect the individual's role and status. The firms interviewed covered the range of industrial sectors and enterprise size characteristic of the region and are listed in Appendix 1 on page 10.12. Turnover in the sample ranged from £1.5m to £93m, and the salary bills ranged from £0.9m to £13.5m.

Eight of the 20 firms claimed their skills needs were low, and none were experiencing significant recruitment problems. Staff turnover was low in all but two of the participating enterprises, Sandwich Maker and Ready-Meals, and even then was seen more as an irritation than a problem. Unsocial hours, the repetitive and low skilled nature of the work and location in tourist areas with plentiful summer jobs explained the turnover in these enterprises.

In the retail sector relatively high labour turnover was also regarded as normal and explained by the nature of the industry and the arrival of new retail outlets. The larger of the two finance firms also experienced some 'skipping' as they had seen an increase in the number of financial services firms moving into the region which, as in retail, affected the pay rates on offer.

Six enterprises did have difficulty with specific skills. Hydroseals (aeronautical and automotive seals) had difficulty in recruiting specialists in polymer technology, in short supply nationally. Job applicants with appropriate technical

training did not compare well with recruits from engineering backgrounds. According to HiQual (aircraft engineering) sheet metal workers, whose trade was declining anyway, were in short supply. Other shortages identified were: 'contract negotiators', where one person could represent 25% to 50% of a department (Goland, aircraft components); qualified personal financial advisors (FinMan) and engineers with five years' experience (Bairtons, aeronautical control systems).

Shortage of IT staff was mentioned by several respondents, but in terms of "a fact of life" rather than posing any particular difficulties. In cases of skill shortages the actual number of vacancies was very low. The situation was reported by respondents as a skill 'shortage' rather than a skills 'gap' (where existing skills need upgrading) which could be made good by training.

While retailers were the only enterprises for whom part-time workers were a significant part of the labour force, the tolerable condition of the labour market was perceived to be the result of two factors; the relatively low skill levels required and the availability of skilled workers following the recession of the early 1990s. Several engineering respondents asserted that skilled workers had moved into unskilled work during the recession but were now obtaining work at appropriate skill levels. It was also suggested that some people in skilled jobs were possibly working below the level of skills they actually possessed.

Two of the 20 employer respondents claimed there was no real problem because they trained people. In retail this was allied with a demand for not very high skill levels, but the other in manufacturing involved significant levels of cognitive and/or manual skills. Mitchell's (fuel systems) were prepared to take on people with no experience in the industry but who could be trained as skilled machinists. The remaining companies appeared more concerned about the social skills and 'attitude' of job applicants than their technical skills. As Crossleigh the cheese maker explained: *'We are quite happy to take on the unskilled and develop them.'*

We are more concerned with their demeanour than their skills.'

Mullframes (aeronautical components) claimed their expansion plans were hindered by shortages of skilled machinists. In this case expansion had followed a strategic move from airborne components to ground-based aircraft related components. This move was in response to increased competition following a decision by major aircraft manufacturers to reduce the number of suppliers of airborne components. Mullframes admitted doing very little training and sought employees who were 'immediately useful'.

The alleged lack of social and interpersonal skills of young people – and even some of those at management level - was mentioned by a number of employers though other than retailers few actually recruited school leavers. Poor social skills, such as looking at a person when speaking to them, interview manners and correct completion of application forms, were blamed on schools. Sandwich Maker had similar problems with university students. *'I find that quite alarming to be honest with you, and that's from 16 to sixty year olds.'*

Basic numeracy was problematic, particularly for manufacturers.

Even with apprentices...basic literacy and numeracy...they may be quite capable of doing more complicated things, but simple arithmetic and such does not seem to get taught. They can do more complicated work, especially if you give them a calculator...it's a problem I have with my own son! (Laughing)

Bearings manufacturer.

When pressed as to the extent to which this problem may have resulted from a focus on the less well qualified educationally, respondents insisted they had similar problems with graduates and management level applicants.

The overwhelming majority of respondents claimed the supply of both IT and new production technology skills was not a problem. Where these skills were required training was part of the contract for new software or production machinery. One financial services respondent claimed IT staff were difficult to find and one aircraft component manufacturer claimed, *'People with computer numerically controlled machine programme capability off-line are not readily available on the open market.'*

Training budgets and the focus of training

The major focus of training within the sample was in response to legislation on health and safety and, in food processing, food hygiene. Major customers also required food processors to undertake additional food hygiene training. Due to the higher turnover rates in the sectors, training activities in food processing and retailing were overwhelmingly concentrated on induction and health and safety and food hygiene required by legislation.

Whatever the size or sector of a firm, when new production technology or IT was involved training costs were included in the purchase price of the machine or software and provided by the supplier. Many companies had trained up employees to deliver statutory health & safety and food hygiene courses so these were then in-house and not costed. There was much complaining about the cost of training staff as NVQ assessors, but these costs did not appear to be recorded even by those enterprises where the respondent complained vociferously about them.

In the more high-tec sector of manufacturing, team working and the development of work groups or 'cells' were an important focus of training. Developments in service provision were also important and so customer relations training was undertaken.

In the retail sector, training was claimed to be a continuing process. One department store emphasised the notion of 'coaching' as sales assistants were offered guidance with customer relations or product knowledge on an ongoing basis. More general customer relations training or training on the stores' internal systems, was normally carried out by supervisors or managers in the hour set aside for staff training one day a week. Suppliers, or concession holders, undertook product knowledge training, and so bore the costs.

The larger engineering firms had a wide ranging training focus covering multi-skilling, team building, quality assurance, customer service and business systems in addition to IT and machining skills. Mitchell's, the fuel systems manufacturer, claimed they aimed to get all unskilled employees trained to the top of the semi-skilled grade from where they could progress to a skilled category.

Crossleigh (cheese maker) displayed a wide-ranging approach to training, on a par with the major engineering firms interviewed. This was a family owned business and the approach appeared to be the consequence of the individual characteristics of the respondent and their personal approach to management, rather than the nature of the particular business. Training was based on an annual appraisal system established under ISO 9000 and covered long-term strategic development and personal development as well as supervisory and management training. All this was in addition to mandatory health and safety and food hygiene training. Training was seen as a 'fact of life...part of being in business'. The veterinary surgeon, for example, would undertake animal welfare training on his regular weekly visits to the farm. The cost would then be included in the normal bill for veterinary services and be entered under that heading. Crossleigh's general approach to training, shared by technologically oriented manufacturers such as Bearings and HiQual was:

If it is needed, it will be funded! We don't measure training as a proportion or percentage...we're probably very low as far as external

expenditure goes. We do our own food hygiene – our QA manager is a qualified instructor. That won't appear as a cost in any of the accounts.

A noticeable feature of the majority of companies in the sample was an apparently 'casual' approach to the costing of training. Even larger enterprises, which tended to have a more structured approach to training whatever the sector, often did not record, or cost, training unless an outside provider was involved. *'I think the Training Budget is about £120,000...but that is for external courses. It does not take into account in-house training costs.'* Bairtons- training budget 4.2% of payroll.

The only factor this respondent reported on was training days per employee, seven compared to the national average of 3.1: *'Our training budget is not a single sum that I administer. Each team or department has its own training budget.'* This respondent's main interest, which was centrally administered, was the training grants they received.

In another aeronautical engineering firm, training budgets were not tightly controlled: *'If I went 10% over budget I think I would be OK...I used to add up the average hours or days of training per employee in my last company, but I never actually do it here.'*

Ten of the twenty enterprises taking part in the study had a training budget, but two of the ten respondents had only a vague idea of the size of the budget. Of those with a specific training budget only one included a proportion of the personnel department staff salaries. Where budgets were known they varied from 0.5% to 1.25% of payroll, though Bairtons' budget was 4.2%. These percentages were derived from the information on the salary bill and the training budget provided during the interview. Where firms had specific training budgets these were not considered as a percentage of either the salary bill or any other cost

heading.

The only training for which costs were recorded was that provided by external providers, or when the firm paid college fees for an employee. Even enterprises with a specific training budget apparently kept few records of who was trained for what at what cost, including time away from the desk or workbench.

In the case of health and safety and food hygiene, legislation required employees to keep records of who had been trained, but not the cost. In enterprises with a positive approach, the training budget was not considered to be particularly limiting. The approach to training costs of the companies interviewed is consistent with the points raised by Johnson and Gubbins (1992) concerning the difficulty of identifying or measuring training effort.

No respondent distinguished between training for new recruits and those already employed. If they had high labour turnover they knew that the vast majority of the training was induction and health and safety and, if relevant, food hygiene. Where turnover was low, most training would be for established employees.

Sparse records can be explained by four related factors. Much training was in-house and so not costed or recorded; training had to be done anyway (e.g. induction, health & safety and food hygiene); it was included in the purchase price of a new machine tool or IT system and software; there was no perceived need for such records anyway – acknowledged by several respondents.

A conclusion to be derived from responses to questions concerning the hours and cost of training is that there was, at best, a weak strategic approach to training in the majority of enterprises whatever the size or industrial sector. It could be that with Ready Meals, Sandwich Maker, and the retail stores, the approach was strategic because employers chose to accept the prevailing labour market features of that sector. As Ready-Meals explained:

'Training is not something the company records in a scientific way. They know if they need it, they're quite prepared to pay for me to do it...and that's just about the level at which they operate.'

While training may have been considered important as a result of legislation or customer demand, with very few exceptions it did not appear to be perceived as of strategic importance, there was no programme or strategy for implementing or developing training in anticipation of technological or product market changes. The exceptions were the high-tec manufacturers and Crossleigh the cheese maker. Of the enterprises covered in this study the bulk of training was a statutory obligation, the result of customer pressure or the result of labour turnover. Training was largely *reactive* rather than *proactive*.

The evaluation of training

The question on evaluation prompted a sharp intake of breath from the majority of respondents followed by a pause. Then *'Ooh! That's a good question!'* A minority were more straightforward and answered immediately *'It isn't!'* The larger firms in the sample, particularly engineering, had a more structured approach to evaluation of training. Two respondents claimed they reviewed a course three months after completion, while in addition a further two belonged to a local group of EEF (Engineering Employers Federation) employers who met to compare notes about public and private sector training providers and their courses. Three months after a course:

We ask them to evaluate whether they feel that course actually contributed to their work in any way. We build up a record of courses and training providers that have provided particularly good training courses."

Bairtons.

A factor in the approach to the evaluation of training among smaller firms was that external training was a small proportion of any training undertaken. The most common form of evaluation was 'Happy Sheets' and the judgement of supervisors. Crossleigh stood out as they had trained staff as qualified quality assessment and health and hygiene instructors, and had run internal courses for managers on instructing their subordinates.

The view of VET provision; NVQs and MAs

Hydroseals were the only enterprise that claimed to have a serious problem with training provision, as there were few courses nationally for polymer technicians. However the local college was linking up with one of the London universities to offer an appropriate diploma course in polymer technology.

While there was general satisfaction with the provision of VET in the region, three issues were identified by all enterprises interviewed: the bureaucracy associated with NVQs and MAs, difficulty in contacting college personnel and the dominance of standard rather than 'bespoke' college courses. The NVQ system in particular was strongly criticised for its bureaucracy by all currently involved in the programme, even when the competence-based approach was highly praised. Those *not* involved blamed the bureaucracy as a factor in their non-involvement.

The majority of those who had contact with local colleges found difficulty in contacting relevant departments in colleges and the appropriate person to speak to about course provision. This was put down to the lack of a business approach in dealing with 'customers' and inadequate efforts to get out to employers. The more charitable, or aware, respondents acknowledged this could be due to a lack of administrative support. Those who persevered and eventually established working relationships with a college spoke positively about the relationship and the staff. However, colleges were perceived to offer courses they had on their

books rather than tailoring courses to the needs of particular employers, a comment also made about private training providers and consultants.

The lack of a business approach was also raised in the context of the times at which courses were offered. A number of the manufacturing firms regretted that colleges offered courses only on day release basis with no, or very little, evening or weekend provision.

They should do more evening classes... colleges should be open at weekends, supported and funded by the government. It would be better if one college did management studies and another did technical studies, rather than being in a competitive market where all do the same thing.

HiQual.

When asked how the changes they would like to see should be implemented the sample as a whole identified two remedies. All respondents thought business people should be more involved with schools and colleges. This could be achieved by business people contributing to school and college programmes and by accepting students in the workplace for short, but regular, periods of time. While this was a widely held view, only a minority of the firms in the sample appeared to be active in school-business links.

The second remedy was for government to place more emphasis on local autonomy as far as targets were concerned and increase funding. Government should fund and pressure colleges to offer business friendly timetables to include more evening and weekend sessions, and fund colleges to get out more to meet local businesses.

Five of the 20 firms in the sample were using NVQs with two more intending to introduce them in the immediate future. Ready-Meals expressed the views of

many:

The way we package training initiatives in this country is quite confusing for most employers...they don't always understand what's on offer very easily...Some schemes are quite complicated and there is a lot of paperwork. A lot of employers find it difficult to switch on. I don't think they can be bothered unless there's something really obviously in it for them...that usually means cheap labour!

A department store supported this view; they had dropped NVQs after experience with them but were considering taking them up again.

The concept of NVQs is very good. The problem has been there for some time – jargon! When people who haven't studied move back into a study environment and are faced with all this jargon, they find it incredibly difficult to understand what is being asked of them.

Bairtons, who had a developed approach to training, was equally frustrated by the complexity surrounding the provision of VET. They were 'fairly pleased' with the range of provision but, if they did not have a Training Officer:

We would have had to rely on all the different organisations, and there's too damn many of them! It's frightening! I sometimes feel I can't see the wood for the trees!

Although Hydroseals would use NVQs with the MA programme the following year, the respondent was very sceptical about the procedures and the lack of funding.

When we've looked at NVQs it's been extremely costly, extremely bureaucratic and we're not sure of the benefits...We could get hardly

any funding from the TEC to encourage us to move down that route...It was very bureaucratic.

In this case the frustration was justified on the grounds that the company did a lot of training anyway. An equally cost or grant conscious approach was demonstrated by one of the department stores: *"I get NVQ training free because of what the TEC put in and we intend to go through the local retail employment group to get more funding."*

Respondents from the smaller enterprises generally expressed similar frustration. This was based either on past (limited) experience, or the experience of trying to set up NVQs. Others had not bothered to investigate NVQs because it was felt there was no benefit to them (FinMan) or they were too small (SmallCheese).

Modern Apprenticeships (MAs)

Nine of the participating enterprises were involved with MAs in some way. Mullframes, the aeronautical component engineering company would be recruiting up to six they claimed. This jarred rather with the statement that they did not do much training themselves as they recruited skilled workers. This may have been an aspiration in the context of the move into a sector where they would be more competitive. One aeronautical engineering firm (Goland) recruited up to 15 MAs while the Board of Hi-Qual, which had not recruited apprentices for five years, was considering MAs the day following the interview.

Hydroseals, whose strong scepticism regarding NVQs was mentioned earlier, were planning to take up to 3 MAs the following year. Two of the three retailers in the survey were involved with MAs, but in one case taking only one at a time while the other approached the matter *"...on an ad hoc basis."* Sandwich Maker was considering MAs for engineering apprentices, and Mitchell's and Bairtons recruited two or three. The remaining enterprises did not think MAs appropriate

as: *'There is no advantage for us.'* Or *'We are too small to be involved.'*

Ready Meals, the larger of the two Financial Advisors (Parlink) and Crossleigh were using a combination of Investors in People (IiP) and NVQ criteria in place of MAs. In addition Parlink also claimed to be using Management Charter Initiatives (MCI) in the same way. This was the only case where this degree of recognition was accorded the MCI and the Parlink respondent was one of only five who claimed to have heard of it.

Apart from two aeronautical engineering firms, even if an enterprise was recruiting, or intending to recruit MAs, this would cover no more than three recruits. The awareness of, and interest in, MAs was very low except among the larger enterprises in technologically advanced sectors. Those involved with MAs reported no problems and the scheme did not provoke complaints about bureaucracy that NVQs did, even from Hydroseals. The planned MA programme meant they would be recruiting school leavers for the first time for several years.

Employee involvement in training decisions and incentives to train

Of the 12 enterprises involving employees in decisions about training, five did so via annual appraisals only and two also involved trade unions. Crossleigh used an annual appraisal system and also discussed craft skills in the work units. Bairtons had an appraisal system and also a 'Company Forum' where training *could* be discussed, but this was uncommon.

Hydroseals did not have an appraisal system but employees discussed training needs with their supervisor annually. While there was a trade union, it was not involved in any discussion about training. Ready Meals had an appraisal system that covered management, but departments were required to agree training needs with individual employees before submitting an annual training plan. In the case of Bearings, employees discussed training needs with their manager annually, and

in Department Store 3 each team was consulted about training.

Employees generally had the opportunity to comment upon training they had undertaken, but only Bairtons, Bearings, Goland, HiQual and Hydroseals made consistent efforts to monitor the quality of training provision.

Generally the connection between training, re-grading or salary increments was associated with any promotion for which the training, along with other relevant factors, may have fitted the person. Training itself was not specifically rewarded in 15 of the companies taking part. In several cases it was stated that pay was not related to the appraisals as these were concerned only with performance that, apparently, was not rewarded financially. Five firms operated a policy where successful completion of training was rewarded, either by re-grading or a salary increment. Mullframes would place someone in a higher skill grade, but this would not mean an increase in pay. There was however a system of annual increments in this company, unrelated to training

Five firms did claim to reward training – an aircraft engineering firm (which regraded skill level but with no increase in pay), an aircraft component manufacturer, a sandwich maker, a department store and a seal manufacturer. Given this range, it is difficult to draw any conclusions other than that these firms had a more ‘enlightened’ or ‘sophisticated’ approach to the management of human resources than the others.

Three of these five enterprises (aircraft component manufacturer, department store and seal manufacturer) did share a coherent and well developed approach to training, compared with Mullframes, the aircraft-engineering firm and the sandwich maker. There appeared no obvious explanation of why all five should share a positive approach to rewarding training. Of the two other manufacturers who currently did not reward training directly, HiQual in aerospace was developing a multi-skilling approach where training would be rewarded with a re-

grading, while Bearings had no intention of developing any such approach. Ready Meals was about to implement a performance assessment procedure but this: *'Was not going to affect financial rewards. The process is really more to help identify where improvement is needed.'*

Enterprise Strategy and Training

The relationship between enterprise strategy and training was a key issue for this study. Three topics concerned the extent to which training was driven by the current or the future market focus of the enterprise, and three concerned the strengths, weaknesses, opportunities and threats (SWOTs) of the enterprise, the product/service changes over the last five years and those planned for the next five years.

Responses to these topics illustrated a weakly developed product market strategy among the sample. Respondents appeared unable (or unwilling?) to articulate it very effectively. Many respondents, even in large and technologically sophisticated organisations, were uncomfortable with the questions about market focus and SWOTs. *What are you getting at? Or, Why do you pick five years?*

Many had difficulty in articulating the features of the market sector in which they currently operated. This applied to the future market focus, SWOTs and product and service changes over the last five years and planned for the next five years. In general, respondents expressed satisfaction with where they were placed in the market, satisfaction with what the enterprise was doing, and planned to continue that way. While this may have been a reasoned position, the difficulty the majority of respondents had with articulating answers to these questions suggested they were unclear about that reasoning.

Overwhelmingly training was driven by the current market situation. If there was a clearly articulated five-year strategy it was often to remain in the same market

sector or, in one or two cases only, to perhaps move 'up-market' in the same sector. This was the case with Osborne (cheese maker) attempting to move away from a standard brand of cheese, and two department stores aiming to target the growing proportion of relatively well off 'empty-nesters'. The third department store shared a view characteristic of the majority of the sample: '*What is current we intend to be future.*' Ready Meals had a similar response:

I don't think the company even knows enough about the future in terms of which products are going to be more marketed. To a degree what we are doing now is in line with what they hope to be doing.

In aerospace 10% of current training at the most was focussed on future developments in their market sector. While the intention was to remain in the same sector, developments in production processes and technology were initiated by the customers or by technological developments outside the enterprise. The enterprises were *reacting* to changes in customer demand and/or technology. Very little effort appeared to be invested in *anticipating* future product market changes. Indeed, the difficulty respondents appeared to have in responding to these questions suggested such thinking was not a major issue.

Bairtons, Goland, and Hydroseals were all intending to develop the customer relation skills of engineers to enhance ongoing relations with existing customers. Bearings did no future focussed training even though the five-year strategic plan involved reducing the percentage of aerospace output from 70% to 55% while developing new markets in railways and motor racing. The decline in the percentage of aerospace output was associated with an absolute increase in aerospace output while at the same time developing new product markets. How the move into two market sectors in which the company had little previous experience was to be achieved without training was unclear. Bairtons also intended entering the market for railway and oil industry components, but again were not apparently focussing training on these market areas.

One of the most coherent and structured set of answers to questions about the future came from the cheese maker and dairy farmer Crossleigh, employing 86 people with a turnover of £12m. The percentage of training effort focussed on the current market (90%) was similar to that in aerospace and: *'This is not likely to change. But issues of traceability and quality assurance are all tied into ISO 9000 documentation ... and that's audited and inspected...and by customers too!'*

Strengths, Weaknesses, Opportunities and Threats

The immediate response to the SWOT issue was in terms of 'threats' from the existence of competitors, or more generally 'pressures'. These included new regulations that were a particular problem for the food-processing sector, or changes in Government defence policy for defence related enterprises. A frequent response, whatever the size or sector of the business was, after a pause of some length: *'...Cost...delivery...and quality.'* Or *"Price...and keeping costs down, now and in the future.'*

Few enterprises had identified 'opportunities' in any coherent way, and 'strengths' were described in terms of the company's history or the technical skill and quality of the staff. While these staff characteristics are undoubtedly important, not much thought appeared to be given to how those qualities could be utilised to deal with the threats, pressures or challenges thought likely in the market place over the next five years.

As indicated earlier, the cheese maker Crossleigh was clear about the pressures they faced on food quality, production methods and legislation on animal welfare. These were addressed through training associated with ISO 9000. While the respondent did not use the SWOT acronym they were clear about what was involved. This was why they were aiming to increase their organic output to 25% of their total. They had identified a niche, were among the leaders in that area and

were developing that.

One of the more insightful responses to the question on SWOTs came from the personnel manager of Hydroseals. They had no technical or engineering qualifications but were able to discuss SWOTs in terms of both commercial factors and technical developments. The automotive side of Hydroseals was under pressure from the major automotive companies to cut prices. Other sources of pressure were from competitors who did not provide the same level of technical support and so could offer lower prices: *'So you have the purchaser going to a cheaper supplier without really knowing the implications.'*

To deal with this kind of problem, and the fact that major customers were reducing their supplier base, they were building relationships with major customers, getting involved with their new products from the beginning and reducing lead times. They had invested in new machinery to increase productivity and computer systems and programmes to analyse the performance of a seal before going into manufacture.

The response from Hydroseals reflected those from the aeronautical components companies who were also developing customer service relations as a way of maintaining their position in the market place by remaining part of a smaller supply chain. This was also the case with Crossleigh who, apart from developing organic output to 25% of the total, would be applying their ISO 9000 related approach to respond to their widespread customer base. In many cases service development and customer relation issues had been worked on over the last five years and would be extended over the next five years. In aerospace and engineering this involved improving standard specifications, reduction of lead times, reduction of warranty costs and reducing the number of parts in a component. Forty-eight hour delivery times and customer involvement in product development were also mentioned.

Mitchell's had moved into electronic fuel injection systems over the last five years and was, like Bearings and Bairtons, also planning a move into supplying the railway-engineering sector. The respondent refused to comment at all about new products on the grounds of security. This attitude was reflected in their comments about developing closer relations with customers:

We have representatives – engineers - of our principal customers working here...sometimes those customers dual source...we have to be very careful...we don't know who they'll talk to!

Those enterprises with no very clear ideas about SWOTs and market pressures were equally unclear about changes in product or service they had made over the last five years and those proposed for the future: 'May be going more into Europe.' (Sandwich Maker), or: 'We have no long term strategy as such – normally look twelve months ahead. Not looking to change much.' This was from Mullframes, the aeronautical engineering firm moving into the non-airborne components sector. Even though they were planning to move into a new market sector, 12 months was as far as they looked into the future.

Osborn's (cheese maker) were not comfortable with the question on SWOTs, despite clarification and elaboration. They had little success after five years trying to move away from marketing unlabelled cheese and they were going to 'Do whatever the customer wants...' while appearing to have no clear idea of quite what was wanted, or by whom.

Sandwich Maker found all the questions in this section difficult, but they had invested in new production equipment and were aiming to be more flexible in terms of products:

I think...become a little bit more imaginative with the products, but it...would depend very much on customer demand...it always does...I

don't think I'm qualified to answer this...perhaps it might be better to get some colleagues from marketing down?

The two financial services companies, although very different in size, both found the questions on SWOTs and product/service changes difficult. Both explained that product changes depended upon the developers of financial products. Their enterprises only sold financial products, they did not develop them. In the case of the larger of the two, the explanation for the respondent's difficulty with the questions on SWOTs and future market developments echoed that of Sandwich Maker. *'I wouldn't know...you'd have to speak to the sales team.'*

While the responses from Sandwich Maker and Parlink are not perhaps unreasonable, they do suggest that training is not involved in the strategic thinking of these businesses. However, Parlink's respondent did appear to be aware of factors that were important for the future, for example consolidation in the sector and the move towards call centres.

Human Resource Management and Development Initiatives

This section considers the nature and extent of the involvement of the enterprises participating in the study with the Investors in People (IiP) programme coordinated by the TECs, and the competency-based national management standards of the Management Charter Initiative (MCI). In some cases firms were using the ISO 9000 approach to address issues raised by IiP and MCI. Very few respondents had heard of the MCI, and those who had claimed to be applying the principles without going for official recognition.

The degree of involvement with the IiP initiative among the firms in the sample can best be described as 'mixed'. Two businesses in the sample of 20 were considering registering as committed to obtaining the award, three were registered as 'committed' and six actually had the award.

Even quite large enterprises had not been very active in this area, a situation reflected among medium sized enterprises. Ready Meals had BS5750 and ISO9000 but had found staff were put off by the labels and the hype that went with them. It was again emphasised that customers required training to be focussed directly on the production process. Their IiP commitment had lapsed through lack of administrative support but the principles were being applied without promoting the initiative, though it was said that if customers were driving it things would change. However, each department was required to draw up an annual training plan, and in addition the company set aside five £100 bursaries for which staff could apply to pursue a personal development programme unrelated to work. *'Horse management, sailing and navigation have been approved.'* This company was one of the most positive advocates of NVQs with 50 people on NVQ1 and 12 NVQ credited assessors. HiQual also claimed to have 40 people on NVQ programmes, as well as ten people on part-time MSc and BTEC courses.

Mitchell's (fuel systems) and two of the aeronautical engineering companies were not very concerned about IiP – even though they had the logo: *'Approved Supplier is far more important than IiP...IiP is just an appendage, but ISO9000 and 'preferred supplier' status are seen as part of the company.'* Bairtons who linked the preferred supplier process to ISO 9000 shared this view. Hydroseals and Goland (with the logo) both regarded obtaining IiP as a matter of 'writing up' what they had already been doing. For Hydroseals the only new, but important, procedure as a result of IiP had been annual appraisals. They had been one of the first in their sector to obtain ISO9000, and the current drive on customer care reflected that of Ready Meals and Crossleigh – developing the standards but through ISO9000 or without pushing the link with a named initiative.

Osborn, the medium sized cheese maker, had acquired ISO9000 but considered too much time and effort was required to maintain it and: *'Since many creameries have been shutting down, we have been able to get trained staff.'* This was the

only case where ISO9000 was seen as a factor in recruitment. It seemed a slack labour market meant they did not have to train new staff to maintain the quality mark. Because of their experience of obtaining and maintaining ISO 9000 Osborn had not attempted IiP recognition because:

We did not think the return was going to justify the effort involved. ISO9000 was a matter of necessity... a requirement of our customers. These other initiatives aren't a requirement, and we just don't see the advantages outweighing the expense.

While companies like Ready Meals and Crossleigh were consciously applying IiP features or procedures through ISO9000, Osborn demonstrated a pragmatic approach to involvement in human resource development initiatives. Involved with neither MAs nor IiP, when asked if they were involved with any other human resource initiatives they replied:

Not really...other than the ones we are statutorily obliged to. The Health and Safety Act required that we introduce much more consultation on that, but apart from that, no.

In those enterprises where IiP was 'being considered', it was not seen as a priority. Others were either using ISO9000, or considered the process too bureaucratic for an enterprise as small as theirs. The response of a Department Store Training Manager summed up the approach of many: *'No, we are not registered for it...the CE is keen on it...but I've been told there are more pressing problems!'*

HiQual, aeronautical engineering, were 'committed' to IiP but nothing had happened about it for eighteen months. This was put down to a change of staff, but no pressure had been put on the new staff member (the respondent) to address IiP.

Links with Chambers of Commerce and TECs

Eight of the twenty enterprises participating in the interviews were members of the local Chamber of Commerce (CoC). The three retailers were the most enthusiastic and spoke of CoCs in 'community interest' terms. Managers attending meetings were seen as representing the company, but in terms of the company's responsibilities to the community as well as the interests of the company. While respondents recognised the importance of the company interests all three retailers claimed the CoC was very important for the town, and as major employers it was important to keep the town centre thriving. While there was an obvious connection between the retailer's commercial interests and a thriving town centre, the language used was a 'community' focussed language rather than the individualistic, commercial language used by some industrial enterprises. Bairtons also commented upon Chambers as: *'...a collective focal point concerning the local community.'* HiQual echoed this view but added: *'If another company is taking on 15 engineers I would know about it before they advertised. Local knowledge all the time!'*

Generally, the respondents knew little about the Chambers or, if they did know something, their organisation did not belong because Chambers were thought to have no relevance to their company. *'I don't have a view...don't know it well enough...we are only members because of exporting...not worth more time or effort.'* (Goland). It was the Chamber, not exporting, that was thought not worth the time and effort.

Crossleigh were not members of their Chamber because:

I think we have not really felt the need for it, though the Chamber has helped us at different times. When we've been doing a bit of export they pointed us in the right direction for our customers and that sort of

thing. We're probably parasites I suppose!

Bearings were members to maintain local business links, but had only used the Chamber 'occasionally' for training purposes. The only other respondent to speak positively of CoCs was Fin Man, the smaller of the Financial Services enterprises. *'I think we should be members, they do a lot of good.'* This was based on a personal link, unrelated to their business. The respondent from the larger of the financial services enterprises did not know if they were members of either of the two Chambers covering their two sites. When asked for a view about the role of Chambers the reply was: *'Pass! I don't know what they do...I don't know who they are...'*

The view that Chambers were only for 'very small' businesses was widely shared, Sandwich Maker's view was characteristic:

They are difficult to track down. Tends to be for the very small business...on a small scale...No need to deal with them and I don't know what they could really offer...they are not seen as relevant.

Nine of the enterprises in the sample had no knowledge of their local Chamber and little, if any, idea what Chambers actually did. Of the eight enterprises that were members of a CoC, four had very limited knowledge of the Chamber. Of the 20 enterprises in the sample only the three retailers, Fin Man and Bairtons saw Chambers as of any real significance.

Training and Enterprise Councils

The situation with TECs was similar. Ten of the twenty enterprises were associated in some way with their TEC, and five of those ten were also members of their CoC.

Three of the ten enterprises associated with the TEC had personal links through employees serving on TEC committees or projects. The respondent from Hydroseals was on a group looking at careers in engineering, the MD of Bairtons (aircraft components) was on the TEC board and the respondent was chair of the TEC committee for education and business partnership. A third respondent chaired the Careers and Engineering Group of local companies that was '*...the direct voice of engineering training into the TEC.*' These three enterprises were also linked with their TECs through IiP, NVQs and/or MAs. These programmes were the main link with TECs for six enterprises.

The general view of TECs was that as sources of grant funding e.g. NVQs, they were overly bureaucratic, seen as an inevitable consequence of the TECs responsibility for the distribution and allocation of public monies. Hydroseals and Par Link were particularly vociferous about this, and what they saw as the relatively low level of funding for NVQs and IiP. These two multi-site enterprises would concentrate funded activity in the area where the best funding was available, depending on the targets of the relevant TECs.

TECs were widely perceived to be driven by targets set by central government rather than being focussed on the local situation and associated needs

I have to say I'm a little cynical about TECs... very target driven. Nothing wrong with that but some of those targets aren't set by them but by Government... I think it can drive them in the wrong direction.
Bairtons.

Goland thought Government set targets constrained TECs in ways that meant too much funding went on enterprises geared to wealth expenditure rather than wealth creation.

Take MA training...it will take three to four years to train a MA...at

perhaps £6k a year. You have to have the machine tools available... In hairdressing or retailing you are getting money back from day one if they are serving a customer or providing a service. In engineering... it will be a year or 18 months before you get any small pay back.

The respondent from Crossleigh, which had a well-developed training programme and took agricultural college students on placements, was unsure about the role of TECs.

I know from my involvement, as a college governor, the TEC is very significant in terms of student training at colleges...but whether that's the most efficient way of getting taxpayer's money into education I couldn't begin to comment because I don't know enough about the TEC scheme.

Several respondents spoke positively about the helpfulness of the TEC staff with whom they did have contact. Even when the business experience of TEC employees was seen as limited, their willingness and enthusiasm was widely praised. The TECs were seen as having a major role to play, but were thought to be hindered by their close association with central government. *'A large, potentially overpaid, population producing loads of glossy leaflets...not too sure what it is achieving. But there are some damn good people in the organisation.'* (Bairtons).

Of the ten enterprises with any connection with the TEC, only the three with personal involvement had a reasonable understanding of what they were about and how they operated. The seven others only knew about the programme (IiP, NVQs, MAs) through which they were associated with the TEC. The majority of respondents had a very hazy idea about TECs – if indeed they had any knowledge about them at all.

Conclusion

None of the enterprises taking part in the study faced major labour market problems. Generally labour turnover was low and numbers recruited in the previous year were equally low. Where labour turnover did occur (retailing and food processing) this was regarded as a feature of the sector and geography respectively, it was considered an irritant rather than a problem. One manufacturer had difficulty recruiting people with relevant industry specific qualifications who were in short supply nationally. This would be addressed by a university based course offered through a local college.

The generally tolerable condition of the labour market was due to the relatively low skill levels required by a number of the businesses, and the availability of skilled workers following the last recession. The attraction of the region was also quoted as a factor in reducing pressure in the labour market. Even where the shortage of IT staff was raised this was commented upon as a fact of life rather than a major issue. A common problem was the lack of personal skills of recruits. This applied to school and college leavers as well as those already in the labour market.

The major focus of training in the sample was on the statutory requirement for health and safety training followed by food hygiene training in the food sector. In all sectors represented in the sample the cost of training in connection with new production machinery or IT was included in the purchase price of the hardware or software. Among the companies interviewed there was little evidence of a strategic approach to training. Training was largely implemented following the demands of customers or legislation. Very little training could be seen as *proactive*. This was the case even with larger manufacturing businesses, though these companies did tend to have a wider ranging and more structured approach to training.

Ten of the businesses interviewed had a training budget that ranged from 1% to 4.2% of payroll, but this was not reported as a percentage of any particular cost heading. Even where there was a recognised training budget, only the use of external trainers or course fees were recorded. In-house training was not costed in any of the enterprises in the sample interviewed. When a company had a specific training budget this was not seen as necessarily limiting what could be spent on training if a case could be made. In many of the organisations without a specific budget, training was regarded as a fact of life: if it were needed, it would be paid for.

The evaluation of training, where it occurred, was very much an informal process based on no more than 'happy sheets'. Only five firms in the sample, all larger manufacturing sites, made consistent efforts to evaluate training, including referring back to the trainee and supervisor three months after completion of training. The same companies also belonged to employer groups who maintained a record of providers and courses based on shared experiences and company evaluations.

The general degree of satisfaction with VET provision in the region was marred by four factors: bureaucratic complexity, the plethora of initiatives surrounding VET, difficulties in accessing the relevant contacts in colleges and the non-business like approach of colleges, particularly as far as timing and range of courses was concerned. Of particular concern among those using NVQs was the cost of training assessors as well as the weight of bureaucracy. MAs were better received, but involved relatively few firms in the sample. Only the larger organisations made use of NVQs and MAs.

Twelve enterprises claimed to involve employees in decisions about training, seven of these did so via annual appraisals. In others involvement was of a less formal nature. Unusually one company did require departments to produce an

annual training plan and the same company and two manufacturing concerns would also support individuals for personal development education/training.

It was noticeable from the tenor of their replies that those interviewed had limited awareness of any discussions about company strategy, or the recruitment and training implications of company strategy. The impression in very many cases, given the difficulty with the topics in the strategy section of the interview guide, was that strategy was not a significant issue for the majority of the enterprises interviewed. This impression was gained from interviews with people ranging from middle/senior managers in large enterprises with contact at director level, to more junior managers in smaller firms who, because of the relatively small size of the enterprise, nevertheless had direct contact with directors or owners.

In general the enterprises interviewed were satisfied with where they were in the market place and how they were coping. The intention for the future was to remain where they were or, in three cases (Sandwich Maker, Ready Meals and Osborn's (cheese maker)) to perhaps move further up market. This move was driven by customer demand rather than in-house business strategy.

Three major engineering plants, Bairtons, Bearings and Mitchell's, who were all moving to supply new industries were not undertaking training related to those new customers and industries. However, these three and Goland and Hydroseals were adapting their training programmes to facilitate customer service developments.

A non-strategic approach to training in particular was illustrated by the responses of the majority of firms who were involved with NVQs. The NVQ system was perceived more as a way of funding training costs than as part of a company or even national programme of raising skill levels. In the cases where NVQs were positively regarded, and encouraged, it seemed this was as much the result of the drive and initiative of the HR staff as it was of company strategy. The impression

gained from a number of interviews was that as long as training was being undertaken, and any available grants applied for, senior management were happy.

Chambers of Commerce did not appear to be significant for the majority of the sample. The exceptions to this were three retailers whose approach was a combination of community and self-interest. While eight of the enterprises taking part in the survey were Chamber members, the respondents from four of them had very little idea of what exactly the Chambers did. The general view was that Chambers were mainly for very small businesses with a local focus, and of no real relevance to larger organisations with a national and/or international orientation.

The situation with TECs was similar to that of Chambers of Commerce. Ten of the twenty enterprises in the sample were associated with TECs, and individuals from three of these were on TEC committees. These three enterprises, plus seven others, were also linked via the liP, NVQ and MA programmes. Generally TECs were viewed as a bureaucratic source of funding. Of those respondents who knew most about TECs (the three personally involved) the main problem was thought to be that targets upon which TECs focussed were set by central government and not sufficiently related to local needs.

Before moving on to Chapter 6 to consider the responses of a sample of employers from southwest France to similar questions, it may be useful to reflect on the implications of the responses from English employers. On the basis of responses reported in this chapter, current education and training initiatives in England appear neither to address the practices, the concerns nor the interests of the majority of firms interviewed. If so, they are unlikely to be more successful than initiatives over the last 40 years. It is not clear how the new Learning and Skills Councils will bring more influence to bear than the TECs on the less than rigorous strategic focus on training displayed by many of the businesses interviewed for this study.

In the context of a comparison of a regulated or neostatist approach to public policy and a voluntaristic market based approach, it is interesting to note the acceptance by firms in the West of England of the regulative framework covering health and safety and food hygiene training. The requirements were at least tolerated with little or no criticism. This may be due to the fact that in the food sector, the larger supermarkets often demanded training in addition to that required by law. There was not the criticism of health and safety training requirements, including consultation with employees, or of the cost of training in-house health and safety trainers, that was levelled at the bureaucracy of NVQs and the costs of in-house NVQ assessors.

An explanation for this could be that, because of legislation and the stance of major customers, health and safety and food hygiene training were accepted as of immediate and direct benefit. Failure to comply with such legislation could lead not only to prosecution but also in the case of food hygiene, a company being dropped from the supply chain of major outlets. The absence of a developed training strategy was not perceived to have the same immediate impact. Small companies who were interviewed invariably considered NVQs and MAs as of little, if any, relevance to them. Of the three department stores interviewed, only one expressed a serious interest in either NVQs or modern apprenticeships, and then on a small scale.

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Chapter 6

The French Case Studies: French Employers in the Midi-Pyrénées

This chapter considers the responses of a sample of French employers in the Midi-Pyrénées region of southwest France. The French employers were interviewed using a modified version of the interview guide used in the West of England. The first modification was the absence of questions on liP and TECs as there is no French equivalent. The second modification followed from French employment law governing training budgets and employee involvement in training decisions. The question on training budgets was modified to establish whether French enterprises in the sample exceeded their legal obligation, and the question on employee involvement was modified to establish the quality of the consultations with employees.

To put these modifications in context, three legal requirements covering training budgets and employee involvement in French firms will be briefly described. All enterprises in France are required to spend a percentage of their wages bill on training or training related activities. This percentage varies from a minimum of 0.75% for those with up to 9 employees to 1.5% for those employing 10 or more. As one employer explained *'It's obligatory! It is an obligation...we have a budget that is reserved for systematic training. If we don't spend it, the State takes it from us!*

Second, enterprises employing 11 to 49 people are required to produce an annual training plan in consultation with employee representatives (*Délégué du personnel* (DP)). An enterprise employing 50 or more people is required to have a Works Council (*Comité d'Entreprise* (CE)) and is required to discuss the training plan and its implementation with the CE at least twice a year. Companies employing more than 200 are required to establish a sub-committee of the CE to

deal with training matters. Third, irrespective of the size of enterprise, French employees have an individual right to paid individual training leave (CIF) after two years service.

After briefly setting out details of the sample, the structure of the chapter follows that of Chapter 5 dealing with the responses of the English employers.

The sample and their labour market situation

Nineteen enterprises located in five of the eight Departments of the Midi-Pyrénées agreed to be interviewed. They covered the industrial sectors, and enterprise size, characteristic of the region and are listed in Appendix 2 on page 10.13. Turnover ranged from FF5.2m to FF4.5bn while salary bills ranged from FF0.95m to FF629m.

The majority of the companies had not recruited in the last year. If they had recruited this was for no more than three or four people. One of the auto component manufacturers (LeAuto) and the producers of educational and training software (Simulate) represented the extremes. LeAuto had not recruited in the previous year and that was 'normal'. They could not answer concerning difficulties with recruitment as '*I have not recruited since 1986!*' This was explained by the need to reduce manning because of the cost pressures:

Our production process is very labour intensive. The cost of manual labour in France is FF87 per hour, in Great Britain it's FF51.60. For Spain it's FF52, for Poland FF29 and in Morocco it's FF13.

Simulate had recruited 30 people in the previous year, while the second auto-component firm, (Marlab) could recruit up to this number annually on fixed-term contracts (*Contrats à Durée Déterminée (CDD)*). They would then select any permanent workers they might require from this group. This was the only

occasion among the French employers when 'numerical flexibility' was acknowledged.

While no enterprises appeared to have serious recruitment or retention problems, a number were experiencing difficulties with the recruitment of staff with particular skills. The hydro-turbine manufacturer (HydroT) and the digital video camera systems manufacturer (VideoSystems) experienced particular difficulties in recruiting appropriately skilled staff.

In the case of HydroT this was because they were a specialist manufacturer and the potential labour pool was small and geographically dispersed. While the production process had developed little over the years, the supply of skills required had declined markedly since the 1980s. The main staffing problem was staff to oversee installation in Eastern Europe and central Asia where there were few indigenous engineers.

VideoSystems' difficulties were explained by the absence of any training in video technology in France until 1998. Ten of their 18 employees were involved in research, development and design. They sought adequately trained or experienced staff and arranged much of their own training.

The railway equipment manufacturer (TransRail) and the military electronics firm (Electram) also reported difficulties recruiting staff skilled in 'traditional' trades which were in short supply as a result of technological development, but which were still important for them.

The problem faced by Simulate arose from the fact that when working on projects for such companies as Aérospatiale, Siemens or Alcatel, they had to train their own staff on the systems of those companies as well as their own. *'When we recruit technicians from university, they are not immediately effective so we are obliged to train them.'*

The training department of the aircraft component manufacturer (AeroComp) had established a Bac Pro in production to make up for the poor supply of CNC machine tool operators in their rural area. TranSystems, an electrical equipment manufacturer, had similar problems and would initially seek to identify existing employees who could be trained up to the level required. Only if they were unsuccessful in that process would they go into the labour market.

Two small insurance brokers (MontAssur and Fassoc) again blamed the shortage of suitably trained recruits on the lack of appropriate vocational courses. This had now been addressed by a BTS and a DESS (*Diplôme d'Études Supérieure Spécialisée - Bac+5*) relevant to their sector that had been established in Toulouse.

The chemicals, military electronics and communications satellites companies claimed they had few problems recruiting the level of skills required. They shared the view that *'The Midi-Pyrénées is a region where there are a large number of colleges, university faculties and training establishments, we really don't have any major worries.'*

A number of respondents from smaller enterprises tended to blame their recruitment problems, in so far as they had any, on a combination of the 'attitude of young people today' and the social security system. It was claimed by a small number of respondents that the social security system did not encourage the unemployed to seek work, or take it if available. Hotel Pelerin raised this particularly strongly asserting this was a national not a local problem. The baker/confectioner shared this view *'People do not want to work on Sundays, or public holidays. They do not like the early starts.'* This could say more about the respective industries, or the particular enterprises, than the attitude of either the young or the unemployed.

The producer of electronic valves (Lintel), attempted to deal with the shortage of skilled recruits by targeting local people with family links with the area who (it was hoped) would be less mobile once they had been trained. They claimed to be more interested in competences than diplomas. This too could have the effect of limiting the mobility of people they trained. Because of their emphasis on establishing offices abroad, they shared the concerns of the HydroT over the availability of qualified people to send abroad.

Neither auto-component plants claimed to have a significant recruitment problem, but the introduction of the 35 hour week, combined with industrial growth in the region, could lead to problems in the future. MontAssur (insurance brokers) also mentioned the consequences of the 35hour week. Currently the main source of recruits was those with work experience and qualifications, but they would recruit university graduates with accountancy-based qualification and train them to deal with the consequences of the shorter working week: the recruitment of well qualified staff to deal with labour problems. Neither insurance broker trained 'in house' as they were small offices. The Chamber of Commerce and the GRETA (*Groupement d' établissements* – public sector training providers) had provided courses in the past.

The two hoteliers (Hotel Pelerin and Hotel du Mont) were the only enterprises whose labour force was seasonal. The first was in a major pilgrimage centre and claimed the same employees returned each year. These employees followed relevant courses during the closed season and were rewarded for their training. In this way good staff were retained in a seasonal and competitive sector of the industry.

The Hotel du Mont was in the capital town of a *Département*, operational all year and focussed on business and leisure tourism. Leisure tourism tended to be seasonal, but 'business tourism' continued throughout the year. They had not

recruited in the previous year and it was claimed there was no problem in recruiting staff. The training programme was activated outside the tourist season.

The family cheese maker TradCheese complained specifically about the lack of IT and language skills among those leaving schools and colleges. This was linked in the respondent's mind to the difficulty they had in finding BTS students prepared to undertake placements in small organisations like theirs. Students with good IT and language skills would be snapped up by the larger enterprises.

The main criticism of school and college leavers, as well as university graduates, expressed by employers was directed at the theoretical bias of their education and the lack of business experience.

In education we turn out engineers with a great deal of theoretical knowledge...mathematical knowledge...knowledge of very complex subjects...but two years after leaving the engineering schools it's forgotten. Lintel.

A similar view, shared with their English peers, was expressed more forcibly by a number of smaller enterprises from cheese making to electronics '*Education is completely ill adapted to reality! Completely outside the reality of the enterprise.*'

The firms in the sample relied overwhelmingly on full-time employees with permanent contracts (*Contrats à Durée Indéterminée (CDI)*). There were few part-time or temporary workers apart from Marlab in auto-components, mentioned above, and TranSystems who currently employed 70 part-timers. The only other group were students on placements of between three and six months, *stagiaires*, two or three in any one enterprise. Those firms taking *stagiaires* used placements as a recruitment screening opportunity. *Stagiaires* were common in the larger firms and it was not unusual for a small enterprise to have at least one a year for up to six months.

Training budgets and the focus of training

As explained at the start of the chapter, all enterprises in France are required to spend a percentage of their wages bill on training or training related activities. The legal minima may often be exceeded, and among larger enterprises in the sample the largest percentage allotted to training was 4% (TranSystems), but Electram currently allocated 7% to training in the context of a major restructuring process. With multi-site enterprises, the 1.5% refers to the actual site, and is used by that site to achieve the training strategy set by head office, or to address particular training or recruitment problems experienced by the site.

The great majority of respondents appeared to take such legal requirements in their stride. Only two 'sounded off' about the weight of such regulation: the baker/confectioner and the educational and training software company Simulate – a subsidiary of a US corporation. In the latter case the issue arose in a general discussion after the interview when the respondent enquired about the regulatory framework in Britain, and concluded it would be '*marvellous to work with*'.

The cost of training was not mentioned as a problem by any of the respondents, except in the case of the fees commanded by commercial training consultants. A number of respondents considered these to be expensive and not always value for money.

Training was focussed on a combination of current and future needs in roughly equal proportions. However, even for enterprises whose focus was more on the present, the future was never far from their thoughts. The view of the electronic valve manufacturer, shared by many respondents was clearly put '*If we train someone, it is to develop...to support the enterprise. It is not to develop the person.*'

In the manufacturing enterprises training was geared to the development of polyvalent employees to cope with current and future developments in product and process technologies. The degree or extent of polyvalence appeared to be limited in some cases to a particular work area, though if the employee acquired an additional qualification this would be extended. It has been argued that a more accurate term in the French case is 'multi' rather than 'poly' valence (Ricca, 1989). Except for the two hotels, between 20% and 60% of the training budget was IT related. In chemicals and communication satellites this was associated with product development and production processes. With Simulate the emphasis was due to the need to train new and existing staff on the systems used by customers as well as those used 'in house'.

The emphasis on IT was also apparent in the two small insurance brokers one of whom claimed to be the only *cabinet* in Toulouse actually with a web site. The other was planning to have a web site within the year and both were working on developing services and products via the Internet. In all the enterprises taking part in the study, administrators and commercial employees were receiving some IT training.

The two hotels concentrated on the training of chefs, confectioners and pastry cooks, considered key personnel, and would be sent to Paris on courses or training placements. The baker would also send confectioners and pastry cooks to Paris, but this was claimed to be more about getting new ideas than actual training. After chefs, confectioners and pastry cooks the hoteliers concentrated on restaurant waiters. Hotel Pelerin encouraged regular employees, especially room service personnel and waiters, to follow language training during the closed season. Although they recruited each season they had a stable core of staff, some having been with them for 10 to 15 years.

LeAuto, one of the auto-component manufacturers, had four categories of training: technical, quality, management and IT. 70% of their budget (1.7% of the salary bill) was spent on 'total quality' training.

In all enterprises, the labour force was treated as a whole in the context of the training plan. Any variation was due to the different needs in relation to existing level of expertise and how this related to the requirements of the enterprise. Neither the age nor length of service of an employee was necessarily important. However, TranSystems observed that younger employees ask for more training: *'Perhaps also because they know they must be polyvalent, they know they must acquire new techniques and know-how.'*

The focus of training will be examined further when discussing the link between enterprise strategy and training on pages 6.16 and 17.

Evaluation of training

The larger organisations had a systematic, and bureaucratic, process for the evaluation of training and training providers that was centralised in the preparation of the annual training plan and the training budget. Apart from the individual trainee, the individual's line manager would also be involved in the evaluation of the training received and the effectiveness of the provider. It was common for the HR/training manager and the trainee's line manager to be jointly involved in the evaluation. In some cases this involved face-to-face meetings while in others it was a question of joint form filling. The evaluation process is in the context of the report presented to the twice-yearly meetings with the CE. *'The French approach is a very administrative...bureaucratic. But the object of training is to adapt competences to the needs of the organisation.'* This was from TransRail, but was paraphrased by a number of respondents.

As with the employers in the West of England, a common aspect of the process of evaluating training involved 'happy sheets'. However these were complemented in the French case by the administrative procedures required by employment law and the (considerable) emphasis French employers placed on the needs of the business as indicated earlier. In both large and small enterprises employees were involved in the evaluation of training programmes and training providers. Such individual discussions were in addition to the meetings between employee representatives and management. With many enterprises the training plan was developed in conjunction with the strategic plan. '*It's logical*' as the HR manager from TransRail asserted in a rather matter of fact way.

The view of VET provision

The immediate response to this question from French managers, as with their English peers, was about (i) the state of the national education system and (ii) the quality of young people today and their lack of skills.

Six of the respondents emphasised the overly theoretical approach in the national education system and the irrelevance of schooling to business. Three respondents, an insurance broker, the larger cheese maker and Video Systems were particularly scathing about the level of literacy displayed by 17-18 year old applicants. The insurance broker, MontAssur, thought the national education system was 'out of phase' with reality and did nothing for the employers: they often had people on placement who could not read or write properly by the age of 17-18.

CheeseRocq, the larger cheese maker, was equally damning about the national education system, bemoaning the absence from contemporary education of the practical approach:

Today, young people of 18...They are lost at a practical level. In the 1960s there was the Commercial Studies Diploma taken at 17 or 18...this was an accounting diploma that corresponded to reality. Now, to have the same level the student must have BAC +4!

The Video Systems respondent was also concerned about the illiteracy rate among school leavers and suggested this could be dealt with by the re-introduction of the traditional artisanal or craft form of training. (The respondent appeared unaware this had been introduced through the CAP and BEP). However they did accept that it was normal for the educational system not to provide training appropriate to business since young people must have a general training. It was difficult for schools to develop a person's competences for the world of work '*Because no one knows where a young person will end up.*'

Thinking along similar lines Elintec, valve manufacturer, thought *Baccalauréat* level students should undertake training in the needs of at least one, and perhaps five, enterprises. Video Systems and Elintec, along with two manufacturers, the two insurance brokers and the pilgrimage hotel owner thought such training placements would have two functions. One would be a reduction in unemployment and the other would be the creation of a pool of skilled and experienced young people from which organisations like theirs could recruit.

The two auto-component manufacturers, aeronautical components, electrical transmission systems and the railway equipment producer had perhaps the most positive view about the education system in general. These five plants belonged to large multi-plant international enterprises and were among the largest employers in the sample in terms of numbers employed. There was general satisfaction, not shared by the railway equipment company, as:

Toulouse is a major educational centre, concentrating on technology. A large number of people leave the universities with the necessary technical and intellectual skills we need.

The main problem for the rail equipment company lay with the range of provision of vocational education in their immediate area. This was due to their relative geographic isolation. The nearest specialist providers were in Toulouse, or even Paris, though there was a National Engineering School in the town, which covered some relevant technical subjects.

While AeroComp, was concerned about the absence of a *Baccalauréat* level qualification in industrial automation, the town where they were located (population 10,000) now had an IUT and this was unusual for a town of that size. This respondent had the most sympathetic view of the motivation and business awareness of young people. The general antipathy of young people and their parents towards industry was explained by industry's response to the petrol shocks of the 1973 and 1974 – laying people off.

Some concern was expressed by a number of enterprises about strengthening school-business links as it was thought the schools were rather 'ossified'. *'They do not have enough teachers or professors from outside, specialists...this would help develop the students' understanding of different businesses.'*

Most respondents thought greater contact between business and education would be useful, however sympathetic, or unsympathetic, their perception of the national education system and its products. The more positive approach was from the larger enterprises, such as the AeroComp respondent who participated actively in contacts with local schools and arranged open days for possible recruits. Simulate, the educational and training software company, was also due to embark upon such a programme.

The smaller organisations all considered that school-business links were important but were not generally active in them, though the PDG of one of the insurance brokers did teach insurance related courses in a local college. The smaller cheese maker claimed that finding placements in small firms was difficult because students preferred to gain experience in larger firms. It was not clear though just how much effort was put into seeking placement students.

The pilgrimage hotelier, the video system company and the valve manufacturer shared the view that a more traditional, apprentice based, artisanal element to education would be useful. The hotelier, complaining about the number of 'generalists' with no practical training suggested that France should follow the German model where there was practical training that was required before a diploma was issued. However, later he went on to describe how this was a feature of the course his daughter was currently following in Grenoble.

Employee involvement in training decisions

The significant feature of the answers to this question was reference to (i) the role of employees individually; (ii) the involvement of their representative (*Délégué du personnel* (DP) and the CE; and (iii) the relationship with the strategic plan for the enterprise. It was claimed in all the enterprises that individuals initially would raise training issues with their immediate superior who would then bring this to the attention of the manager responsible for training.

In smaller enterprises the structure was less formal than in larger ones. However, managers in the smaller enterprises also linked training directly to the needs of the enterprise by relating the individual's training to the capacities required by the company now and in the future. As the Video Systems respondent put it, annual interviews were not about evaluating the career of a person, but about developing the enterprise. The significantly larger Electram took a similar approach.

Even when no explicit reference was made to a strategic plan or even a training plan, training was linked directly to what was required to stay in business. The insurance brokers for example were equally focused on the needs of the enterprise. *'When we have the annual interviews we talk with the employees about the appropriate balance between their desire for training and the needs of the enterprise.'*

A number of respondents pointed out that even though the manager or employer might make the final decision, employees could propose an alternative. AeroComp commented that employees were involved in the sense they could formulate demands but *'We decide, us! Independently of the employees...we decide...we put in place the training. That is our responsibility as an employer...'*

Having described how all the training demands of the staff were examined with the heads of departments, this respondent went on to explain that there was a training budget and ultimately he (Director of Administration) decided which training would be followed or not. The training manager from Simulate was also clear that for the most part employees were minimally involved since *'I am responsible for the training programme of the enterprise.'*

Since workers have a statutory right to be involved (although no 'veto') in the decision process concerning training, this answer emphasises the importance attached to the company's needs. It should be remembered, in the context of AeroComp and Simulate, that the representatives of the employees will have discussed the training plan in both the preparation stage and during implementation. However, there was an exception with English language training in Simulate. The respondent conceded that in the area of foreign language skills there was perhaps more of an input from employees.

In contrast to the responses from AeroComp and Simulate, the HR manager of TransRail made a point of emphasising the right of an individual to training leave

that need not necessarily be linked to the strategic focus of the enterprise. TranSystems and the much smaller chemical valve company also mentioned this aspect of individual involvement.

Incentives for training

Half the enterprises explicitly linked training, competences and pay in some way. The two insurance brokers, and the electrical transmission equipment manufacturer linked pay to professional qualifications. Both hotels would increase the pay of an individual after successful completion of training. In the case of the pilgrimage hotel this was an attempt to ensure the individual would return next season, and the business and leisure tourism hotel would also reward cuisine related training for retention reasons.

As employers in France are required to involve employee representatives in the development of the training plan less mention was made of annual appraisals as *the* focus of staff development, though the majority of the sample made use of annual interviews. As already mentioned, annual interviews were more focussed on the needs of the enterprise than those of the individual. The major focus in interviews was the level and number of competences acquired by an individual and how those related to the perceived current and future needs of the organisation.

As the HR manager for TranSystems explained:

We don't think we should suggest careers to individuals. We get a return about training needs when we have the evaluation interviews. It's the supervisor who is responsible at the time the budget is being formulated, for raising the training needs identified at the evaluation interviews. Everything is brought together when the training needs are collated for the training plan in October.

Electrarm stressed that the annual interviews were not about evaluating the individual so much as the development of the position or post and the identification of any training that was required by anyone holding that position.

A general response was that the development of competences resulted in increased pay whether as a bonus or in terms of basic salary. TransRail explicitly linked training and pay via annual appraisals and the larger cheese maker said pay would 'eventually' increase as a result of training as a consequence of up grading or promotion following training.

Marlab, auto-components, commented that training was first of all a means of developing competences. If this produced better results then it was reasonable that the person got a better salary. Video Systems and Lintel also concentrated on the significance of training for the enterprise rather than the individual. The link between training and pay was via the continued success, survival even, of the enterprise. Simulate made no general link between training and pay, but if an employee undertook individual training leave for a qualification that would, for example, allow them to move from technician to engineer status, they would receive a pay increase.

The relationship between enterprise strategy and training

Most respondents were quick with responses to these issues. They were clear about where they were in the market place and what they were aiming for. The main efforts of the smaller businesses were directed at developing the business to secure or consolidate their position in a rapidly evolving market place. The larger enterprises were much more concerned about maintaining their position in mature markets, with all the pressures that implied for product and process development. The main focus was on the development of production processes to meet increasingly demanding delivery, quality and price criteria. By definition

this was seen to involve the development of a flexible and polyvalent labour force. The ability of the company and its staff to respond rapidly to developments in products and manufacturing technology was seen as crucial.

The overwhelming response to these questions linked current training with both current and future market situations in about equal proportions. While the immediacy of current markets was evident, equal importance was given to future needs and markets. For example, Marlab argued that the development of their products determined their training policy. Training it was argued is above all a resource for improving efficiency and productivity. *'It is evident that the development of our products determines our training policy. Training is above all a resource for improving output.'*

In the manufacturing enterprises considerable emphasis was placed on the management of the production process per se. This was regarded as the basis of their strength: failure here was regarded as a real threat. It was widely agreed that the rate of evolution of the product, and the production process, determined the training policy. Training was regarded as a guarantee of efficiency, a guarantee of the ability to adapt when the time came. As the respondent from Marlab went on to argue:

The level of training in an organisation guarantees the capacity to adapt: it guarantees the employability, I think, of the people. The strategy is to have personnel who have a strong capacity to adapt.

For AeroComp, management of the production cycle was an important aspect of competitiveness. The particular strength of this enterprise, expressed in terms consistent with those of Marlab, was *'...The rapidity with which we can react, and our technological know-how.'*

Several respondents expressed the view that in a fast changing world current and future markets could rapidly converge:

When we identify the focus of training with the management team, it's in relation to the future. But in the course of a year if we have an urgent, immediate need, it must be met. Therefore, it's a little of both.

TranSystems.

TranSystems and CheeseRocq were concentrating on large-scale customers: wholesale and distribution in the case of electrical transmission equipment, supermarkets in the case of the cheese maker. Both companies were developing products to complement their traditional output in the light of the changing conditions in their product markets. Their training programmes were developed accordingly.

Lintel and Video Systems in rapidly developing electronic sectors geared their training overwhelmingly to the future. CheeseRocq made a similar claim. Their training was focussed on their future market, as their aim was to break into supermarkets. They were developing new products and emphasising the commercial skills of employees. The insurance brokers whose training was geared to the evolution of the market – new products and new markets, made a similar claim. They were also intending to develop their presence in e-commerce. The HR manager from TransRail pointed out that it was the strategic plan that determined the training plan.

The hotels, the baker/confectioner, the hydro-turbine manufacturer and the smaller cheese maker were the only ones for whom the rate of change was seen as 'modest' if not actually 'slow'. This was basically because their process technology had not changed significantly. While their markets might become more or less difficult due to initiatives by competitors, or changing economic conditions, they would manage this with methods with which they were familiar.

While the two hotels were in quite different market sectors, both concentrated on maintaining and adapting their skills in the kitchen and restaurant. Even Malbi, the baker/confectioner, sent confectioners to Paris to get new ideas rather than training. This approach is analogous to that of the manufacturers who place considerable emphasis on the management of the production process as a key factor in their competitive strategy.

Strengths, Weaknesses, Opportunities and Threats

SWOT (*Forces, Faiblesses, Opportunités et Menaces* or MOFFs) analysis was no more common in the French companies than in the English. However, unlike their English counterparts the majority of French respondents found it straightforward to identify the major issues confronting them, and what they were doing about them. As indicated, much of their training was geared to dealing with such issues.

A range of threats was perceived, ranging from the price and durability of the product (automobile components), to 'competitiveness' and the management of production cycles (aeronautical components), to environmental and policy pressures creating the need to develop new materials and products (electrical transmission). In a number of cases, for example industrial video systems, electronic valves and automobile components, the rate of development of technology and materials were perceived as the main source of threats. Materials and technological developments were also perceived as presenting opportunities if the enterprise was in a position to take advantage. Training was seen as important in this context. A potential threat could at least be reduced, if not turned to an 'opportunity', as a result of appropriate training.

While price was a major issue for the majority of respondents, this was in the context of an emphasis on the speed a company reacted to developments. The adaptability of employees to future developments in products or services was

important for all but TradCheese, the family cheese maker. But even they were aware the world was changing.

Three respondents, TradCheese, TransRail and Simulate found the question about MOFFs difficult. The respondent from TradCheese (Assistant to the Director with Bac+6 in marketing and business) did not appear to understand the question. As a small family manufacturer of a specialist cheese, their main concern was meeting the requirements of the association that allocated the prized 'AOC' (*Appellation d'Origine Contrôlée*) label. They were a 'traditional' firm with a 'traditional' product in a 'traditional' market and claimed their requirement was for physically strong, rather than skilled, people.

The HR manager of TransRail (higher degrees in sociology and HRM) was also weak on questions concerning MOFFs and market sectors. The response was weaker here than elsewhere in the interview where responses appeared well informed and aware. In the context of internationally competitive markets for a technical product, in developed and developing countries, (unlike the family cheese maker) this may be an understandable response.

The HR role was focussed on implementing the training plan, itself a function of the strategic plan for the company. There would be little requirement for the HR manager to be aware in detail of the factors underlying the strategic plan. The HR manager was not technically qualified and their job was to implement and administer training. This would require knowledge of, and ensuring compliance with, legal requirements including employee rights. The situation would be similar in other large technical enterprises.

The HR manager of Simulate, Bac +5 (Masters in Law and post-graduate HR qualification), had a clearer idea of the market pressures on the enterprise but was in a similar situation to the TransRail respondent as both lacked the technical

knowledge of how market pressures would be dealt with over the next five years. They pointed out they were responsible for training and recruitment.

For the majority of employers, large or small, 'competitiveness' was a crucial issue as far as threats were concerned, and it was these perceived threats that underpinned their training plan. The main threat was seen to be failure to maintain competitiveness. Importantly, as indicated earlier, competitiveness was not regarded as only a question of price. It also involved the speed of response to technological developments and market changes. Improvements in the production and service processes were key factors in terms of productivity. The rapidity of responses to market developments and the quality of customer service were all equally important. In all of these areas training was widely seen as having a key role.

The two hotels were as clear as other respondents in identifying and categorising the pressures to which their training was directed. The Hotel Pelerin emphasised language training as an important aspect and this was seen as a response to a major decline in pilgrim numbers. Due to unemployment, and precarious employment, families that had made annual pilgrimages now visited in alternate years.

The business and leisure tourism hotel saw hotel chains as the main competitive threat to their business. In this context they claimed they were always training in '*hotellerie et restauration*'. This was specifically to differentiate themselves from, and so compete effectively with, the hotel chains.

For the majority of the enterprises the main changes over the previous five years had been those associated with technological developments, and the problem was to keep up with future developments. An important aspect of 'keeping up' was preparation to take advantage of developments known to be in the pipeline. The problem was the rapid incorporation of these developments into products (e.g.

valves and video systems) or the production process (e.g. electrical transmission systems, automobile and aeronautical components).

CheeseRocq, in the same traditional product market as the smaller firm of cheese makers, TradCheese, was concerned about gaining entry to supermarket outlets where the main competitor had 75% of that market and a greater product range. This company was going to develop and sell products other than cheese. Malbi was also concerned about competition from larger outlets, and was planning to open more shops – the first in Toulouse in the next two years.

Only three enterprises specifically mentioned the introduction of the 35 hour week as being significant in the context of threats or constraints. For the year round hotel (business & leisure tourism) the 35 hour week was just one more European regulation that made life difficult for a family business. This was mentioned more as a fact of life than anything else.

A similarly matter of fact position was taken by one of the insurance brokers, Fassoc, who were going to address the challenges of the future by developing their professionalism: *‘Over the next five years, we will try to benefit from the 35 hours by employing people with the highest possible educational level so as to strengthen our professionalism.’* Both insurance brokers claimed IT had been a major factor in changing the way they worked and would continue to be so in the future.

Four large manufacturers, the two auto-component producers LeAuto and Marlab, and AeroComp and TranSystems, all emphasised as the main changes in the future the different ways of working that would be necessary. In addition to the 35hour week, more importantly change would be due to technological development and the intensity of competition. The pace of change was perceived to be increasing and the ability to respond rapidly and effectively was seen as the key to the future. In automobile components, for example, the products were now

developing rapidly after a period of relative stability. Also, production methods were changing too, and considerable effort was going into ensuring they would be able to cope with these changes '*We have to be more effective, our systems must be developed.*' The role of training in this was crucial, as explained by TranSystems '*We have to get the people capable.*' AeroComp also emphasised that 'know-how' was crucial to their ability to develop rapid responses to market requirements and was one of their strengths.

While there had been many modifications to their products and service over the last five years, for Lintel (electronic valves) the next five would see the consolidation of their enterprise in an international market. They had developed from making and programming circuit boards for valves to producing the whole product. In the future, they would consolidate their global presence. They already had offices in Frankfurt, Manchester, New York, Shanghai, Toronto and Tunis, but to stay ahead these would have to be developed. The nature of their product required a rapid response to incidents because of safety problems and the effect on output.

All the manufacturers agreed that while the function of the products they produced would remain the same, the components would change rapidly; it would not at all be 'more of the same'. As ToulComs (satellite payload manufacturer) explained '*When I started with this company, it was rather like haute couture...everything was hand made. In five years, we will be very close to 'ready to wear'!*'

Human resource management and development initiatives

The issue of involvement with quality initiatives in HR produced some of the shortest answers – ranging from 'Non!' (Hydro-turbines, both hotels, the larger cheese maker), to "Of course!" (LeAuto). This was elaborated somewhat by AeroComp who claimed they had '*All the procedures possible and imaginable,*

ISO9001, 9002, and those specific to the aerospace industry.’ Many respondents, even those supplying world-class companies, did not mention quality as a specific issue. It was subsumed into the general approach to competitiveness. Strategy, training, employee involvement and quality were ‘joined-up’. As the TransRail respondent replied ‘I have explained to you, training is in the quality plan.’

The two auto component companies were particularly active in improving the training strategy in relation to the wider strategic aims of the enterprise that involved attention given to quality issues.

Of course, certainly! We work to improve the training strategy...and we have an HR project for the training of workers. This is very important, and ambitious. We have a policy of total quality development.

In many companies, particularly the larger manufacturing enterprises, the management of training in particular, and human resources generally, was not perceived as separate from the general enterprise approach to quality. TransRail and TranSystems who included training in the quality plan illustrated this. TranSystems were working on the elimination of unnecessary tasks in the development of value added in production, and in the process the HR manager ‘...works hand in hand with the Quality Manager...’

The HR/Training manager of ToulComs had a similar response to involvement with quality initiatives in HRM:

It’s permanent! It’s not just me, it’s the global approach of the company...we have been engaged in this for six or seven years. In a word – it’s ‘total quality’ ...HR are involved in improving productivity.

Chemicals responded to the question by saying: “I hope so! I hope so! Why do you ask?”

They went on to say, as had ToulComs, that HR was strongly involved with a number of quality developments within the enterprise - in this case particularly involving organisational change and development: '*Not a year passes without an HR theme!*' The comments from these three enterprises are consistent with the views of Riboud, quoted in Chapter 4 (p.4.25).

Both the insurance brokers were active in the area of quality, and a member of staff of one was a member of the Quality Commission of the local Chamber of Commerce and Industry (CCI).

Malbi, the baker/confectioner and TradCheese were uncertain about the meaning and implication of the question on quality initiatives in HR. Both eventually focussed on the significance of the 35 hour week and its consequences for the quality of labour relations. In this context Malbi focussed on the general importance of good personal relations with employees. The cost implication of the 35 hour week was not, apparently, of particular concern to either of these smaller enterprises, or larger ones.

While their 'short' answer to the question about HR initiatives was 'None.' the baker and the family cheese maker both appeared to realise that the reduced working time requirement would have an impact on management-labour relations that would have to be addressed. Video Systems and Lintel were heavily involved in ISO 9001 and 2, which also covered HR, as were Simulate.

A major factor underlying the short answers to the question concerning quality initiatives in the area of human resources can be explained by the institutional framework within which French enterprises function. Not only are they required to spend a percentage of the wages bill on training, they are also required to discuss the annual training plan with employee representatives. Also, training

is considered in the context of the strategic plan of the enterprise that covers quality issues.

Links with Chambers of Commerce and Industry (CCIs)

The role of the CCI, and the links enterprises have with their CCI is yet a further factor influencing the approach to training of French enterprises, particularly SMEs (*Petites et Moyennes Entreprises* (PMEs)).

In France all registered shopkeepers, industrial enterprises and service providers, including professionals, are required to register with their local Chamber of Commerce and Industry and pay a tax to that Chamber, the '*Taxe additionnelle à la Taxe Professionnelle*'. This tax varies with the size and value of the enterprise and is locally determined. In the Midi-Pyrénées the tax is 2% of the *Taxe Professionnelle*, which is also locally determined and limited to 3.5% of the enterprise's value added in the year. Consequently all the enterprises in the study were members ('*adhérents*') of their local CCI even when company personnel were not actively involved.

CCIs are one of the major sources of training for PME's in France. They also run prestigious business schools in some of the major towns and cities of France. CCIs are a source of information for enterprises about changing economic conditions locally, nationally and globally. In addition they are major providers of training information and training programmes. In this they compete directly with public and private sector training providers.

The following comments refer to links with Chambers across five of the eight *Départements* of the Midi-Pyrénées Region. Eight of the 19 enterprises were involved via individuals, and seven of these individuals were actively engaged in the operation of the Chambers. The eighth (one of the two auto-component manufacturers) thought his role, as '*délégué consulaire*' was, as he put it, a

'guarantee': he was there simply to demonstrate the relevance of the Chamber. He thought the role did not mean anything and was not going to continue when his term expired. His main point of the criticism seemed to be that CCIs were not relevant to enterprises like his, though he did speak positively of the quality of the training provided by the local Chamber, suggesting the benefits of the CCIs were for 'smaller enterprises'.

The general view of respondents where they, or a colleague, was active in the Chamber was that Chambers were a 'good thing'. The aero components enterprise was particularly active in the Chamber (the one praised for its training provision in the previous paragraph) with two senior employees involved, the respondent (Director of Administration) and the President. On the basis of this experience it was considered that in a non-industrial environment such as theirs the Chamber provided much assistance in, for example, training as well as commercial advice. CCIs grouped local small enterprises so they could benefit from national and international opportunities.

This generally positive view was shared by all but three of the respondents, irrespective of whether a member of staff was involved with the chamber or whether their enterprise gained any particular benefit. The dissenters were the hydro-turbine company, Video Systems and CheeseRocq.

A major concern for Hydro-T was the time taken for the Chamber to respond to queries or requests for information. This respondent was aware the enterprise was obliged to pay a percentage of the *Taxe Professionnelle* to the Chamber, but had no idea how much that was as all the necessary paper work was carried out for them by the Chamber.

The larger cheese maker, CheeseRocq, shared this view of CCIs to an extent. This respondent was also involved as *délégué consulaire*, and asserted that Chamber personnel spent too much time sitting in their offices. They did not

make approaches to businesses, business had to approach them. The Chambers, it was argued, should behave more like commercial enterprises with representatives whose job was to approach clients, not wait for businesses to approach them.

VideoSystems shared the scepticism of the cheese maker and Hydro-Turbines. They paid the normal contribution, but were not otherwise involved. They had too much administration of their own in dealing with the French system – which it was claimed occupied one person in ten. They did their own market research and considered the CCI people (about a number of whom they were disparaging) as not being close to enterprises. The respondent did go on to say that ‘sometimes’ there were CCI staff who did important work and who counselled enterprises well, but *‘Their time is limited, there are not many of them.’*

The majority of PME respondents thought Chambers made a positive contribution to training, certainly as far as the smaller enterprises were concerned. A number of respondents spoke of the contribution the Chambers made to the development of the region. Fassoc, one of the insurance brokers, considered the positive role of Chambers was due to their role in training and the link they formed between (small) enterprises and the public powers, although the respondent admitted they did not have much to do with the Chamber themselves.

The pilgrimage hotelier shared this view and considered the dynamism of their Chamber good for the *Département*. Longer serving staff hotel regularly followed CCI training, and the dynamism of this particular Chamber was attributed to the personality of the current President.

The respondent from Chemicals was reluctant to speak about CCIs claiming to know little about them. When pushed for a personal, not the firm’s, view they replied:

Well, it is an old French institution. But, we have a product with a global distribution and we have few exchanges with the local economy. That's perhaps why we do not have a particular view about the Chambers.

Electrarm took a similar view as they described themselves as being set apart from the 'normal' business enterprises. This respondent knew so little about CCIs they expressed annoyance about being asked about them.

ToulComs had a similar view to the previous two respondents and continued:

Large organisations like ours, for example Thompson, Motorola, Siemens with specialist HR departments do not in general, as a general rule, use Chambers much. It is the small and medium and very small enterprises that make most use of Chambers. Chambers are important for them.

The respondent from Simulate had few dealings with the CCI as it offered very 'little training of the type required. However they were, actively involved with the local employers group *l'Union Patronale*, associated with national employer's association MEDEF (*Mouvement des Entreprises de France*). This respondent shared the view of many other 'non-users' that Chambers of Commerce had an important role in linking small organisations with economic decision makers at the regional and national level. The two hoteliers considered their respective Chambers to be good for the development of the economy of the *Département* and the region.

The general view of Chambers was that they were a 'good thing' for the local economy, and were seen as a source of help for smaller enterprises with, for example, the preparation of training plans, provision of training and assistance

with regulatory paperwork and export procedures. Across the region the view of CCIs was generally positive – even among those who were not heavily involved with them.

Conclusion

The French employers appeared to display a significantly more strategic and proactive approach to training than their English peers. In particular, they appeared no more concerned with the regulatory framework governing training and employment than the English employers displayed towards health and safety and food hygiene legislation.

As in the West of England, none of the enterprises taking part in the study were confronting major labour market problems. Two employers had recruited significant numbers in the previous year while the majority recruited in single figures, if at all. Many companies were concentrating on improving productivity as a means of reducing labour costs, and so were not looking to recruit significant numbers. It was generally agreed, particularly by the larger and more technical companies, that the Toulouse area was well supplied with both appropriately qualified people and good university level educational institutions. Smaller and more specialist technical enterprises had suffered from a lack of relevant training courses in their particular specialism, as had the insurance brokers, but that had now been addressed. The electronic valve manufacturer was perhaps less well served but this was due to the geographic location in an area that had declined and was yet to benefit from its location on the eastern fringes of a major tourist area. The aero-component manufacturer had dealt with a particular problem by developing their own qualification, while TransRail, Electram and Hydro-turbines had experienced difficulty recruiting some traditional skills.

Whatever the size of the company, training was determined by the product and market strategy. In this context there was considerable orientation towards the

future. This was not necessarily in terms of doing anything new so much as doing the same thing differently. In manufacturing firms, whatever their size or sector, while the product would have the same function whatever it was made of, the number of components and how it was assembled would be very different. Even the larger of the two specialist cheese makers and the insurance brokers were concentrating on the development of future markets and how the products and delivery would have to change.

While the French respondents were no more familiar with the process of SWOT (MOFF) analysis than their English peers, they responded directly to the issues by referring often to the issue of 'competitiveness'. Importantly, in the context of a comparative consideration of enterprise strategy, price was only one factor in their competitive equation. Considerable emphasis was placed on adaptability, and the speed of adaptation of employees and the enterprise. For the manufacturers, competitiveness was very much associated with the management and control of the production process and the speed with which developments in the fabrication and components of the product could be introduced. Price was an important issue, especially for the auto component manufacturers who faced pressure for annual price reductions of up to 10%, but this was just one aspect of competitiveness. More emphasis was on the need to introduce product and process changes rapidly, and to have a labour force that could implement and cope with such changes.

An emphasis on coping with changing products and processes was a feature also of the approach taken by the insurance brokers and the hotels. The insurance brokers were developing new products and new ways of delivering them, particularly via the web. One broker was going to cope with the consequences of the 35 hour week by recruiting better qualified staff, and so gain flexibility that way. This would increase hiring costs, but competitiveness was not only about price, it was also about new products and new methods of delivery.

The two hotels, in quite different markets, both approached their perceived threats or constraints by concentrating on raising the quality of their kitchen, restaurant and room service. Price was not the focus of their efforts. Obviously they paid attention to how their prices compared with the competition, but they addressed the issue by concentrating on the quality of service “...that’s our *métier*...” as one of them explained.

Two very different organisations, the larger cheese maker and the electrical transmission equipment producer, while recognising the importance of price, were developing new products and delivery channels. The cheese maker was targeting supermarkets and developing other dairy related products in order to reduce reliance on a single product. The electrical transmission company was also turning its attention to product distribution and targeting wholesalers. They were also developing new products for underground transmission in the light of increasing environmental concerns.

In all these companies training was seen as a key factor in coping with competitive pressures. The annual training plan was linked with the strategic plan and both addressed the issue of quality. A ‘joined up’ and strategically focussed approach to competition and training was a feature of all but three enterprises in the study – Albi Pam, Hydro-T and TradCheese.

No respondent mentioned the cost of training, neither did they complain about the obligation to have a training budget or the involvement of employees in the preparation of the training plan. While an employer might complain about the general level of regulatory burden in France compared with, say, England, the specific case of training was not one about which they objected, either about financing or employee involvement.

In the larger companies the approach was administratively loaded when it came to evaluating training and training providers. Senior management, line management,

HR and training managers and employees were involved. The smaller manufacturing enterprises did not display quite such an administrative approach. They tended to be at the forefront of developments technically and since they employed relatively few people, up to half of which would be in R&D, the process in these companies was more 'organic'.

Seven of the companies in the sample had one staff member involved with the Chamber, but mainly on an individual basis, while AirComp had two senior executives actively involved in their chamber. Several of the smaller enterprises would make use of training provided by the Chamber, and would also make use of information and advice services offered by the Chamber.

The smaller companies tended to complain that in addition to the statutory contribution paid to the Chamber, whether they made use of it or not, many of the Chamber services were not free. While smaller enterprises also tended to claim that CCI people spent too much time in their offices, it should be noted that arranging interviews for this project with CCI officials dealing with training was difficult. They appeared to be out of their offices a significant portion of the week. Many of the larger enterprises, though tending not to use Chambers, had a generally positive view and considered they provided useful services for smaller enterprises. Larger enterprises tended to rely on their employers' or trade associations. The main reason individuals from larger firms were involved with CCIs appeared to be a combination of communitarian values and positive PR for the firm.

Before moving on to consider the roles and responses of Chambers of Commerce and Training and Enterprise Councils in the West of England and the Chambers of Commerce in the Midi-Pyrénées, it may be useful to reflect upon the responses of the French employers in the light of those of the English. The context of the reflection is the notion of 'comparative dynamics' identified by Rose (1991). Comparative dynamics, or prospective evaluation, is not so much about prediction

as about minimising the cost of false starts, what does 'their' present tell us about 'our' future? What can 'we' learn from what 'they' have done, and the way they went about doing it?

The French employers seemed no more concerned with the extensive legislative framework within which they worked than did the English employers over health and safety and food hygiene requirements. Even when clarifying a specific regulatory provision for the benefit of the interviewer there was little, if any, evaluative component. The respondent was describing in a matter of fact way something that affected all French businesses. The smaller enterprises that complained about having to pay for the services of the CCI on top of their subscription did not complain about actually paying the subscription. Indeed, the French employers made less fuss about bureaucracy than did the larger firms in the West of England sample.

The immediate response to questions about the provision of VET provoked similar criticism of the educational system and its products from French employers as it did from the English. These criticisms were at the personal 'key skills' level, but also at the level of the school and university system itself. Apart from criticism of the inability of young people to speak or write properly, the criticism was about the theoretical nature of what was learnt at school and university, not that it was necessarily irrelevant. As did their English peers, the French employers complained about the poor level of knowledge of young people about businesses. However, even the smaller employers were interested in offering placements to young people. This was in part a screening process for potential employees, but also a source of temporary labour.

There was some indication from the French employers that, even though training was about developing the organisation rather than the person, pay rates and/or bonus awards were more generally related to the level and number of

competences acquired by an individual as a result of training than was the case with the English employers.

The final point of reflection is the emphasis the majority of French employers, of all sizes, put on the future. The focus of their competitiveness was on the adaptability of the employees and the speed with which the organisation could respond to product and process innovations. This was a form of flexibility consistent with a developed training culture, and differs from the emphasis on numerical flexibility associated with approach of government and business in England. While the French approach may be a consequence of the government funded industrial restructuring programme of the 1980s (Amable and Hencké 2001), it is also consistent with the observations of Hall (1990), and the observations and research reported by Casey et al. (1999), Westwood (2001) and Keep and Westwood *Can the UK learn to manage?*

(www.theWorkfoundation.com/pdf 14/05/03). The approach is long-term and based around rapid innovation in high value-added markets with a relatively stable and functionally, rather than numerically, flexible labour force.

In the following two chapters the roles and responses of Chambers of Commerce (CoCs) and Training and Enterprise Councils (TECs) in the West of England, and the Chambers of Commerce and Industry (CCIs) in the Mid-Pyrénées will be considered.

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Chapter 7

Chambers of Commerce and Training & Enterprise Councils in West of England

This chapter summarises findings from interviews with Chambers of Commerce (CoCs) and Training and Enterprise Councils (TECs) in the West of England. The objective was to explore the role and views of Chambers and TECs on the provision of VET in the four counties covered by this study, and their links with employers.

There is no comparable institution to the TECs in France, but it will become apparent in Chapter 8, when the roles of French Chambers of Commerce and Industry (CCIs) are examined, that with the probable exception of training for the unemployed, many training and enterprise activities of TECs in England come under the remit of CCIs in France.

Interviews in two CoCs in two of the four counties of the West of England were carried out, and interviews with all four TECs. Two Chambers were not interviewed. No contact details could be found for one, even though listed as an associate member in the Directory of Approved Chambers. When interviewing the TEC it became apparent that, with a staff of two, the Chamber had in effect been absorbed into the TEC. One of the employers interviewed had referred to this Chamber as 'a dead duck'.

In the second case, requests for interviews were repeatedly referred to the training division of the TEC on the grounds that any training in the area was provided through the TEC and Business Link (BL). An interview was still refused after it was explained that while training was the context of the study, the wider role of

CoCs was important in terms of a comparison with French CCIs. This Chamber had a significant (by English standards) membership base but while the Chamber was involved with both the TEC and BL, there was a clear division of labour between them and the Chamber was not involved in training.

The chapter is in six sections. The first briefly sets out the situation of CoCs and the TECs. The second will consider together the responses of the two Chambers interviewed. Covering areas around towns with markedly different socio-political and socio-economic histories the respondents gave similar answers concerning the role of their Chambers and their links with employers, TECs and BL.

The four TECs will then be considered individually as they had a wider focus than the Chambers. This reflected the fact that they were not membership organisations and were also more active in the process of linking with national and local agencies, including national and local government.

Chambers of Commerce and Training and Enterprise Councils

The Chambers of Commerce are an historic and, many would argue, honoured feature of local business life in England having represented business interests, and provided services to local businesses, for over 200 years. As in many areas of social and political life in England, the British Chambers of Commerce emphasise voluntary membership in a local organisation with an emphasis on networking and lobbying on behalf of local firms, particularly SMEs. Consequently, British CoCs do not sit within the 'public law' model for CCIs found in France and other mainland EU countries.

Established in 1991 TECs were to coordinate the provision of services to local businesses in order to enhance value added. TECs were not themselves to fill gaps in the local provision of services. Rather, they were to facilitate the establishment of a self-sustaining capacity for the development and provision of enterprise

services in the local community, similar to the historic role of CCIs in France. In the context of facilitating a self-sustaining local capacity, the term 'partnership' is used. The form of these partnerships differed depending on the provision of services to enterprises in the area, the relative organisational and financial strengths of the Chamber and local preference as to how the relationship was structured. In the case of the two Chambers who were interviewed, they were very much junior partners.

It became apparent during the interviews with the Chambers, confirmed by TEC respondents, that Chambers were lobbying organisations rather than major providers of services to their members. Chamber members could access services through the Chamber, but these were mainly provided and funded by the TEC or BL.

The partnership between CoCs and TECs centres on the BL organisations that grew out of an initiative of the then Board of Trade in 1992 to facilitate local marketing of enterprise services. BL was designed to bring coherence to numerous sources of advice, guidance, information and services available to local businesses. This was to be achieved by bringing the agencies providing these services, often thought to be competing, under a single heading in one location.

The interview guides used with the CoCs and, in modified form, with the TECs can be found at Appendix 4 p.10.17 and Appendix 5 p.10.19 respectively.

After establishing the membership and geographic area covered and how that related to the travel to work area, the issues raised were: the training problems facing their members; assistance they offered to members to link business strategy with training; the problems of developing and maintaining links with members; the characteristics of the least and most active members regarding training; training provided by the Chamber and their links with training providers. They were also asked about the significance of the Management Charter Initiative

(MCI) and Investors in People (IIP) initiatives for their members. Chambers and TECs were then asked about the division of labour between themselves and how they saw the roles of both organisations changing. Both groups were asked about their links with other regional business and development agencies. This structure provides the basis for the following account of findings from the interview programme.

The Chambers of Commerce

The smaller of the two chambers interviewed (Chamber 1) had about 500 members, just over 3% of local employers. They had few retail members as these tended to join what were termed local chambers of trade; a grouping not mentioned by the second CoC interviewed or any of the three retailers who took part in the study. The area covered by the Chamber was the administrative county, which also roughly matched the travel to work area.

The second Chamber (Chamber 2) had about 900 members, representing a slightly larger percentage of employers than Chamber 1. Based in a large town this Chamber concentrated its efforts in an area defined by a radius of a thirty-minute drive. With motorway links this covered a significant part of the county. Small enterprises were 52% of their membership and it was claimed this membership group was growing.

Neither respondent was able to answer in any detail the questions about the training problems nor training activities of their members, as members approaching the Chamber with training queries were referred directly to BL. In the case of Chamber 1 it was thought the younger enterprises were most active as the area had one of the best start-rates in the country. Larger companies sent staff for export documentation training the Chamber offered, and there was considerable interest in IT from large and small companies that would be covered by BL. They also thought that marketing, the environment and anything about

legislation with which members had to comply were areas where training was taken up.

The information service and export documentation programme previously run by Chamber 2 were both offered under the BL brand, and the only links with BL were through events that were 'joint badged' when the Chamber and BL jointly mounted an event.

Both respondents were sceptical about efforts of British business in general, not just their members, to consider the future. The emphasis was overwhelmingly on the present. Chamber 1 explained: *'When businesses are asked what (training) they want, their immediate reaction is "what have you got?" To which my answer is, for God's sake, you tell us what you want!'* They went on to say that British business generally, and certainly in their area, responded to the threat, never the opportunity. Chamber 2 had similar experiences. Very few had turned up to courses about the 'millennium bug' and small businesses had little interest in the euro. *'Are we putting on courses too early, or are they leaving it too late?'* Members saw seminars on current business issues as networking events rather than being important for business development. A free seminar, to which the TEC had contributed, advising enterprises on coping with skill shortages in the current climate had a low turnout, leading the respondent to conclude that not only future, but even current, conditions were of minimal concern to members.

Chamber 1 considered that any changes in the role of Chambers and TECs would come about as a result of mergers between the two bodies. It was considered there would have to be much less reliance on Government funding with Chambers moving into commercial service provision. The CoC and the TEC had formed a company trading under the Business Link brand that maintained the separate identity of the Chamber, though this *'relied heavily on government funding'*. This was considered preferable to a Chamber/TEC merger, preferred by the British

Chambers of Commerce (BCC) at national level, and was the local perception of what would work.

Chamber 2, with a less experienced respondent, replied to the question about the division of labour with the TEC by saying, *'I'd need to have background information on the TEC – I don't know what they get up to!'* The only link they had with the TEC was via BL, they did not have a link as a Chamber, and the link with BL was limited to joint events. Lack of knowledge about TEC activities was justified, as *'What we do is quite specific and it's what our members are after.'* This related to networking opportunities, and that would not change significantly unless the members *'dictated as such'*.

Both Chambers commented on the problem of being subscription based and the implications for the kinds of provision they were able to mount with existing subscription income. Chamber 2 explained that one of the difficulties of communicating with members was the view of senior managements of enterprises that they were the members, not the enterprise including employees. Chamber 2 had six staff and dealt with 900 companies: how were the employees to be contacted? This respondent also reported their area had *'a bit of a reputation'* for apathy compared with the north of the country, a view shared by Chamber 1.

Given their relatively marginal role in training provision, neither respondent had much to say about the assistance they gave members to link training and business strategy, or the distribution of training between management and other employees in member firms. Chamber 1 considered senior and middle management predominated. These groups were targeted in member firms, as *'It's a good earner.'* Junior staff took export documentation courses, and courses taken by the targeted groups would be provided through BL and members received a 10% discount.

Neither respondent knew anything about the MCI initiative, but both had something to say about IiP. Chamber 1 claimed their area had more enterprises with IiP than anywhere else in the country, though direct evidence was not available. Chamber 2's answer was based on reading the business press that suggested IiP was becoming more significant. *'That's a TEC issue; the Chamber does not get involved.'*

At the end of the interview with Chamber 1, the respondent commented:

The biggest problem for the Chamber movement in this country is that we don't have public law status, so membership is voluntary. Look at the Marseille Chamber, they run the docks! If every business, about 15,000, in this area had to belong to the Chamber we would be much more powerful. The Paris chamber employs 234 people; I'd like to be Chief Exec of that!

The following paragraphs represent a post-script to the interview with Chamber 2.

The initial contact with Chamber 2 had been with the person listed in the 1998 Directory of Approved Chambers as responsible for training. Early in the interview they claimed they could not answer questions about the Chamber. They had left the Chamber and were now with Business Link. However, the shortened interview did result in information that filled in the gaps of the understanding of their successor at the Chamber. This reinforces the impression from the two interviews above that both Chambers were relatively minor players as far as training was concerned.

BL covered all the main areas of advice and information, finance, business development and enterprise, education and training. BL dealt with all training providers and the Personal Business Advisers (PBAs) were the 'vanguard' of the BL service and highly spoken of by this informant. It was suggested that

programmes funded by the DTI, export finance and design and operations were important in developing the link between a firm's training and its strategy. It was also thought the MCI was not significant '*On a scale of one to five it would not be on it at all!*' BL sold IiP as a management performance tool to avoid the scepticism of firms who regarded it as 'just another logo'. Finally, in the opinion of this experienced CoC employee, then with BL, '*TECs will be swallowed up by the Regional Development Authorities. BLs will be the important organisations in the future; they are a threat to TECs.*'

Training and Enterprise Council 1

This TEC operated within the same administrative county area as Chamber 1, and the area covered was co-terminous with the county boundary. It was considered to be a relatively self-sufficient labour market area with no significant inflow of low-skilled workers, as would be the case in some localities. The inward and outward flows of commuters involved mainly managers and professionals.

The respondent was unable to answer the question concerning the size and sector of the employers with which they had the most active links as no such analysis had been carried out due the lack of an appropriate software system. One reason for this lack was that TECs tended to deal with employers indirectly. While those on MAs or the YTS work on employers' premises, the contract that governs those trainees and the money that goes with them is between the TEC and the training providers who arrange the placements. A further factor in accessing the data was those businesses with which the TEC had links were likely to be larger and more established than those with which BL had most links.

Almost all (80%) of the business the TEC would have with employers would be about delivering training to MAs or national trainees '*...or whatever they are called now...*' Also, training was an important aspect of the IiP that the TEC promoted.

In the case of TEC1 it was argued that BL was more associated with 'enterprise' while the TEC had an indirect link with employers through training. It was further claimed that this was a common feature of the TEC and Business Link relationship and so was not unusual.

Two training issues or problems relating to the state of the labour market in general concerned employers. One was the quality of those leaving school at the minimum age, '*They are likely to be less well qualified than their predecessors.*'

The second problem commonly expressed by business was a skills shortage in IT both within the enterprise (skills gap), and on the labour market – a skills shortage. Technological development not only outpaced schools and colleges but also outpaced those currently operating the technology on a day-to-day basis. The respondent went on to make an observation of some significance for this study:

Of course, employers rarely want to spend money on training if they can possibly avoid it...does suggest major public and private investment is required to overcome that.

Some 80%-85% of the TECs budget was aimed at people who were unemployed before their training began. The basis of this calculation of the budget distribution was that most people on Government training schemes are legally employees of the companies in which their training (paid for out of TEC funds) is based – but at the start of the programme they were unemployed. In addition, young people between the ages of 16 and 17 not in work were normally not allowed to register as unemployed, so this further inflated the actual number of unemployed people covered by training programmes funded by and through the TEC.

The focus of the training covered by the TEC related to the characteristics of the various industrial sectors in the local economy. For those who were technically or

legally unemployed, about 10% of the total, training was in pre-vocational basic skills rather than specifically vocational. This would include IT training and was intended to prepare people for vocational training.

90% of those on TEC programmes were getting some form of vocational training, but some sectors were over-represented in terms of the share of total employment in the local economy *'Particularly manufacturing, hotels and catering and personal services.'* As the traditional home of apprenticeships, manufacturing took the biggest share but employers, *'take subsidies from the state via TECs to help pay for their apprenticeship and taking on youngsters unemployed at the time.'* Hotel and catering and hairdressing were important as they took a disproportionate number due to high labour turnover creating a constant need to recruit and train.

Sectors under-represented were local government and banking, insurance and finance. The former it was suggested by the respondent could have been due to the strength of trade unions, while the finance sector *'wants people who are particularly communicative... assertive...with good IT skills. They prefer to advertise jobs and fill them in the traditional ways.'*

With employed people it was said the focus was less likely to be vocational or occupationally specific and more likely to be across the level of generic management type skills, marketing, team building, supervisory skills and so not so easily categorised.

Currently the TEC had contracts with 40 training providers, but the respondent was aware of plans to reduce this number by half in the course of the current year. The biggest contracts were with FE colleges, many of whom had small subsidiary companies who contracted with the TEC. There was also, as in many other parts of the country, a training organisation pre-dating the TEC set up by a consortium of engineering employers to train apprentices and which dealt almost exclusively

with TECs. Other large providers were the Hotel and Catering Training Company and the Hairdressing Training Association who took quite a lot, 'the big ones', and then there were numerous small providers who would be cut back.

The key factor in the TEC's relationship with training providers was first of all value for money, in which 'quality' played an important part. Training providers were judged on quality in a number of ways and had to meet standards set out in BS5750. Also, if the targets for numbers trained and qualifications obtained over the previous twelve months were not met, providers were likely to lose out.

As for the division of labour between the TEC and CoC, in the current case it was argued the Chamber was an organisation that lobbied on behalf of members. Those in the TEC shared the view that if the TEC withdrew support the Chamber would collapse. Not only were offices and administrative support heavily funded by the TEC but, in conjunction with BL (to which the CoC staff had transferred), so were the vast majority of services available to Chamber members at a discount.

When asked about the future role of TECs and Chambers the respondent commented that as Chambers had a respected national movement of some influence they would not disappear; they were a way member businesses '*...tapped into all the subsidised services of the TEC.*'

Involvement with other business and regional development agencies was limited to the county Development Agency which focussed on attracting investors into the area and providing an 'after care' service for those who move in. Funded primarily by the TEC and the local authority, it helped incomers find suitable sites, effect introductions and ease the way through local council procedures. The TEC was involved in a number of committees dealing with the future Regional Development Authority (RDA) whose establishment was imminent. The other group with which they were involved was a regional TEC grouping which dealt with the future officers of the RDA.

The main constraint on developing training and business development in the area was a very tight labour market with 2% unemployment. This limited the provision of training for the unemployed. As far as business development and enterprise were concerned the main constraint was the lack of any financial assistance to the area via Government or European grants.

Asked about the extent to which training in the area was linked to the current or future market situation of enterprises one problem was:

The short-termism of British industry. The big problem causing the inability to plan for the future is the very high dividends British companies normally pay out, far higher than in Germany and Far-Eastern countries.

One of the alleged consequences of this approach was that enterprises tried to push on to Government, schools and TECs the responsibility for training for the future.

A second problem, particularly affecting TECs and BL was that funding mechanisms were output driven. This meant a lot of funding for hairdressers who would get a qualification and a job. But in construction where there was anticipated growth over the next 10-20 years *'If you expanded training, you'd be training people who might end up on the dole.'* This was definitely unprofitable for the TEC that would not be rewarded for what could be very good quality training.

The link between business strategy and training programmes was seen as very much what the IiP programme was about, and their particular area had one of the highest participation rates in IiP in the country, confirming the CoC response. Of

the organisations in the county employing more than 50 people some 30% had achieved IIP, as had 114 of the small organisations.

When discussing the extent to which training was distributed between managers and their subordinates, the respondent emphasised the difference in the type rather than amount of training. Managers get teambuilding and fairly generic training, while young people get vocational courses. *'If the problem with school leavers is that they are not good at talking to people, but have an excellent qualification in design or something, they should get more training in generic core skills.'*

There were some 1,400 employers (10%) who were involved with MAs, and this worked out on average at two or three per company. MAs were particularly important in manufacturing, hotel and catering and personal services.

Training for supervisors was thought to be minimal, due to the fact that most of the training offered by BL tended to be for *'top managers usually in small organisations.'* The respondent thought some training aimed at supervisors was offered but he did not hear about it very often and thought it minimal in expenditure terms.

Training and Enterprise Council 2 – and the embedded Chamber

During the interview with TEC2 it transpired the CoC for which no contact details could be found was actually based in the same building.

The TEC claimed they and the Chamber were *'one and the same'* as *'the Chamber is a very small just two people – the Chief Executive and a Secretary.'*

The TEC respondent insisted that questions to the CoC would produce the same answers. Following the interview with TEC2, contact was established with the

Chamber but an interview was refused on the grounds there would be little, if anything, that could be added to the responses from the TEC.

While TEC 1 and Chamber 1 appeared to operate as a 'partnership', in the case of TEC2 and the local CoC it was more a case of the TEC having 'absorbed' the Chamber. A proposal for a formal merger of the TEC and Chamber in 1998/9 had been suspended while the Government's review of TECs was taking place. It was argued that while the CoC was supported by the TEC, Chambers were not themselves strategic organisations. They focussed on a relatively narrow, subscription paying membership base while the TEC had to be a strategic organisation. Comments from a number of employers interviewed in the area also suggested this Chamber had not been particularly active. According to information published by the TEC, the Chamber membership was some 500 from a total of over 16,000 VAT registered businesses – a membership ratio of 3%.

The boundaries of the geographic area covered by TEC2 were those of the county council. Due to the location of population centres, travel to work areas and the national and even international focus of many key firms in the area it was not a self-contained labour market.

The TEC had a link in some form or another with the majority of companies that employed more than 20 people, and 3,000 young people were engaged in work place training in predominantly smaller companies. BL sent out a regular newsletter to up to 17,000 'micro' companies employing up to four people. A TEC link with such small enterprises was unusual.

BL was a wholly owned subsidiary of the TEC, and covered much of the training component of the links with companies. This was focused on marketing or export related issues and strategies. A major problem that concerned employers, especially owner-managers was:

The process of business planning and the identification of the key skills required. This is covered to an extent by the liP programme...but...a significant problem for the owner manager was making time available for very relevant training.

Again, there was some difficulty in allocating the budget for training between the employed and unemployed. Some 50% of TEC expenditure was on youth training and education, though the education component would be very small. Many of the young people on work-based training would have been unemployed, and around 9% of the budget was on adult training and that would also mainly be for unemployed people.

The TEC had links with some 21 training providers, including local colleges, private sector providers and public sector ones. There were links also with national providers such as the Construction Industry Training Board and the Hotel and Catering Training Company. In some cases county council agencies were both providers and partners in a number of projects.

The key factors influencing links with training providers were, from the viewpoint of the providers, lack of money and what was perceived as 'Government inspired bureaucracy'. The TEC had some sympathy for the latter view as they agreed the system was *'over-audited and prescriptive, and too much funding goes to administration.'*

A joint venture company formed from the local county council schools career service undertook guidance services. The County Council, the TEC and the CBI, owned the company. The TEC was also a major provider of funds for an education and business partnership which coordinated and delivered a range of initiatives including business placements for teachers and work experience placements for the under 16s. Some 5,000 school pupils and 400 teachers had benefited from placements in 1996, the year prior to the interview.

There was also a school-based initiative in which pupils had an opportunity to run a 'model' company during the academic year with help and guidance from advisers from industry. In addition a 'Schools Compact', designed to highlight the importance of Key Skills for employment, operated in twenty schools. The compact focused on goals for students that included school attendance, punctuality, submitting required coursework and so forth. Some 800 mentors from business were involved. Around 17 roadshows were put on annually for parents to publicise employment and training opportunities for young people.

For adults, the TEC ran an Opportunity Shop that provides support and assistance for adults. In the tight labour market in the area covered by the TEC, services provided through Opportunity Shops included help with CVs, how the individual can market themselves, practical training in job hunting and interview performance and advice and guidance for those returning to work. Some 7,000 adults took up these services in 1996. The Opportunity Shop also offered an assessment and 'outplacement' service for employers. Job seekers of any age group had access to a database covering a range of information on training and educational opportunities, including open learning, in the county and surrounding areas. In the previous year, 1996, some 9,000 individuals had accessed this database.

The respondent had very little to say in response to the questions concerning links with the CoC and the changing roles of the TEC and Chamber in the future. The Chamber was 'very small' and a proposal to merge the Chamber, BL and the TEC had been approved by the partners three months earlier. While this was in abeyance due to the review of TECs that was underway at the time the interviews took place, services were being offered under the BL brand. The TEC respondent favoured this as it avoided a danger of fragmentation.

The state of the CoC can be judged by the fact that 8 of 19 events for 1998 under the Chamber of Commerce name listed in the TEC Service Guide were described as 'Member networking opportunities'. These included one Chamber Golf Day and the Chamber AGM. In addition there were three specialist courses, one on letters of credit and two on export documentation. Also listed was an international marketing seminar, a health and safety training workshop for SMEs, four trade mission meetings (two to Ireland, one to Spain and an inward mission from California), a Trade Fair or 'member promotional opportunity' and a 'Business Guru Talk'. There was a strong impression that the Chamber was a lobbying and campaigning facility focussed on networking opportunities for its members.

The TEC's links with business and regional development agencies included the forerunner of the RDA, the CBI and the Federation of Small Businesses (FSB).

The main problem or constraint facing the TEC in developing training and enterprise in the area was the difficulty of keeping track of the large number of start-up and small businesses. There were estimated to be 10,000 enterprises in the county employing fewer than 4 people. There was also a successful start-up programme that made a substantial contribution to job creation, but there was a turnover of about 400 small enterprises each quarter.

The question of what central or local government policy initiatives would help with the constraints facing them was linked with that concerning the success they had in linking training and opportunities in the area. At one level, it was thought, there was not much that could be done. The main issue apart from making and maintaining contact with numerous small enterprises was the turnover rate of small and micro- firms. The general impression was that there was very little conscious analysis on the part of employers – particularly small employers and even some large ones - in terms of relating training to current and future markets

'Employers do not seem to think that way...it's difficult. It's the current situation that drives them.'

Developing the link between the business strategy of an enterprise and its training programme was again seen as a key factor in the role of IiP. Figures showed that 33% of the county workforce was employed by organisations working towards (committed to) or that had achieved IiP. Of companies employing 25 people or more, 170 were working towards IiP and 85 had actually achieved it.

The question concerning what proportion of the training work of the TEC was for management compared with 'lower' level employees was linked with that concerning the extent of supervisory training in the area. About 20% of the training effort was on 'enterprise' and most of this went on managers. Supervisory training was thought to be a small part of the training provision. *'I haven't got a figure for this but my impression is that with team management that layer is coming out, the supervisory role is coming out.'*

Asked what role the MCI played in the area the reply was:

Not a lot! It tends to be a cul-de-sac...trying to get away from the idea of the MCI. We are more interested, at least as interested, in the manager of the smaller company...the owner manager.

Training and Enterprise Council 3

The TEC operated in the same area as the larger (Chamber 2) of the two Chambers interviewed. The geographic area covered by the TEC was that set by the traditional county boundaries, but since 1997 this had been split between four unitary authorities. As a labour market area it was centred on eight towns along a major route-way, so that in effect there were five distinct travel to work areas rather than a single labour market. One of the eight towns was so located that it

tended to look to neighbouring areas and regions and as a result was linked with two different tourist boards.

The area has a similar distribution of employers by size as the country as a whole, but with a higher proportion of large employers. Over 70% of firms had fewer than 10 employees, providing a relatively low proportion of total employment, and 12% of firms employed 25 or more. The higher than average concentration of larger firms was the result of successful inward investment in the county.

The largest sectors in terms of employment were engineering, distribution, public services and financial and business services. All except engineering had experienced substantial growth in the decade to 1997. However, nearly three-quarters of the service sector jobs were in the public or voluntary sectors.

The TEC's contacts were mainly with large employers (200+ staff), who were significantly more likely to be aware of the TEC and BL than smaller enterprises. While nearly one third of employers in the county had been in contact with the TEC in a variety of ways in the previous year, this ranged from between a quarter of the smaller employers to just over two-thirds of the largest businesses. However, firms in manufacturing and construction were slightly more likely to have had contact with the TEC than firms in the service sector.

While training had been a feature of most of the links with enterprises, the TEC had a broader agenda:

We are fairly active in the local economic partnership. For example, we're working on a science park feasibility project and a biotechnology incubator project. We are committed to economic development in the area and see it important for the local economy not to lose the defence capability. In terms of R&D we're a centre of

excellence, but looking for diversification there. Downstream that will impact on training...

The particular training problems of employers were generally associated with the tightening labour market over recent years. *'The problem is finding people with the right attitudes, aptitudes, motivation and skills...at all occupational levels.'*

The respondent went on:

When we talk it through with employers...it's not so much vocational skills that are a problem but a shortage of people in the area looking to do the sort of work the company does...which may not require great skills.

The TEC agreed with many employers that there was an image problem, particularly with engineering, a traditional area for apprenticeships. There was a problem recruiting young people with the basic numeracy and problem solving skills sort by employers. *'Perhaps a lack of achievement in certain areas of the curriculum by people who go into the labour market at 16. 'Better' students tend to follow the 'A' level route...'*

Due to the very low unemployment rate, some four fifths of the training budget had been focussed on employed people, and among those the emphasis was on young people. This was split between MAs, level 3 NVQs, and National Traineeships at NVQ level 2. The TEC recorded how much was spent on training, but they did not keep records about the distribution of training between skill areas or industrial sectors.

The majority of training providers were private sector organisations. They were either training companies or employers who had contracts for training their own employees. They were followed by 'not for profit' providers who tended to

specialise in training for people with special needs. The TEC also worked with local FE colleges in a number of programmes that included European Social Fund projects, as well as the delivery of higher education courses through local institutions.

The respondent found it difficult to identify exactly what key factors influenced relationships with training providers: *'I suppose...what the government expects in terms of outputs. These days everything based around payment for outputs.'*

They had 'quite a lot' of links with the Chamber of Commerce. Both were members of various committees or groups and *'...that's the nature of economic development work these days...'* However, in terms of the division of labour between the TEC and the Chamber:

In terms of services we find that Chambers run certain activities for their members, 'meet the buyer' type things...perhaps some specific training events, but they seem more aligned perhaps with BL rather than the TEC.

Sometimes the Chamber worked for the TEC on a contracted basis and functioned as a sounding board for TEC proposals as well as lobbying the TEC on behalf of Chamber members. Consistent with the comments of Chamber 2, the link between the Chamber and the TEC did not appear very developed. Each had their own roles and got on with them.

The future role of TECs and Chambers was thought to be unclear in advance of the Government's review of TECs. An important aspect of the relationship was that TECs delivered services on the part of Government while Chambers lobbied government.

I do not expect government to encourage mergers. If there was more of a European model where Chambers are much more involved in the direct organisation and delivery of training arrangements, then perhaps: Chambers are not represented on TEC boards, quite rightly, they often would not be eligible.

The key link with other business and regional development agencies was through BL. In addition the TEC was closely involved with working groups in the run up to the establishment of the RDA.

The respondent could only make a 'guestimate' about the number of firms involved with MAs, '*probably say around 400*'. Although a survey of employment skills in the area had recently been conducted, it had made no specific mention of MAs. Consequently there was no way to judge the extent to which they were a feature of training in the area. In general, the level of qualifications held by the labour force, and the proportion studying for qualifications, was relatively high by national standards.

Concerning the distribution of BL effort between education and training and business enterprise and development, it was suggested that the education and training focus was mainly at the functional, short course level of provision, but drawing a line between that and management development for SMEs was seen as difficult.

The main constraint for the TEC in developing training provision in the area was the identification of programmes, suitable for individuals and SMEs, consistent with funding criteria. With business development and enterprise programmes, the problem was to generate income from employers to fund activities that fitted with the Government's or EU funding requirements.

The problem of not putting funding into things employers would, should, do anyway. If it's the sort of thing employers jump at, then probably we should not be funding them, or not for very long! It's a bit like EU Objective 4: it's targeted at those workers least likely to get trained by their employers, and that makes it rather difficult to sell. I suppose that's part of the challenge and part of the reason for having TECs anyway, otherwise you could just let the market sort itself out.

When asked what central or local government initiatives would ease the work of the TEC, a plea was made for the ability to generate and retain surpluses that would be used to fund purely local initiatives. Alternatively, a discrete budget for local initiatives to be identified by local partners would have been useful. This was seen as an important feature of local flexibility, of greater 'accountability'. Also,

Longer term planning is perhaps another area...at present everything is set in the short term. If initiatives were known to be around for longer, they would be much more successful. One of the reasons the Modern Apprenticeship is successful is because it's known to be around.

The question concerning the ability of the TEC to link training to the demands and opportunities in the area was '*one of the more difficult questions really.*' The answer was linked with that to the issue of whether training was focussed on current or future market situations.

It's always quite a difficult one. Largely we are meeting existing demands...current is very important. We try to anticipate demand, but we are not in the business of training for stock. We try to ensure we are not training when in a few years there will be redundant skills.

This may have been influenced by the approach taken by local businesses.

The decisions they're taking are very short term. That's the nature of planning, especially with SMEs. Even larger enterprises, they're exceptional the ones who would say 'in 5 or 6 years time we'll need x number of technicians'. Even with good employers labour turn over, particularly career choices for young people, is such they could not expect those taken on now to be available in six years. Longer range planning quite tricky, more about this year...next year.

In terms of the split between training for management and lower level employees, it was common that lower level training related to statutory requirements concerning health and safety, hygiene and first-aid. Apart from that *'it will be the people who are best qualified in the first place.'* The figures relating to the hierarchical level of trainees, and the subjects they were taking were not recorded, so the significance of supervisory training per se could not be judged.

While the TEC had facilitated and encouraged the MCI, the respondent had no knowledge of the significance of the programme. While there was an impression that IiP was important in the area, no statistics were readily available. Most of the large employers would have the logo, and it was thought a significant number of medium sized enterprises were committed to obtaining it.

The different roles of Chamber3 and TEC3 can be illustrated by their respective joint events calendars. The Chamber was offering 17 events under the heading of 'Business Events/Networking'. These were priced at between £5 (Network Breakfast) and £40 (Chamber Ball). The next most expensive event was the Business Excellence Forum at £12.50. In addition to these 17 events, the Chamber was jointly involved with Business Link in three breakfast seminars on 'Business Angels', Benchmarking and Business Disposals – all priced at £11.75.

In the same period Business Link was offering 32 events priced between £70 and £240. These included sessions on Finance for Business (£70), Selling Skills, Venturing on to the Internet (£80), Role of the Supervisor, Four Steps to Better Management (£240), Finance for the Non-Financial Manager (£160), Introduction to Excel (£110), and Selling by Telephone.

Training and Enterprise Council 4

This was another case where the Chamber, relatively strong, insisted they were not the people to speak to about training as that came under the TEC; they were not involved in training issues.

The TEC respondent was a member of the executive team of TrainingCo, an enterprise limited by guarantee that had been set up by the TEC. All but the mandatory functions laid down for the TEC by Government had been devolved to TrainingCo. This arrangement followed from the policy that working arrangements should be left to individual TECs to determine in the light of local conditions.

TrainingCo was based on what had been the local authority careers service until it became a company under the previous Government. The life-long learning and education responsibilities of the TEC had been combined with the traditional local authority careers service activities and responsibilities. The respondent was responsible for life-long learning. This covered all age groups – including those still in the womb! At the time of the interview an initiative, termed a ‘pre-natal’ programme, was aimed specifically at pregnant women (often single) with reading difficulties and who were eager to do the best for their child. The programme was long term, aimed at reducing the child’s educational difficulties when they went to school, and improving the employment opportunities of the mother.

TrainingCo was funded by the TEC to the extent that the respondent's salary and that of two others were covered. They had to bid competitively for everything else, *'just as if we were an independent provider.'*

The area covered by the TEC was a former county that consisted of a number of unitary authorities. This made funding awkward, as TrainingCo had to deal with two or three unitary authorities at the same time. There was considerable mobility across authority boundaries, but the area was classed as a single labour market because the combination of travel-to-work, travel-to learn and study times meant that most of the population travelled to where major employers and industries were located within two of the unitary authority areas.

In terms of links with employers, the primary focus of TrainingCo was on SMEs with between 5 and 200 employees. These were divided into two groups, 5-50 and 50-200, as this made it easier to understand what was happening even though it did not match the standard definitions.

While there was a number of major employers in the area whose supply chains were becoming more local, the target firms also covered a range from old style businesses such as hairdressers and tattoo parlours to high-tec multi-media development companies.

As for the importance of training to this range of companies, it was said that about the only thing SMEs had in common was their size. The higher tech enterprises recognised the need for training more than low-tec enterprises, and would either provide this or search for a provider. The low-tech or low skill enterprises saw training as unimportant. It was not needed for the current job, and needs in four or five years were not considered.

It was observed that all SMEs in the area complained of a lack of skills because of an unemployment level of 3%. A major difficulty with dealing with SMEs was

that while they may have recognised their staff needed training for the jobs they would be doing the following year, they did not undertake skills need analysis. *'They are so busy working to clear overheads and give themselves an income that looking at the end of the year, or year after, is alien to how they operate.'* BL did undertake skills need analysis, but in a rather general way. Small companies would rather buy raw materials or pay overtime than pay for skills need analysis.

The major proportion of the TEC budget was focussed by the Government on certain areas; MAs, NVQs, encouraging work-based training, encouraging small employers to provide training all the way through when they recruit a 16 year old school leaver.

Employers determined the focus of training for the employed, whether it was up-skilling existing employees or the provision of skilled staff. The TEC was there to encourage employers to provide the training they needed, and help with the identification of providers. With the unemployed the main focus was on key employability skills, but they had a reasonable budget to actively pursue adults in employment to encourage them to get better training so employability is enhanced and there was a greater chance of staying in full time employment.

TrainingCo worked with a range of training providers including all the FE colleges. They worked with the colleges on a variety of projects wherever value could be added to something a college, or group of colleges, was doing. This would be mainly where colleges had bid for Government initiative money.

We're doing this on our behalf as a company but also on behalf of the TEC as it also encourages life-long-learning, getting people back into learning and so helps the TEC meet targets laid down by Government.

They worked not only with FE and HE colleges locally, but also with the Open University and local schools. They used local providers to run courses on their

behalf and also worked closely with BL, mainly on liP. The Government required links with providers to be in the form of partnerships, and perhaps the main factor governing links with training providers was impartiality.

Because we are seen to be, and work very hard to remain, impartial and independent we can hold the ring. The colleges and providers appreciate this impartiality, as do those seeking the training.

The division of labour between the CoC and the TEC had been that the TECs helped Government achieve local targets, whilst the CoC acted as a lobby on behalf of its members, predominantly SMEs. *'There is a linkage between the Chamber and the TEC, but the linkage is not direct.'*

The Chamber and BL shared a building which included an export office of the DTI, so this very much represented a 'one stop shop', but while the TEC was represented on several CoC committees, and the Chief Executive of TrainingCo chaired the Education and Training Committee of the Chamber, *'That's as close as the Chamber get to having anyone from the TEC actually running anything!'*

As far as changes in the role of the Chamber and TEC were concerned, this was the only TEC respondent who appeared to have an insight in what might happen to the TECs following the Government review then underway. The (subsequently abandoned) Individual Learning Accounts (ILAs) were seen as part of the process to remove TECs over the following three years.

The present Government has said it does not expect TECs to survive into the next Parliament, it hasn't said it's getting rid of them, but does not expect them still to be there.

It was considered that BL and TrainingCo would continue after the TEC, as they were quite separate. The bulk of the funding for TrainingCo came through their

careers service contract, for example. However one difficulty would be an increased degree of uncertainty from year to year as to the sources of additional funding to replace what had come via the TEC.

Two particular problems confronting TrainingCo in developing training provision were identified. One was the diversity of SMEs. It was difficult to categorise them and so provide them with something perceived as value for money.

If you take someone out for a day's training, and they only employ five people, that's 20% of the workforce, so they may not think they're getting value for money even if it's a 'no cost' course.

A second factor was a public sector assumption that businesses would only participate in a programme if it were free. This was not necessarily the case since something free will be undervalued.

They had been involved in a successful pilot of a DfEE funded initiative to get employees back into training. Aimed at SMEs on small industrial estates, the employer contributed £100, the employee £25 and the DfEE, via the TEC, £150. From the employers' view there was £275 worth of vocational training accessed by an investment of £100. *'300 individuals from 200 companies came forward to access the money and training. We're still following that up to assess the benefit to the individual and the business.'* In discussions with enterprises TrainingCo had been able to help with basic skills need analysis.

What distinguished the two hundred participating enterprises from the 600 originally approached, and the 400 initial respondents, was very much a function of management. *'If management only thought Monday to Friday, pay the bills this month, then nothing happens.'*

Two related factors were identified which influenced the extent to which local or central government initiatives might address the constraints TrainingCo faced in developing training in the area. The motivation of employers was important but, echoing TEC3, this was undermined by the flow of Government initiatives.

If Government keeps taking money away from an old initiative and renaming it, people get confused and fed up with the whole blessed notion. They'd rather something was there, and they knew it would be there in three or five years.

The respondent went on to say the trouble with pump priming was that while a pump needs priming every time it's used, the Government thought it only needed priming once.

The situation concerning the extent to which training was linked to the demands and opportunities in the region was confused.

There's a great reluctance for training. With very low levels of unemployment, most businesses cannot find skilled staff for expansion or growth...but people do not say 'for goodness sake get this training on, we need this desperately'.

The case of the alleged shortage of IT skills in the area was used to support the view that the market had been interpreted incorrectly.

When we advertise for an IT project we get 30 to 40 applications, I would expect six or eight. When you get 40 applications for a £5k project that means they want the work. That tells me there isn't a shortage.

When questioned as to the extent to which the training undertaken was focussed on current or future product market situations, the respondent referred to the 200 employers who had taken up the Return to Learn initiative:

'I don't think any of them were thinking three or five years ahead. I think most were thinking about a year or eighteen months at the very outside, that was long term.'

Linking a firm's market strategy and training plan was achieved through BL and the liP programme, though when selling training it was pointed out how this training would help meet their strategic goals but, *'the number of businesses with no strategy is legion, so very difficult to show how it links...'*

The distribution of training between managers and lower level employees was related to the size of the enterprise. In a very small company it was claimed the owner treated it as a personal insult if offered training. When the enterprise is big enough to have managers *they* get training, as *'owners don't need it because they run the thing!'* It was argued that when a small company grew larger, it was the owner-manager who needed training to understand how to manage the managers. Going back to the analogy of pump-priming the respondent observed that while Government put money into start-up businesses:

'It would be better to put one third of the money into start-ups and save two thirds to encourage the one third to keep running for five years until they are successful businesses.'

TrainingCo were not really involved with MAs as that was a TEC driven programme, but it was considered MAs were not pushed very hard, *'MAs are a feature, I know they are particularly for those 16 year olds who do leave school to go into work...anecdotally they're successful.'*

Given the very low unemployment in the area adult training was work based and so paid for by companies. While it was the biggest expenditure on training in the area, the respondent had no idea about the proportion there would be for supervisory level employees.

While the, generally very well informed, respondent had not heard of the Management Charter Initiative, they had worked very closely with BL on the liP initiative for companies with up to 50 employees. This was a difficult market to get into as such companies were usually seen as too small to want liP but:

When we talk to them they can see the benefits. We help managers work their way through to develop liP. We had a target of 38 companies last year and achieved 51!

It was very difficult to reach small enterprises so they '*ended up going round knocking on doors*'.

Conclusion

Both Chamber respondents, and all four of the TEC respondents, commented upon the short-term orientation of SMEs in particular, though larger firms were not exonerated. It was said in defence of even quite large enterprises that labour turnover rates, especially among young people, were such that planning for future skills was difficult. The combination of these factors, plus the apparent reluctance of employers to complete skills need analysis, resulted in a perceived antipathy towards training, particularly among SMEs.

The relative institutional weakness of the CoCs was apparent from views expressed by respondents from the two Chambers taking part and all four TECs. The income level of Chambers was low with voluntary membership, and the main role of Chambers was as a networking/lobbying forum. The relatively low

proportion of enterprises that were members of their Chamber suggested that Chambers were peripheral institutions. This does not mean lobbying efforts fail to present the interests of (some) local enterprises, but with membership rates as low as 3% of eligible enterprises, a claim to be representative of local businesses was weak. One Chamber respondent and two TEC respondents commented on the relative strengths, and the reasons underlying it, of Chambers in mainland Europe compared to English CoCs.

In the context of free riders it was notable that in so far as Chambers were actively involved in the provision of services to their members these were in the main funded by public money via the TEC or BL. CoC and TEC respondents noted that small and large employers benefited from public money via TECs as they were reluctant to spend money on training and would access state subsidies. Consequently, responsibility for training was pushed on to Government, colleges and universities. Output driven funding was seen as an example of an equally short-term approach by Government.

The provision, organisation and delivery of services, including training, to local business by publicly funded TECs and BLs illustrated the limited role of CoCs in the areas covered by this study. Both Chamber respondents commented that in the North of England Chambers were stronger and better supported by local firms than in the West of England.

Respondents from TECs 3 and 4 expressed strong views about the speed with which Government sponsored initiatives flowed, as had a number of employers. All four TECs criticised the bureaucracy associated with Government initiatives and output driven funding: it was easier to hit required targets by training hairdressers than construction workers, for example. Employers became sceptical and tended to lose interest and enthusiasm. A factor underlying the relative popularity of the Modern Apprenticeship programme was said to be the longevity of the programme.

It was emphasized that programmes should run for three to five years so that employers could get used to the idea they were available. If employers were reminded about a programme on a regular basis, they would be able to make plans to take advantage of it in the future. As the Chamber 1 respondent observed *'British employers tend to respond not to the opportunity, but to a threat!'* Consistent with this view was that of TEC 4 *'The number of firms who do not have a strategy is legion'*.

A combination of the short-term approach of employers mentioned in this chapter, and numerous initiatives from Government appear self-reinforcing. The following chapter will examine the role of Chambers of Commerce and Industry (CCIs) in France in the context of vocational education and training.

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Chapter 8

Chambers of Commerce & Industry in the Midi-Pyrénées

This chapter gives an account of interviews with three Chambers of Commerce and Industry (CCIs) in the Midi-Pyrénées Region, on their involvement with VET and their links with employers. These Chambers cover the areas where the French employers interviewed were located. In addition, a fourth interview was conducted with the person responsible for training in the Regional Chamber of Commerce.

As explained in Chapter 6, all French enterprises pay a tax or subscription to the local CCI. Enterprises then have a right to elect representatives to the governing board of the Chamber. These elected representatives are known as '*Membres Titulaires*' and are referred to as the 'membership'. These members are drawn from the three main economic sectors of commerce, industry and services. Representatives from each sector are themselves drawn from organisations of different sizes. For example, in a Chamber with a board of 30 *membres titulaires*, the commerce sector will have, say, 11 seats. Three will be occupied by representatives drawn from single person enterprises, 3 from those with 1 – 5 employees, and 5 seats will be filled by representatives from enterprises with more than six employees. The exact breakdown will vary depending upon the relative significance in terms of the size and significance of enterprises in each sector in a particular locality. In the example given above, single person enterprises had three out of 11 seats, as small retailers were a major feature of the local economy. Members are elected for three or six years.

Chambers in three *Départements* agreed to be interviewed, as did the Regional Chamber. One Chamber in a major town of the Region refused to participate.

They first refused on the grounds that all that could be usefully known about training in the area was available through the Regional Chamber. This was similar to the situation with Chamber 4 and TEC 4 in the West of England. Establishing contact with a fifth Chamber was difficult. This, and their eventual refusal to be interviewed, was later explained by their being heavily engaged in ISO 9001 assessment.

The CCIs who agreed to be interviewed were asked identical questions to those put to the CCIs in the West of England, with the exception of questions relating to TECs. As none of the participating CCIs in the Midi-Pyrénées sought anonymity for their answers, each will be referred to by name or location. The order in which the interviews are reported is of no particular significance and works from the southwest to the northeast of the Region. The Regional Chamber is covered last as it provides an example of an attempt by the Chamber movement to maintain a regional outlook to match that of the Regional Council.

CCI Tarbes

The remit of this CCI covers the *Département* of Hautes Pyrénées and its capital Tarbes. Historically, the area was an important military centre with a number of army camps located around Tarbes itself. It was also a major centre for military engineering, which is now represented by Giat Industries. In addition the manufacture of railway locomotive components and systems continues, as does the manufacture of electrical transmission equipment. There is also now a subsidiary of Aérospatiale. The area is also an important tourist area due to its proximity to the mountains, and because of the pilgrimage centre of Lourdes.

8,000 enterprises subscribed to the Chamber, and there were 30 *membres titulaires* plus a number of 'associate' members who had no rights concerning the organisation of the Chamber. *Membres titulaires* are members of trade,

occupational or professional associations, as are many of the associate members, and feed back to the Chamber their sector's views on training.

The respondent found the question concerning the particular training problems confronting local enterprises, difficult because:

Training policy is not necessarily linked to the needs expressed by the enterprises. We see our activity as that of a commercial training enterprise. The elected members determine the overall orientation of training but the precise training we offer is linked to our analysis of the market. The CCI has a Training Commission, the President is an associate member and a restaurateur, and he is also the President of the Departmental Hoteliers Association. A large part of our activity is in hotels and catering...our analysis of the market, which takes account of the views of the members, is offered as a technical service.

Responses to questions about the characteristics of enterprises most active in training, and the areas of training involved, were run together.

The most active enterprises are in...retail, hotels and engineering...but the health sector is now becoming an important axis of development in the Département...we have thermal stations and now retirement homes.

All CCI respondents appeared to find these two areas difficult. This could be due to the fact that as all enterprises are required to prepare training plans, to allocate a proportion of the salary bill to training and to subscribe to the Chamber, there is considerable training related activity. Not all enterprises will necessarily be equally active or effective, a point this respondent made when dealing with the significance of supervisory training in the *Département* (discussed on p.8.9).

Such an explanation is, arguably, supported by the response dealing with the principal problems or constraints the CCI faced in developing training links with local firms.

We don't really have problems...because we have favourable relations with employers. The employers with whom we have links play an important role when it comes to defending or protecting a budget set by the Regional Council, for example. A CCI like ours is the main, if not the only, structure that represents employers at the local level...and furthermore, it has a large budget, which means it has the financial and political means to be heard! Here it is really the CCI that is the tool that best represents, today...on the ground...the employers.

They went on to comment that it could be different in other areas where the Chamber was small, had fewer resources and could also be in competition with an employers' association.

When asked about what central or local government initiatives would help them in Chamber work, the answer was consistent with the explanation for the difficulty over the question about the most active employers in the area of training.

I do not feel any particular difficulty...the State, as well as the Region, cannot do any better than we do already with the employers. Their interventions trouble us no more than other things. Rather it is us who are able to aid the Region or the State in their relations with employers...not the opposite! It's us who are the link with the State!

Concerning the extent to which the employers' approach to training was focussed on their current or their future market situation, the respondent implied that any

future orientation of enterprise training was the result of the analysis carried out by the Chamber:

Naturally...the market for training is directly linked with the combination of their (the enterprises) daily operations...our members are in a global market...we start from the market for our training proposals. If there is no market, we withdraw the proposal. We anticipate needs, even if the market does not immediately express them. We make a proposal, that is to say we anticipate, we go beyond the first expressions of the enterprises...we anticipate for them.

The Internet was of considerable interest:

More exactly it's electronic commerce...things like that. This is particularly the case in the tourist sector...especially travel agents who are developing significantly in IT.

Again, the answers to questions about links the CCI had with other training providers, and the nature of those links, were combined.

We have links with everyone! Our thinking, our strategy, is one of a network.

They went on to reel off the acronyms of seven of the most important links, both national and local, which included the national employers' association and the national association of CCIs. Of the latter two he went on to observe:

At the national level the CNPF (the equivalent of the CBI, now renamed the MEDEF) and ACFCI (Assembly of French Chambers of Commerce) are more powerful, but at the local level the CCI is more powerful than both of them! We are in a relationship with other

training providers that's competitive but can also be as a partner. It depends upon the subject...the topic...upon the questions that are posed. It's possible at the same time to be partners on one project while at the same time competing on others!

When asked about factors influencing relations with other training providers, two factors were identified: the market situation and political factors.

About the second he went on:

I would say local development plans. We may have to collaborate with this or that organisation when local politicians decide...even if there is not an economic logic there will be regional development logic. But otherwise...the key logic is always a commercial one. It's this that determines our relationships with other training providers.

Similarly when discussing links with other business or regional development organisations he replied:

We are not exclusive, we are very partnership oriented! We have a very large network with all significant organisations. We work with the Departmental Employers' Association, the Departmental Tourism Office, the Pyrenees Development Council, the Regional Economic Development Council – this is the 'strong arm' of the Regional Council in the area of training, the Departmental Hoteliers Association, the national training organisation for the hotel sector...we are strongly linked with all organisations which have a social, professional or developmental role locally."

When discussing possible future changes in the role of CCIs, the response was interesting in the contemporary context of socio-political and technological change. *'I do not think there will be any changes...'*

They went on to say that for as long as CCIs have existed (the first one was created in Marseille in 1599) there have always been local projects that change with the times.

We always fill roles associated with training, with managing industrial zones, airports and dock concessions...though we no longer mint money nor maintain a fleet of ships!

In the context of training it was claimed that while the mission of the CCIs may change with the times, whether the emphasis was on training or managing local projects depended on public or private initiatives, but training would always be important:

As long as we are close to the market, and the national education system will never be as close as we are, we will continue with training...so no fundamental changes.

However, having said this, he then went on to say that there had been a change over the 12 years to 1998. CCIs, it was claimed, had become more centres of expertise rather than the small, administrative organisations of the past.

CCIs have increased their staff and their finances...Today they are larger, resembling more and more organisations of management experts...consultancies. Chambers have become reservoirs of expertise for small enterprises. Our vocation, our focus, is small enterprises, because the larger enterprises have the means to have their own experts...

Asked if the CCI had a programme to aid enterprises in developing the links between their market strategy and training, he explained their programme.

Yes. Particularly we have a programme, Action Training for Entrepreneurs. Under this programme, courses run over one year on two days per month, in the interval between practical workshops. The programme involves up to 12 'Chefs d'Entreprise', not managers, the owners, the CEO...These programmes cover all aspects of managing an enterprise, and deal with the concrete problems faced by the participants' enterprises. This training applies directly to the day to day situations met by the participants and so is directly related to the profitability of the enterprise.

As far as employees of enterprises were concerned, they were working on a project to develop the employability of people and the transferability of competences internationally. They were currently working on a project based on the system of the RSA:

We have borrowed the system of the Royal Society of Arts in your country and we are introducing the system into the Midi-Pyrénées. It's about simplifying the work on competences to help us define training plans...it's about European certificates of competence.

This respondent found it difficult to comment upon the relative importance for enterprises of management training compared with training for other employees.

It's difficult to say...it depends on the culture of the enterprise...there are no rules here...it's linked to the individual and their interest or investment in training. In general one can say that for the owner or

CE, it is training they judge to be immediately operational...of which they will immediately see the results.

He continued, in a manner reminiscent of many employers in food processing in the West of England. Since new hygiene standards have been imposed on hotels and restaurants, they were working on food hygiene training. *'New standards have been imposed, so there is need for training, no problem. The first thing is awareness, and then the rapidity of implementation.'*

The last question concerned the relative importance of supervisory training.

Statistically...there is a worry or concern about the immediate operational benefits of training, but most of those who train are managers and supervisors rather than the lower levels...It depends upon the awareness of the CE, but equally it depends upon the wishes of the employee...that's to say managers and supervisors demand more training than the others.

It was also argued that the size and structure of the organisation was important. The more numerous the managers (*cadres*), the more training was demanded. Organisations with fewer *cadres*, or smaller organisations, make do with less training and will not exceed their legal obligations.

The respondent extended his observations by going on to say that the *membres titulaires* were only an element of the CCI's market. The CCI had also to address those enterprises that had no individual representation among the *membres*. Their training programmes were therefore prepared by taking all associated enterprises into account, not just the organisations of the *membres titulaires*

While there are some 8,000 registered enterprises in the Haute-Pyrénées, they went outside the *Département* with some of their training programmes.

We have links with international businesses. For example, maintenance people from NOVOTEL in Belgium come to Tarbes for training. Not all we do is in the Département, or even the Region...we are also in contact with Disney in Paris. This is not a feature of just our CCI. In my previous job, in Poitou-Charente, we put in place sales training for Dunlop in Paris...We are not limited by geography or our members. It depends on our strengths and what we want to spearhead.

CCI Albi

The area covered by this CCI is the northern third of the *Département* of Tarne, the second industrial *Département* of the Midi-Pyrénées. The *Département* of Tarne is one that has a number of CCIs – in this case three, Albi being the largest. At the time of the interview there was a major debate about the utility of having three Chambers, and while most business people agreed that three could not be justified, the pressure was not great enough to do anything about it.

In the Albi area there were 600 industrial enterprises, but generally they were small ones. There was only one large manufacturing plant now and that was in glass making. There were some small chemical and engineering enterprises, but they were very small. Apart from these, the food and farm produce industry had developed over recent years.

As is the case with many CCIs, training activity is self -financing. In this particular CCI training was the only activity that was self -financing and, as if to emphasize the market oriented activities of the training centre:

The head office of the CCI is in the centre of the town but we, the Training Centre, are separate...we invoice our clients. Training is

self-financing, we do not benefit from the tax paid by enterprises...we invoice the trainees or their employers...it's what we call the market sector of the CCI. Advice and counselling is free as this is financed by the tax.

He went on to comment critically on the tax paid by all enterprises on the commerce register. As it was based on the capital investment of an enterprise and the number of employees, the greater the number of employees and the greater the capital investment, the higher the tax.

The specific areas of training focussed on by local enterprises were:

The introduction of the euro and IT. Much of the training concerns computers, office IT, Excel...There is also technical training as the machines are always changing. Then there is the training for the owners and managers of enterprises, much is designed specifically for them.

There was also a great deal of language training, and while this was 80% to 90% in English, this was not only to do business with the US: *'No! For the whole world! And now for the Internet...people learn English to work on the Internet!'*

The main distinction between organisations that trained and those that did not was, in Albi at least, a function of size. The larger organisations did most of the training. The main problem were the small shopkeepers and traders, who did very little training at all while industrial and service businesses did a considerable amount of training. Consequently, small businesses were the main problem or constraint facing the Training Centre. Echoing the respondent from TEC 4 in England, this respondent railed about small business: no concern for the future; they hire because someone retires but they did not anticipate that; they buy a new machine and then worry about the training.

This is a problem for us because we have to have counsellors who visit them to establish what their training requirements are. It's when they come up against the problem they sign the contract!

As for any initiatives national or local government could take that might help the situation, he replied with feeling *'It's not a Government question! It's a question of the mentality of the heads of the enterprises. They should do it themselves, they should anticipate!'*

Again, echoing an observation of the respondent from TEC 4 in the West of England, they went on to suggest that perhaps the Government could award grants for the training of enterprise chiefs, particularly those chiefs of small organisations who wished to grow because:

When organisations develop or grow, the owners meet problems that they have not grasped or mastered. They do not have the financial means or the skills to cope with the additional work for example. It's very difficult to move from an artisan – very small enterprise – to an industrial one...they have not been trained for that.

Of those enterprises that were particularly active in training, the main factor driving them was globalisation which was regarded as a concern or focus about future market situation rather than the current situation. This was particularly significant in the area of language training:

Globalisation of trade means that people, the chiefs of the enterprises who push training, are training commercial and marketing people...so that they can be more effective in international transactions.

Three issues, links with other training providers in the area, the nature of those links and the factors influencing them were run together. *'Well, they are our competitors!'*

He went on to assert that there is strong competition in the public sector in France as the national education system had established adult training centres, the GRETAs, and there are many semi-public and private organisations in the training market in France:

It is crowded and there is considerable competition. We do work with other providers under partnership arrangements, but that is not significant. Our links with other training providers are competitive ones!

As for links with other business and regional development organisations, it was pointed out that the Chamber itself was an organisation that dealt with regional development issues. The Training Centre was involved via the Chamber as:

In France, there are many structures...many organisations, dealing with regional development...the Conseil Général, the Conseil Régional, the State. The structures are sometimes superimposed on each other and there are links between all of them...but their effectiveness? Well, that's another problem!

In this context the respondent offered a personal view of how the role of the CCIs could, or perhaps should, develop in the future. There was a reform process underway at the time which it was thought would result in the three CCIs in Tarne being grouped into a single Chamber. But that would still leave the Chambers of Trade and Agriculture. The time scale was unclear in the case of the Tarne *Département*, but the issue would apply in other *Départements* with more than one CCI. The respondent went on to express a personal view:

There could be a convergence to what one could call an 'Economic Chamber', which would group the CCI and the Chambers of Trade and Agriculture into one. With globalisation...at the European level...a combined Chamber would be an economic counter weight to the political powers. At present the separate Chambers do not carry much weight with the political powers.

The last sentence in this response gives rather a different view of the role of CCIs vis-à-vis the political powers than that given by the respondent of the Tarbes CCI. This could be accounted for by the greater concentration of commercial and industrial interest in Tarbes, which was further from Toulouse. Given comments made by the Rodez CCI on the infrastructure (see p.8.17), Albi may be too close to Toulouse to be regarded as a distinct economic area, but too distant to benefit fully from the larger city.

The issue of programmes to assist enterprises develop links between their business strategy and their training programme was a priority for the Chamber and was expressed in terms of management training.

Certainly...the training of leaders of enterprises is considered to be a priority...a priority! We have links with the Business School in Toulouse (run by the Toulouse CCI). We have a training programme 'Profession – Director/Manager' where the professors of the Business School come to train enterprise leaders in our area.

The issue of the extent to which the training provided was focused on managers or lower level employees was run together with the extent of supervisory training.

The main problem is that the 'patron' of a small enterprise must cover sales, production and administration, so it's difficult to find the time to

train. They are conscious of their need for training, but they do not take the steps to get it.

While the training of owners and managers was a priority of theirs, they also considered training for supervisors because in small organisations these were the people who rise in a short hierarchy because of experience and skill but: *'They have no notion of management. They do not understand the management of people...this is an important matter, an important area for us.'*

CCI Rodez

The Rodez Chamber covered the north and west of the *Département* of Aveyron and was the larger of two Chambers in the *Département*. The second Chamber covered the southeast of the *Département* and the existence of the two Chambers did not present any problems.

Before discussing the kind of enterprises associated with the Chamber, the respondent provided a brief description of the economy of the *Département*. This account illustrates the background of the range of activities in which CCIs may be involved, and this CCI's involvement becomes apparent later in the interview.

Agriculture is perhaps the most important sector, but we are lucky in Aveyron to have quite a diverse industrial sector, we are not a mono-industry economy. We have a developed timber/wood sector, both felling and processing...the whole chain of production from the actual trees, preparation through to industrial wood-working and cabinet making. The woodworking industry is well developed in the north of the Département. In agriculture, milk production is important with cow's milk for cheese in the north, and sheep rearing for Roquefort cheese in the south [which would be covered by the Millau Chamber]. There is also a strongly developed processing industry for agricultural

products, conserves, patés, pork products and so forth. These agriculturally based industries will be the most important, followed by wood, then construction and public works. Then there is manufacturing...there are a number of firms who are mainly subcontractors for the aerospace sector in Toulouse.

One of the aerospace manufacturers was interviewed, as was an auto-component manufacturer, a relatively new sector not mentioned by the respondent.

The main problem faced by the Chamber in the context of training was the speed with which training programmes had to be implemented. *'Specific training, high skills...to keep pace with changes in production.'*

The respondent went on to comment on the difficulty presented by those entering the labour market:

Very often the young, and not so young, who enter the labour market are not really adapted to changing techniques and technology. The difficulty we have is the gap between putting in place a training structure and the demands of the employers.

It was difficult to identify the characteristics of those enterprises most active in the field of training as these differed between the sectors in which enterprises were active. However:

All enterprises are very active in training. They invest more and more: it really is an investment and not just an obligation. In terms of the areas of training, everything to do with IT and informatics. Many employers are involved in what we call the 'quality approach', everything that is needed to obtain ISO standards...and then, at the present time, everything concerned with the environment. We are in a

region where the environment is very important, and businesses (especially timber and agriculture) are well aware of the need to respect the environment. Europe is in the process of implementing a judicial, legal arsenal and enterprises are preparing for that. Organisation, IT, environment and marketing are the four axes on which we work with training.

The issue of problems facing the CCI in developing its training links with enterprises provoked a long pause. The eventual response referred again to the difficulties about the speed with which the precise needs and expectations of firms had to be met, but this was followed by the significance of the geography and infrastructure of the *Département*.

In an area like ours...we are not in Toulouse. Here, the firms are spread over a wide area and in a geographic environment that is not linked by motorways or high-speed trains, so distance is important. So, a difficulty we face is that when an enterprise has a particular need, we cannot necessarily find another firm that has the same need at the same time. Preparing a training plan for a single firm is sometimes difficult!

The answer to the question about Government initiatives that might help followed on from the previous observation.

It's linked to the previous question. We suffer from a communication infrastructure that is at the limit. You came by car? Well, as far as Albi you have the motorway. But Albi to Rodez...it's a good road, but it's not the same...extraordinary! There is a great need for a rapid improvement in road links...and there are not many trains a day from Toulouse to Rodez, but from Toulouse to Albi...?

Later, this respondent linked part of his observations about the role of CCIs to the relative lack of infrastructure in Aveyron. The Rodez Chamber was developing the local airfield to maintain direct links with Paris and Lyon. They were unlikely to get a TGV link and so were developing the airfield, as were other Chambers in France.

In the context of the relative significance of the current or future market situations of enterprises in developing their approach to training it was pointed out that the current market situation was very important.

The CCI must, I say rightly must ...it's not always easy...but we must meet the requirements of the firms. We have systems close to the enterprises to establish by sector, by specialism, by size, what is needed so that our training can be implemented as rapidly as possible. This is one of our problems, which I mentioned earlier. We have to adapt to the demands of the enterprises. The market situation of enterprises is extremely important for us.

Having emphasised the importance for the Chamber of meeting the *current* needs of firms, the respondent went on to talk about the Chamber's role in identifying the future requirements of enterprises:

It's necessary that we are able, with colleagues from other Départements in the Chamber who produce forecasts and analyse how markets could develop, try and envisage how techniques and technologies will change or evolve. Then, as a function of that evolution, how will jobs change...how will the knowledge required of jobholders change...and how should our training evolve to match those changes. We have to adapt the programmes and the pedagogic content of courses, and develop the teachers and trainers. With the

rapid development of techniques and technology we must necessarily develop men and women intellectually.

This response suggested the CCI was more aware of future markets than the enterprises, particularly the smaller ones. This was consistent with comments about small businesses made by the Albi respondent. However, the Rodez response does illustrate an aspect of the role played by CCIs, and how the payments from enterprises mutualised the costs of such market studies.

The response to a question concerning the Chamber's relations with other training providers provoked a response dealing with the nature of the links and key influencing factors.

We have links with the whole education and training system...whether in the public sector represented by the national education system...we have a partnership with universities in Toulouse, especially Paul Sabatier, which validates some of our programmes. We also have links with private training providers who are involved with some of our programmes. There are no particular tensions with these people.

While the CCI also ran programmes for the local *Lycée* in connection with technical and vocational courses, the respondent did not mention these as their particular involvement, and the focus of the interview, was with commercial enterprises.

The respondent was then asked about links with the public sector GREТАs, as these had not been mentioned. This response also gave a view about the nature of the training market.

We see the GREТА in meetings, but there is no great competition on the ground, not at all. That's not unusual because...in a way we are

all public organisations. There is no reason for public sector organisations to be in competition. The training market is big enough; there are so many needs, so many areas. When we research the market, there are so many sectors where we can work there is no need for competition. The national education system is very well positioned for all forms of technical training that requires workshops, while we are much better placed for tertiary type training.

When pressed about the nature of the Chamber's links with other providers and the factors influencing those links, since the replies were very different from the Albi responses, emphasis was placed on the complementary nature of the range of skills and interests available. *'When it is necessary, we work together...it is complementarities...when we do not know what to do, we look for those who do know.'* This was more in line with the respondent from the Tarbes CCI. The difference could be explained by the fact that Albi would face more competition, as it was closer to Toulouse, and with better transport infrastructure, than Tarbes and Rodez.

The training centre of the CCI worked with 120 outside contributors, teachers, professors or group leaders. All these people were professionals in that they either worked for other organisations or had their own practice. The CCI paid these people on an hourly basis:

It's not the CCI's business to have full time teachers, so we can constantly adapt the training to what's happening on the ground. What's more, our trainers must always be professionals from businesses, since our programmes have the objective of responding to the needs and expectations of business.

Also important for this respondent was the need to give young people, and the unemployed – or the ‘not so young’ as they were referred to - the chance of finding employment when they left a training programme.

The Training Centre’s mission was described as a mutual one. To meet the common needs of businesses by organising what was termed a ‘common response’. If the CCI did not have, or could not provide a programme of courses, they saw no reason why they should not ask around and try collectively to develop a programme. This was considered to be much cheaper than re-inventing what already existed.

The most important link they had with business and regional development organisations was that with the Economic Development Committee of the Regional Council.

This respondent was again slightly fazed when asked about the changing roles of CCIs. This was also perceived to be an odd question. *‘Umm...I do not know how to answer this question.’*

The difficulty arose because CCIs were seen to be constantly adapting to their environment. In the case of the Rodez CCI, this concerned the transport infrastructure as was made apparent earlier. In the eventual response the role concerning the transport infrastructure was extended to include the Chamber’s role in managing distribution and storage centres, that provided chilled storage facilities for the food processing sector, and four large wood seasoning plants for the woodworking and furniture sectors. The CCI also handled the invoicing for these. There were also the technical services for industry, commerce and the hotel industry. *‘We are not limited to training! The CCI also manages the car park at the conference centre in town, that’s pretty big!’*

For the future:

CCIs will even more have to be representative and defend the interests of all the businesses in the geographic area. In France CCIs are the representatives of the socio-professionals, the enterprises. Because of that, the economic interests of the region are well understood. The CCI will have to be even more active on the ground, to have more staff to defend the well understood interests of what you call their 'members', their businesses.

The respondent then went on to describe, in general terms, the role of CCIs in France that related to how Chambers could change and develop. The mission of a Chamber was to help businesses and 'accompany them' in their development. The CCI's mission was to put in place the tools, '*...and training is one of those tools...*' to ensure the best conditions for the development of their companies. '*All the commercial associations in town, and in the towns around the area are helped by the Chamber.*'

Asked about the relative significance of management as opposed to employee training, the response was in terms of 'human capital':

I think all our businesses are discovering that the most important capital is the men and women who make up the organisation. Apart from that there is no particular preference...there are the needs of different publics. Companies invest without much distinction.

This emphasis on human capital was developed in reply to the question of the significance of supervisory training. It was claimed as much importance was attached to the training of supervisors, team leaders, foremen and women, as the rest. It was said that organisations had discovered that not only was human capital very important but that:

The work team is primary...essential. Each member of the team has his or her importance. One can say that enterprises are like a chain. The weak point is the weakest link. If one does not pay attention to the whole, if there is weakness in some part, that weakness influences the whole.

Midi-Pyrénées Regional CCI

The respondent was the Head of Department for Training and Apprenticeship. They opened the interview by explaining the role of the Regional Chamber and gave a few more details about Chamber financing. There are eight *Départements* in the Region with eleven CCIs, with the Regional Chamber having two main roles in relation to local Chambers.

The first role was the provision of services to local Chambers that could not be maintained locally because a Chamber might be too small or otherwise lack the necessary resources. The Regional Chamber carried out market studies, studies regarding technology transfer, quality and the development of international trade with Asia, for example. The local Chambers would refer enterprises that required these services to the Regional Chamber.

Secondly, the Regional Chamber has the role, 'a mission' as it was described, to coordinate the action of the eleven local Chambers, particularly in the field of training – this respondent's particular responsibility. There were 14 local training centres whose activities were co-ordinated to ensure a coherent training service over the Region.

At my level I coordinate enquiries from local Chambers to analyse the needs of the firms in the Region as far as recruitment and training are concerned. We try to have common communications and a common

list of trainers...we have more than 200 people working on training, and the turnover is about FF200m. It is our essential mission to help firms be more competitive, to adapt...develop, their competences.

Over the Region there were three main groups for whom they were responsible: those looking for employment, which amounted to about 30% of turnover; training for enterprises, both bosses and workers, which accounted for about 60% of turnover; and 10% of annual turnover was related to training for students through the Business School in Toulouse which was owned by the Toulouse Chamber.

In the case of job seekers they had contracts with the state, but increasingly these were with the Region, succinctly illustrating 'decentralised *dirigisme*' (Schmidt 1988), the respondent continued:

The Regions in France are like the Länder in Germany, though I think the Regions have less power! But now we have little contact with the State in connection with those seeking work, and deal mainly with the Region.

The key training and recruitment problems in the Region were identified as lying in the areas of construction and public works, hotels, metalworking and some services – particularly for lorry drivers. A large part of the respondent's job was to arrange training based around work placements.

A large part of my job, it's like in Germany, alternance...the dual system. Nowadays they speak a bit less about that, but five years ago they were always talking about it! It's very good! We do that more and more, it's very good in terms of the insertion of the young, very very good.

Also part of the respondent's role was research and development, particularly to develop new training as a result of new technologies. They worked on projects developing training proposals to help the training centres be more effective and competitive as training providers. Though not connected directly with new technologies, a key role of the respondent was responsibility for a training programme for the Chamber's advisors concerning the implementation of the 35 hour week. This was to prepare advisors to offer help and advice to firms as they adjusted to the new legislation.

The respondent considered that the Regional Chamber's main competitors were elements of the national education system, particularly the GREtas. These were linked with the continuing education and training department (DAFCO – described in Chapter 4) of the *Academie*.

They are independent...but the GREtas and the university training centres are in effect public sector agencies and they are becoming more and more active in the field of continuing training. They are now much closer to the firms.

The trainers associated with the Regional Chamber were from businesses, including people who had set up their own training organisations, and they also used consultants. They used university people occasionally, but the Chamber's strength was that they were generally much closer to business than the universities. However, *'Now we have more and more links with the universities, and DAFCO...we have to work in partnership, more and more. We are competitors in some fields, and will use our own network to provide courses.'*

The main problem the Regional Chamber faced in providing training was the large number of small firms in the Region, 90% of firms employed no more than 50 people. Such firms were unable to analyse their training needs and needed

guidance and help which the Chambers provided. This again echoes comments from TEC 4 in the West of England.

We have to give them advice...we are nearly a public service...we help them to analyse their problems and see the possibility of training...in small firms we have to do it all!

The Chamber employed full time advisors who were all qualified in HR, and many had worked in HR in industry before being employed by the Chamber.

The national or regional government initiative that would help Chambers to deal with the large number of small firms would be the provision of more funding to help small and medium sized enterprises with training, again echoing TEC 4 in England.

We are not specialised private consultants...we are not paid, we often give free advice, a day, or half a day, something like that. The most is a day...if the enterprise needs more the boss will not take it because of the cost.

When discussing the relative importance of management training compared with training for workers there was no hesitation.

Our target, a big target, managers of the small and medium sized enterprises. We are made for these people, these firms. We have fewer sessions for workers in industry. We do not do skills or craft training: these people do their training with ASFO (Association pour la Formation), a training organisation set up by employers in the engineering and manufacturing sectors. The GREtAs also will have some industrial skills and craft courses.

Their links with other training providers were influenced by two factors. One was that different providers tended to deal with different markets. This was particularly the case with the GREtas who tended to specialise in industrial fields in which the Chambers were not particularly competent. The second factor was that the Regional Chamber worked to a considerable extent with the *Academie* and the Regional Council. *'Now we have links at the political level.'*

These links meant that the Regional Chamber was working with the national education system in the Region. They were working on programmes to develop the entrepreneurial activities of young people, and to encourage them to start their own businesses. The Regional Chamber had not only developed short courses taken by *Baccalauréat* students, but was also developing links between local Chambers and their own local colleges. The Regional Chamber also worked with the *Academie* on developing sessions on two-year vocational courses in the national education system.

The Chamber was also under contract with the Social Sciences University and University Paul Sabatier (the technical university) in Toulouse to develop training programmes for the large number of students who fail to complete the two year courses which precede the third (final) year of undergraduate studies. The Chamber offered such students training with employment under a *contrat d'apprentissage qualification*, an apprentice qualification contract.

These students are a real problem for the universities in France, and the Government is putting pressure on the universities – the Government is saying 'you must get more success, you must kick your students'!

The main change foreseen in the role of the Regional Chamber was the introduction of ISO standards to the Chambers. In the Mid Pyrénées the Regional

Council had put pressure on training centres to obtain ISO 9001 recognition as a way of developing their competitive advantage.

While all firms have to spend 1.5% of their salary bill on training, it is not a captive market out there...there are a lot of competitors in this market in France!

Conclusion

All four respondents had worked in general management for between 8 and 20 years before joining a CCI. Three had higher degrees all of some relevance to their present work, while one respondent refused to give details of their qualifications. This was on the grounds that they were taken too long ago and experience was the main qualification for the present job, a claim also made by the respondent from CoC 1 in the West of England.

In a study of the comparative approaches to VET under the different institutional and regulatory frameworks in England and France, these interviews illustrate a number of key points.

First, all respondents referred to the existence of a developed market for training in France. The level of competition between the various participants - government agencies, private training providers and CCIs themselves may vary between different geographic and economic areas in the Region. This depended upon the particular characteristics, opportunities and difficulties of the local *Départemental* or Regional economy, and associated national and local policies. The presence of an active local employers' association, or the personality of senior members of either the CCI or private or State bodies may also play an important role in determining the level of competition in the training market. As a number of CCI respondents noted, they could be required by Regional Council

programmes to cooperate on particular projects with organisations with whom they might be competing in other areas of training.

Second, on the basis of the replies from these Chambers (and small businesses interviewed) small businesses in France displayed the same short-term focus as those in England since they operate under similar and immediate market pressures. Third, important in this context, is the extent to which CCIs provided a framework for the systematic provision not only of training, but also of training analysis and guidance to French SMEs.

Fourth, at various points during the interviews, all respondents emphasised the importance of focussing on the needs of 'their' businesses. This emphasis was linked with the role CCIs undertake in analysing and forecasting in order to identify and anticipate future developments in the local, national and international economy. The Rodez and Tarbes respondents emphasized the role of CCIs as representatives of all small and medium businesses in their areas, not concentrating just on those businesses with which the *membres titulaires* were associated. All enterprises paying the tax to CCIs were entitled to participate in the election of *membres titulaires*.

Fifth, the interviews illustrate the extent to which individual Chambers were involved in regional programmes both as far as training was concerned and also in terms of the local and regional economy. The respondent from the Regional Chamber emphasised the extent to which they, and through them *Départemental* Chambers, were increasingly involved with the Regional Council.

A sixth point raised by the Regional Chamber was that, in addition to their role in developing links between CCIs and colleges they were developing two year courses with the education ministry which would be for *collèges* and *Lycées*. They were also working with two universities to develop courses for students

failing or struggling with the initial two-year university courses. In England universities are currently outside the LSC and LLSC framework.

Finally, but not directly related to training, the case of the involvement of Rodez CCI in developing and managing the local airfield, the provision of local warehousing, storage, distribution and timber treatment infrastructure was an illustration of the central role CCIs play in the local and regional economy in France, also mentioned by the CCI Tarbes respondent.

The following, final chapter will bring together the findings from the interviews with employers and Chambers of Commerce in the two countries (including the TECs in England) to assess the significance of the differing approaches to VET policy on the strategies of the enterprises taking part in the study.

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Chapter 9

Towards a Training Culture

This study focussed on what can be learned from a comparison of a neoliberal and a neostatist approach to the formulation and implementation of VET policy, and the links with enterprise strategy. It attempted to identify answers to four specific questions set out in Chapter 1.

- How do employers, operating under more regulated neostatist type arrangements as in the French case, cope with a regulated VET system?
- Why do employers, and policy makers, in England remain wedded to what is essentially a neoliberal market based approach to VET?
- How, if at all, do enterprise product-market strategies differ under neoliberal and neostatist type corporatist arrangements, and how are these related to approaches to VET in the two different systems?
- Finally, in the English case, what lessons if any, can be drawn from the answers to these three questions?

This last question relates to the issue of whether the greater freedom of manoeuvre accorded policy makers in Britain, leads them to over-hasty, over-political and thus ineffective policy making (Duclaud-Williams 1990).

These are separate, but related, questions to which the study sought answers by adopting an historical institutionalist framework. In such a framework the education and training system, the industrial relations system, the style of

employment relations, business strategy and economic policy are seen as mutually interdependent and reinforcing (Maurice et al. 1986, Eyraud et al., 1990, Steinmo et al. 1992, Bennet and McCoshan, 1993).

This chapter evaluates responses, relating to the four questions listed, drawn from case study interviews with employers, CoCs and TECs in the West of England, and employers and CCIs in the Midi-Pyrénées region of France. These case studies are the basis for an assessment of the approaches to policy formulation and implementation of VET in two countries at different points on the neoliberal-neostatist continuum. The assessment also considers the link between enterprise strategy and policy approaches.

Given the long running concern over the development and supply of intermediate skills in England, the point is, how is change to be initiated and managed? Failure to recognise the mutual interdependence of the components of institutional systems has meant that efforts to meet the needs of employers have been concentrated on features of the supply side of VET with little attention given to the way demand is formulated in the light of management strategies and practices.

The four questions will be answered by assessing the similarities and differences displayed in the responses to the interviews. This will commence with the employers and move on to the CoCs and TECs in England and the CCIs in France. The similarities and differences in the developments in the two education and training systems since the 1960s will then be assessed in relation to the policy approaches to VET in the two countries. On the basis of the lessons that can be drawn from this assessment, proposals are put forward to encourage, develop and sustain a training culture in England.

The Employers – Similarities and Differences

The West of England Employers

From the tenor of the replies a key feature of English employers was a very weak link between enterprise strategies and training, associated with a weakly developed approach to business strategy. It seemed that strategy was not a significant issue for the majority of the enterprises or, if it was, efforts to communicate that strategy and its implications to even quite senior staff were minimal. This impression was gained from interviews with people ranging from middle/senior managers in large enterprises with contact at director level, to more junior managers in smaller firms who, because of the size of the enterprise, had direct contact with directors or owners.

The degree of involvement with IiP, seen by the TECs as a means of linking enterprise strategy and training, was mixed. With six large manufacturing enterprises having the award and three smaller enterprises registered as committed to achieving it, the sample matched the national penetration rate of 34% (Westwood, 2001). The larger manufacturers considered ISO 9000 and 'approved supplier' status as more significant. This was also true of smaller enterprises in the food sector. Two of the smaller enterprises in the sample, and two larger ones claimed to be applying either or both IiP and ISO 9000 standards but without registering. For organisations in the food sector, meeting customer specifications were all important, and if that included ISO or IiP they would go for them. However, 'strategy' for these enterprises was to meet future demands of major customers, without appearing to assess what these might be.

The majority of respondents had difficulty responding to questions relating to enterprise strategy, and larger enterprises planning on moving into new markets in new industries had not planned training in anticipation of the move. In all sectors

represented, suppliers would provide training for operators on new machines and IT software, often *after* installation. Those trained would then pass on their new knowledge to their colleagues. This training was included in the cost of purchase and installation. In the context of SWOT analysis, the basis of competitiveness was generally perceived to be price followed by quality/delivery and customer service.

The weak focus on enterprise strategy meant that much training was *reactive*, largely implemented to meet legislative or customer demands for health and safety training and in the food sector, hygiene. The larger manufacturing plants were training to develop team working and to develop the extent and quality of their customer service, as was the larger financial services company.

Ten of the enterprises had a training budget ranging from 1% to 4.2% of the salary bill, though not reported as a percentage of any cost heading. This was used for external trainers or course fees for staff, as in-house training was not costed in any of the enterprises interviewed. The training budget was not seen as necessarily limiting what could be spent, and many organisations without a budget regarded training as a fact of life; if it were needed it would be paid for. This reflected a very weak, if any, strategy. The 'fact of life' approach was significant as far as the legislative requirements for health and safety and food hygiene were concerned. No respondent expressed annoyance or irritation with the legislation, or with the cost of training in-house trainers and assessors. It was very much a fact of life – contrasting strongly with the view of general training costs and the 'bureaucracy' associated with NVQ assessors.

Where training was positively regarded and encouraged, this was more the result of the drive and initiative of HR staff than company strategy. In a number of cases it was apparent that as long as training was being undertaken, and available grants applied for, senior management were happy: again indicating a non-strategic approach. Two multi-site companies, one a manufacturer and the other in

financial services, adapted their training programme to benefit from which of two TECs offered the most advantageous grants. This was consistent with an observation from one informed respondent. Commenting negatively, as did all respondents including the TECs, on the way government training initiatives are packaged, they observed that employers were not interested unless there was something obviously in it for them '*...and that usually means cheap labour!*'

Twelve enterprises claimed to involve employees in decisions about training, and seven of these did so via annual appraisals. In others involvement was of a less formal nature. Exceptionally, one food sector company did require departments to produce an annual training plan and the same company and two manufacturing concerns would also support individuals for personal development education and training.

The general degree of satisfaction with VET provision in the region was tempered by bureaucratic complexity, the plethora of initiatives surrounding VET and difficulty in contacting appropriate college staff. This last was linked to the 'non-business like' approach of colleges, though it was recognised by some respondents that funding was perhaps a factor. It was thought college staff should visit employers much more (though the converse was not suggested), and courses should be available not only on day release but also in the evening and at weekends. This would simplify the process of freeing staff for training, but at the expense of family time.

The CoCs were not significant for the majority of the sample. Three retailers were the exception, based on a combination of community and commercial self-interest. While eight of the enterprises taking part in the survey were Chamber members, the respondents from four had very little idea of what exactly the Chambers did. The general view was that Chambers were mainly for very small businesses with a local focus, and of no real relevance to larger organisations with a national and/or international orientation. They were not seen as providers of

services so much as a source of occasional advice and a means of keeping in touch with developments in the immediate locality – networking.

The situation with TECs was similar. Only three enterprises had individual links through staff on TEC committees and seven were linked through the IIP, NVQ and MA programmes. Generally TECs were viewed as a bureaucratic source of funding. Those personally involved saw TECs focussing on central government targets rather than local needs.

There was one significant similarity between the English and French employers. The extent to which, with few exceptions, they were very critical of their respective educational systems and the ‘products’. Each group could have scripted the other. In both cases though, the larger firms had a somewhat more sympathetic view.

The Midi-Pyrénées Employers

The French sample was characterised by a significantly more sophisticated approach to enterprise strategy. There were only three exceptions to this, the baker/confectioner, a family owned traditional cheese maker and the hydro-turbine manufacturer. The French employers generally dealt effectively with the questions relating to enterprise strategy and the identification of enterprise SWOTs, or *MOFFs*. While apparently no more familiar with business school acronyms than English respondents, the French employers had less trouble understanding what was involved.

Whatever the size of the organisation (with the exception of the three mentioned above), training was determined by the product market strategy, and the orientation was overwhelmingly towards the future. The approach to training was ‘joined up’ with issues of strategy and quality. In larger enterprises training and quality were in the strategic plan while in smaller enterprises the process was less

formal, but equally apparent from the answers. Small and large organisations claimed training was not about developing individuals but about 'developing the enterprise'.

French respondents emphasised 'competitiveness' in their replies to the questions on *MOFFs*/SWOTs. Emphasis was placed on adaptability and the speed of adaptation of employees and the enterprise. Price was important, but it was *a* factor rather than *the* factor in their competitiveness equation. This was reflected in their approach to training. For manufacturers the management of the production process was key. It was about making new products, but also making the same products incorporating new and/or fewer components, manufactured from new or different materials. The speed with which developments were incorporated into the product and the production process was the key factor. Even a cheese maker was planning product development to break into the supermarket sector, and the financial services respondents were moving into e-commerce. Considerable emphasis was placed on the trainability of employees and their adaptability, plus the adaptability of the organisation.

The approach of the employers was consistent with the reorganisation of French industry during the late eighties and early nineties when state allocated funds and reduced social charges financed redundancies and encouraged industrial restructuring. The subsidies were dependent upon detailed business plans negotiated with the government requiring firms to take a long-term view of restructuring. Many firms moved out of 'Fordist' mass production into more diversified product markets where competitive advantage lay in protecting profitable market niches by rapid model changes, innovation, customisation and service (Schmidt 1996, Amable and Hencké 2001).

As a result of this restructuring, foremen technicians and engineers increased by more than fifth while those employed in industry dropped by 14% in the 1980s. This in turn was associated with a 30% increase in those with vocational

qualifications up to *Baccalauréat* level, as a result of the policy aim of 80% of young people achieving *Baccalauréat* level qualifications by the mid-nineties. However, in a study of employees in engineering, those claiming to have their work paced by machines increased by a third between 1984 and 1990 (Duval, 1996, quoted by Amable and Hancké 2001, p.23). In an example of possible 'intensification' of work (Lovering 1990, Elgar 1990), these workers were involved in shop-floor management. They had taken on the tasks of low-level managers of which French industry had proportionately more than other countries. By the early 1990s France had high numbers of ISO 9000 certified small firms (Amable and Hancké 2001). The social cost of restructuring was, however, unemployment and early retirement.

A second, related factor differentiating the French employers was the strategic approach to training. This was facilitated, in addition to the structured approach to business strategy, by three legislative requirements: a percentage of the salary bill to be expended on training, an annual training plan and the formation and implementation of the training plan to be discussed with employee representatives. This implies an increase in bureaucracy for larger companies but, if this was commented upon, it was as a fact of life – 'It's logical'. This is consistent with Steedman's (2001) observation that '...French employers are used to detailed legal regulation of employment relations and it is possible that the requirements seem to them less daunting than they might to a British counterpart' (p.19). Among the nineteen enterprises interviewed the training budget varied between the legal minimum and 5% of payroll. In eight enterprises the budget was between 3% and 5%. No respondent commented about the cost of training, unless it was to mention the 'excessive' charges of consultants and some private providers.

While only six enterprises had a staff member involved with the CCI, all but two respondents knew about the CCI and the services available from it. Larger employers shared the view of their English peers that CCIs were for smaller

organisations with mainly local markets. However, the aero-component manufacturer, in a rural area, had two senior staff involved with the local CCI. It was apparent that this was linked to the development of local suppliers. While smaller enterprises complained about paying for services on top of the 'membership tax', the CCI was the first, and often one stop, if they had business or training needs. Only two enterprises complained strongly about their particular CCI and the attitude to businesses like theirs.

CoCs, TECs and CCIs: Similarities and differences

These are treated together in terms of similarities and differences as the CoCs in the West of England were weak, and the TECs carried out some of the activities that come under the remit of CCIs in France.

The two CoCs interviewed in England were minor players with around 3% of local employers in membership. Their involvement with firms was as junior 'letter-box' partners of BL and TECs, providing networking opportunities for members, local lobbying and passing on enquiries about training or business services to the government subsidised TEC or BL programmes.

The TEC's activity in labour market studies and regional development issues was undertaken by CCIs in France. The TEC/BL programme of training and business development activities was virtually identical to those of the CCIs interviewed in the Midi-Pyrénées. Two further factors underline the major differences between the English and French case. One is the absence of a formally representative role for CoCs (mentioned by all TEC respondents) and the similar situation of business-led TECs, acknowledged by TEC respondents (Bennett et al. 1994 for TECs). The second factor was the state initiated and funded status of TECs. Both factors illustrate the weakness of 'peak institutions' representing social partners in England, and reflect the antipathy in England to tri-partite corporatist arrangements during the 1980s and 1990s. While the relevant minister appointed

TEC board members from amongst local senior business figures, trade unions could be *invited* to send a representative, along with other local groups.

In France the training programme of a CCI is developed by the elected representatives of local business and based on the analyses and forecasts of the local and regional economy carried out by the CCI. On account of their representative nature, CCIs are influential at local and regional levels. In England it would seem the new business-led Learning and Skills Council (LSC), 47 Local LSCs and the Sector Skills Councils (SSCs), will lack an inclusive level of representation due to the absence, or at least weakness, of employers' organisations with responsibility for training (Marsden 1995, Steedman 1998). The weakness of CoCs in the West of England has, for example, required FE colleges to develop marketing departments in order to develop contacts with individual employers (Garmise and Rees 1997), a similar point was made by TECs 2 and 4 in England. A study of institutional networks in local economic development in the West of England noted that much networking effectively excluded voluntary groups, trade unions and even small businesses (Garmise and Rees *op. cit.*). This appears to be a situation similar to that described by Jobert (1998) when discussing the issues arising as the social partners grapple with negotiating at the regional level compared with the national or local level.

Following a tradition of CCIs being involved in, and even running business schools, the Regional CCI in the Midi-Pyrénées was working with a local university to develop courses, and Rodez CCI was providing courses for the local *Lycée*. Chambers in England have little if any such experience. The link between CCIs and the training and educational system in France is a distinct feature of business involvement with education, as is the requirement for professional courses in French universities to have a minimum of practitioners as teachers.

Developments in VET in England and France

The institutional framework within which VET policy was formulated and implemented in the two different state forms has been crucial. From the 1960s the two countries addressed similar problems concerning poor skills, low productivity and the failure of the education system to address the needs, aptitudes and interests of a significant proportion of young people. In both cases the comparison with Germany was a focus of attention. But, in addressing these problems each country adopted a policy approach reflecting their respective and contrasting modern histories: the pluralist/neoliberal in England and the dirigiste/ neostatist in France.

England

A key factor of the approach in England was the minimal role of tripartite corporatist arrangements up to 1980 followed by their subsequent abolition. In France, links between peak associations of the social partners were more developed, hence their formal involvement in both the formulation and implementation of policy.

In the English case, developments in the VET system were focussed on the supply side that was thought to be insensitive to market led demand as expressed by consumers – i.e. employers (e.g. Upchurch 1997). This resulted in the establishment of business-led institutions, the TECs and the NVQ qualifications based on the immediate needs of employers. In the absence of strong representative employer organisations to identify sector specific and transferable skills, the emphasis was on meeting specific and immediate task needs. Consequently, VET in England is narrowly based in comparison with France where general educational skills are covered in addition to the 'core' skills of literacy and numeracy.

The new universities (ex-Polytechnics) and FE colleges were incorporated in 1992 and funded as market focussed institutions to ensure their responsiveness to consumer needs, notwithstanding some ambiguity as to the identity of the consumer – students or future (unknown) employers. In the case of the vocationally oriented ex-Polytechnics, their sensitivity to student demand led to a decline in the number of vocational courses as they competed with the old universities to meet the increasing demand for ‘traditional’ degrees. A multitude of competing providers and courses can be confusing for employers and individuals, a factor mentioned by a number of employers in the West of England.

The effect of a ‘uniquely decentralized and market driven system in England’ (Wolf 1991, p.552) has been a series of initiatives stretching over more than forty years that have been introduced with a rapidity that leaves employers (and others) confused about policy, accessibility and availability. The policies over the last forty years do not seem to have effectively addressed the issue of the supply of intermediate vocational skills. Given the range of employer focussed initiatives over the period, this does suggest that demand, rather than supply, may have been a factor. Over the 1980s and 1990s numbers staying in education to take A levels and moving into HE increased dramatically, but in the vocational area there was no significant increase.

The numbers of 16-18 year olds taking specific vocational qualifications increased slightly in the early 1980s but then levelled off (Spours 1995, Wolf 1997). This increase in those staying on to HE is reflected in the 2003 OECD *Education at a Glance*, as is the high proportion by OECD standards (25%), of young people leaving school at the minimum age with minimal qualifications. While there has been a shift away from City and Guilds and BTEC qualifications in engineering to the NVQs, there has been no increase in numbers qualifying (Steedman 1998). The apparent failure of policy initiatives over the last 40 years is reflected in the latest employer-led initiative of the LLSCs and SSCs. A survey

conducted by Green and Steedman, reported in *The Guardian* of 2 July 1996, suggested that while the proportion of young people under 21 with two A levels or equivalent had increased to 40%, this compares with 59% in France and 63% in Germany. Also, in both countries the proportion was increasing at a faster rate than in England (Upchurch 1997, p.197).

A feature of VET policy in England has been the development of initiatives outside mainstream secondary education, with the exception of the TVEI initiative and GNVQs. The City Technology Colleges and City Academies cover the secondary school age range, but are outside the remit of the local education authorities and are in part privately financed and run by private trusts. The development of VET outside the mainstream secondary education was in part to accord with the antipathy of employers to a general education component to training.

This view was strongly expressed by the CBI in response to the consultation document on MAs. They argued against specified minimum periods of apprenticeship training and a mandatory period for off-the-job training. Employers interviewed by Wallace et al. (1993) expressed a similar view, regarding 'training' as learning-on-the-job and resented the off-the-job element of YTS. From the evidence recorded by Burgess (1998), this approach goes back to the 1930s at least. Unlike Germany, France, Denmark and Ireland, apprentices in England are not 'required' to follow courses in general or technical education off-the-job (Steedman, 2001). English vocational awards:

...Emanate from a wide range of occupational and accrediting bodies quite distinct from and independent of 'mainstream' or general education... While the overwhelming majority of French students now stay on past the compulsory leaving age, in England a good number leave at 16 for direct entry into the labour market (Wolf and Rapiiau 1993, p.33).

The OECD 2003 figures showed that 13% of French pupils leave at 16 compared with 24% in the UK.

A consequence of the VET system in England developing outside mainstream education, and being focussed on the workplace and immediate needs of employers, is a less finely graduated hierarchy of qualifications than in the French system. In France a finely graded hierarchy exists both within and between academic, technical and vocational tracks. Although students may move between tracks all involved, parents, students and employers, know where the student stands on the basis of their history. It is more difficult for English employers to sort labour market entrants accurately using educational indicators (Wolf and Rapiou 1993, Hesketh 2000).

For example, the uptake of NVQ outside government training schemes (often associated with unemployment programmes) has been low, and ‘...the qualification remains obscure for many employers.’ (Howieson et al. 1997, p.24). The problem of knowing how ‘good’ an NVQ was, worries respondents in the West of England, and employers in England are regularly reported to favour graduates from ‘old universities’ against the ‘new universities’. Vocational qualifications are consequently less important to English young people than their French peers and English students have less reason to enrol or work hard for them. Wolf and Rapiou (1993) argue this is one reason why there are proportionately fewer qualified craft and technician workers in England than in France.

Despite the rapid increase in the numbers going on to HE (see Wolf 1997 for example), only recently has a conscious attempt been made to (re) vocationalise undergraduate HE in England via business focussed two year Foundation Degrees. This, despite the fact that many of the new universities continued running the vocational Higher National Diplomas they offered as polytechnics, while also offering the Dip. HE (Diploma in Higher Education) as universities.

However, the Dip. HE was generally awarded after two years of a three-year degree course if a student was unable to continue with their studies. It was not developed as both a 'staging post' and a qualification in its own right; this had to await the introduction of the Foundation Degree.

The debate (in England), has been largely at the level of critique and broad strategy; many key design issues have received little attention, and implementation issues even less...the English debate has had little sense of the steps and stages by which an incremental strategy might advance...it has had even less sense of the change process and of the need to build and manage a consensus for change (Howieson et al. 1997, p.31).

This echoes, and answers, Duclaud-Williams' (un)answered) query about the over-hasty, over political and ineffective policy making associated with the neoliberal or pluralist state form in England.

France

There are two key features of developments in VET in France over the same period to address the same basic issues. First, the issues were addressed through the mainstream educational system under the authority of the Ministry of Education. Also involved were the Ministries of Agriculture, Social Affairs and Culture who are responsible for initial vocational education and training in their sectors. The second key factor was, and remains, the involvement of the social partners at the national, regional and *Département* levels through their peak associations.

The structure of secondary education was modified by the development of vocational *Lycées* and technical streams in general *Lycées* and vocational streams in the *collèges*. New vocational qualifications were also developed to encourage increased participation after the minimum school leaving age. Broadening post-16 studies was advocated as a route to increasing the staying on rate to match those

in the stronger economies at the time e.g. the Pacific Basin (Lewis 1989). In this way the needs and demands of pupils as well as the labour market were addressed.

This resulted in a system that is, in principle, more flexible as it is theoretically possible for students to move between the undervalued (by parents) vocational paths and *Lycées* and the more prestigious general and technical streams and on to HE, as abilities and aptitudes developed.

To assist young people, their families and future employers, a state administered and funded organisation in France is responsible for producing and disseminating (through regional centres) information about the structure and functioning of the education system. Each year ONISEP (National Information Office on Courses and Occupations) produces regional guides setting out what courses and programmes are available at which *collèges*, *Lycées* and universities. The content of the courses and options, and where each can lead are given. These guides are aimed particularly at parents and pupils and available from *collèges*, *lycées*, bookshops, newsagents and local ONISEP offices. They are useful sources of information for employers who can also be well informed about the courses and programmes young people follow. There are also well developed web sites at regional level.

The first cycle of university studies was also 'vocationlised' by the creation of IUTs (*Instituts Universitaires du Technologie*) in 1966 followed by post-graduate courses in management, IT applied to management, and applied science in 1970 and 1971. In 1984 a 2 year applied science diploma was introduced and in 1991 vocational masters courses in engineering were established in university vocational institutes (IUPs, *Instituts Universitaires Professionnel*). A further feature of the French approach is the role of placements in both secondary and higher vocational education. For example the vocational *Baccalauréat*, the *Bac Pro* includes 16 to 20 weeks work placement over two years.

The French approach to policy implementation in the areas of industrial policy and labour relations has involved successive French governments encouraging multiple-employer collective bargaining at the national or sector level, and workplace-level employee representation and bargaining. They have done this by resorting to legal compulsion only when voluntarism failed (Jefferys 2000). Even so, implementation involved peak associations of employers and labour. In the area of training, inter-industry agreements at national level between employers' associations and union head offices were codified in law to cover enterprises not involved in the original agreement. In this way the 'playing field' for enterprises was levelled.

The establishment in 1984 of qualification contracts for young people that extended apprenticeship qualifications as a pathway to qualifications beyond secondary school, and the 1993 Law delegating powers to manage training to Regional Councils, were all designed to increase apprenticeship training. In addition to the provision of subsidies to support apprentice training, regional employer-union groups were also established to oversee the implementation of the initiatives (Culpepper 2000).

In the modified game theory language of Culpepper, an actor's uncertainty over the costs of cooperation (possible exploitation by an opportunist) may be contained by the ability of a trustworthy employers' association to attract voluntary commitments from other, equally uncertain, actors to abstain from free riding. Employers' associations are likely to have greater access to information, and a greater degree of trust, as a basis for addressing the nature and degree of the actor's uncertainty than does government.

The Four Questions...and answers

This, the penultimate section of the chapter, returns to the original questions, the final section of the chapter will suggest what initiatives may be appropriate in the light of the answers to those questions.

How do employers, operating under more regulated or neostatist type arrangements as in the French case, cope with a regulated VET system?

The short answer is, it is accepted as 'a fact of life'. However, life in such a situation requires a more structured approach than in a less regulated, market based and voluntaristic environment. This more structured approach is governed by the fact that competitors, customers and suppliers are operating under the same regulated framework and all are competing to recruit similar applicants, with the same employment rights. These include representation at plant level and individual rights to training. Employers are in effect operating in the same 'culture'. Employers will do what they do because that's what everybody, customers, competitors and suppliers, is doing because they 'have to'. This approach in French society has been well established since the time of Napolcon. For all its faults it is tolerated, until a point is reached where frustration erupts. Very often this will be in public demonstrations, which are seen as an aspect of the expression of republican values. A structured approach is reflected in the approach to enterprise strategy that will be discussed in answer to the third question.

Only one respondent, the baker/confectioner shop manager, unburdened themselves of their negative views of the role of the state in France. Others, who expressed envy for their English peers, did so while suggesting the English approach was 'not sound'. This was particularly the case among CCI respondents. While many French respondents did unburden themselves about the faults of the education system and 'young people today', they did not react in the same way to the regulatory framework in which they operated. This was generally seen, as having some positive purpose.

The toleration, even acceptance, of a regulated approach is supported by the existence of effective trade and employer associations and bodies such as the CCIs with links to regional and national agencies. These institutional networks provide reliable, trustworthy links to local and national government as well as

providing confirmation that others are affected by similar constraints and opportunities.

Regulations will have been formulated and implemented in consultation with the organisations and associations mentioned, who then assist enterprises to comply with them. This will either be published line-by-line guidance to complete the necessary form for the tax office, or actual completion of the form. This last service is one that has to be paid for in addition to the subscription. Enterprises are not left to get on with the bureaucracy alone as they have available generally sympathetic, trustworthy and reliable sources of assistance, all be it at a (not exorbitant) price.

There will be, of course, attempts by employers to avoid/evade their responsibilities but these *appeared* to be at a low level among the enterprises interviewed. The only intimation of such behaviour was when a CCI commented on the researcher's difficulties in making contact with some enterprises. In a number of cases, all of which refused to be interviewed, the focus was on the researcher's precise interest in their training, and 'what will happen to the figures?' No 'figures' were in fact sought, other than number of employees (in the public domain anyway) and the salary bill. These conversations were with small enterprises and were 'tense,' the correspondent was abrupt and on occasions the phone was abruptly put down, similar to the experience when making contact with hotels in the West of England! It was confirmed by CCI respondents that while many enterprises are naturally wary of enquiries about 'official' matters, the degree of wariness might be indicative of 'irregularities'.

Why do employers, and policy makers, in England remain wedded to what is essentially a neoliberal market based approach to VET?

Again the short answer, it was seen as 'a fact of life'. It is the reflection of the historical politico-industrial culture prevalent in the UK. Regulation was seen as inherently inappropriate and the general view was that businesses should be left to fulfil their role of creating wealth. The self-fulfilling features of the weak

institutional framework became apparent in the answers from the West of England employers. The emphasis was on adjusting to the market *now*, of responding to the demands of customers when they became known, rather than anticipating them. If there was a problem with, say education and training, then the ‘government’ should do something. In this context it was significant that the English employers did not refer to employers’ associations or CoCs as conduits for dealing with government to put their case. Even when it was argued colleges should be funded to facilitate and maintain links with enterprises and maintain more user-friendly working hours, there were no references to collective organisations at national or local level through which representation could be made. This appeared to be the case even when engineering employers met as a group to share experiences and information about training in an area.

The general tenor of the conversations with West of England employers was consistent with an approach based on flexibility tinged with opportunism. Regulation, it was thought, would hinder such a version of flexibility. They would use the CoC when it suited them as they would use TEC funded training, but there was no interest in developing longer-term relationships.

Consistent with the observations of Casey et al. (1999) and Crouch (1992), the key survival mechanism was ‘numerical flexibility’ associated with a distrust of labour market regulation. Government money was acceptable for training provided they (employers) controlled the content and length of training. Associated with this particular survival mechanism was short-term decision making. Immediate needs determined work-based training and contributing to general transferable skills was not a business responsibility. In such a short-term environment there is a considerable lack of trust of the kind noted by Culpepper (2000) and reflected in short-term decisions. The lack of trust is reflected in union management relations where there have been moves away from any involvement of unions in management and an emphasis on individualized relationships with employees. Even where partnership may feature in management–union

agreements, managers were noted to behave ‘...in a short-term, contradictory and opportunist way’ (Bacon and Storey 2000, p.423). They were not behaving strategically. As Willman (1987) noted, such short-term market driven behaviour encourages mutual distrust and raises transaction costs. In effect it represents a ‘perverse strategy syndrome’. This was articulated in terms of a ‘high-trust’ and a ‘low-trust’ syndrome by Fox (1974). As with French employers, the survival mechanisms are reflected in the approach to enterprise strategy.

The CoC respondents, both with more experience of working in industry than three of the TEC respondents, shared TEC respondents’ views on the short-termism of their members. A further factor noted by TEC respondents, again related to the short-term approach in England, was the emphasis on financial criteria among all sizes and sectors of business. This is reflected by many commentators, for example Eatwell (1982), Hirst (1994), Hutton (1996, 2002), Keep and Westwood (2002), Turner (2001). Several French respondents referring to the ‘Anglo-Saxon’ business style, by which they meant ‘Anglo-American’, commented upon this. Consistent with the views of Albert (1991) in *Capitalisme contre Capitalisme*, the term ‘Anglo-Saxon’ carried pejorative connotations.

Mention of the Anglo-American approach to business suggests another answer to the question about why employers and policy makers in England remain wedded to a neo-liberal market-based approach to VET - the ‘special relationship’ with the US and associated language familiarity. As part of the process of developing and implementing policies in England there has been very little attention paid to how other countries, apart from the US, have addressed similar issues. As Porter (1990) noted, and later confirmed (Porter and Kettles 2003), there has been no shock to the English institutional framework to occasion a rethink. When the need for change becomes apparent the tendency is to tweak existing policy, or develop a new policy initiative following the same basic assumptions and methods of formulation and implementation as applied to the previous (failed) policy. In the case of VET current initiatives remain voluntarist, state centred,

business led, and market driven, a striking example of 'path dependency' resulting in a 'perverse policy syndrome'.

Keep and Westwood (2002) argue that managers who focus on cost containment may have neither the incentive nor vision nor skills to implement any other form of strategy. 'All the organisation can do is more of the same, but harder' (p.24). In other words, make yesterday's products better (perhaps), or place even more emphasis on mergers and acquisitions, in all probability with the results Hutton (2002) describes as having seriously undermined Boeing's competitive advantage vis-à-vis Airbus. Indeed, one of the West of England aero-component manufacturers in this study was subsequently reported to have laid off a significant percentage of skilled workers to adjust to the downturn in manufacturing in the UK. This was when they had been planning to move into new, non-aeronautical markets.

How, if at all, do the product-market strategies of enterprises differ under neoliberal and neostatist type corporatist arrangements and how are these influenced by approaches to VET in the two different systems?

As the previous discussion indicates, differences in product market strategies are marked. The French approach to strategy as evidenced by the interviews, was proactive and longer-term. The emphasis was on the adaptability of the organisation and its people. While cost competition was important, the competitive edge of the French enterprises was emphasised to be the speed with which they could incorporate new processes and components in their product or service. 'Competitiveness' was the term used by French respondents and linked explicitly with the functional and operational flexibility of employees. This was incorporated into the strategic plan of the enterprise along with training and developments in quality. While the formulation of strategy and its implications for the training plan were formally approached in the larger organisations, the language of the respondents from small enterprises reflected the same holistic approach. Respondents from both large and small enterprises agreed that 'When we train someone we are developing the firm, not the person.'

The responses of the French enterprises interviewed was, irrespective of size and sector, consistent with the work of Lloyd (1998) looking at aerospace manufacturing in England and France, and Lund and Gjerding's (1996) work in Denmark, both quoted by Casey et al. (1999, p.75, p.76). Lloyd reports the positive consequences of restrictive labour laws, societal pressure and more limited demands for short-term cost savings on the ability of French firms to respond quickly to upturns in the market as a result of labour hoarding, an example of 'flexible rigidities' (Dore 1986). While the Anglo-Saxon (neoliberal) approach meant reduced labour costs during a downturn, it also resulted in skills shortages and slow response time to market up-swings. Consistent with the responses of French employers in the current study, Lund and Gjerding (1996) defined flexibility in terms of 'the capacity based on learning structures and processes to respond with new products and technology to a changing environment.' (quoted in Casey et al. 1999, p.76).

The approach of the French enterprises contrasted with that of the majority of the English enterprises, where strategy was poorly articulated and reactive rather than proactive. Training in particular followed, rather than preceded, technological or product market developments. Three engineering firms in the West of England, Mitchell's, Bearings and Bairtons, although planning to move into new industries with existing products, appeared neither to have undertaken nor to be planning training focussed on those new industries.

In contrast to these three cases, Mullframes, who claimed not to do much training and only planned twelve months ahead, were moving into the less competitive market for ground-based (rather than airborne) aircraft-related components. In connection with this move they were planning to recruit four MAs, something they had not done before. While they were expecting production to increase as a result of the change in focus, to suddenly recruit four apprentices when they had no experience of such training appeared to be an example of a firm seeking

government funded 'cheap labour'. This short-term, opportunistic approach characterised a number of the West of England enterprises.

The general response of the West of England enterprises was that they would continue what they were doing – 'what is current we intend to be the future' as a retailer explained. In the food-processing sector the aim was to meet the demands of major retail outlets with little attention, apparently, as to what those future demands might be. In some cases a vague mention was made of 'moving into Europe more', or 'perhaps go up-market...' There was no evidence of work to develop new products or processes, either alone or in cooperation with major customers. The two retailers who intended targeting the growing number of 'aging empty-nesters' were responding to a very obvious, and much reported, demographic feature of contemporary English society.

Enterprise strategy and approaches to training

On the basis of this study of approaches to policy formulation and implementation of VET in England and France and the link with enterprise strategy, a key feature of the current situation in England is the absence of a training culture associated with a future oriented business strategy

With the current rate of technological and industrial change, training focussed on immediate employer needs limits the functional flexibility of individuals and so limits the speed with which enterprises can respond to changes without resorting to numerical flexibility.

The interviews in the West of England and the Midi-Pyrénées, and the accounts of developments in the VET system in the two countries from the 1960s, clearly illustrate two very different approaches and their consequences. On the evidence available from this study the neostatist approach resulted in a structured response to the problem of developing a training culture in which the social partners

through their peak associations were actively involved in the formulation and implementation of policy. In addition to the requirement that all enterprises allocate a percentage of the payroll to training, a key feature of the policy formulation and implementation process was that while the state would initiate a proposal, the social partners would be required to negotiate its implementation at sectoral and plant level. The role of employee representatives in discussing annual training plans is an example. This structured and negotiated approach is associated with a developed and well articulated enterprise strategy with training a core factor in enterprise competitiveness.

On the basis of the interviews in England and France it is possible to say that an explicit 'training culture' exists in France, a culture influential in the formulation and implementation of enterprise strategy. Enterprise strategy focuses on maintaining competitive advantage on the basis of the rapidity with which product and production process innovations can be implemented. To maintain this competitive advantage enterprise strategy includes training and quality.

In the English case it is not possible to make the same claim. Training is seen as being outside the education system, work based and focussed on meeting clearly identified and immediate task needs of employers. There was no institutional framework requiring the employers and/or their associations to negotiate with employees and/or their unions over issues of skills and training. The approach to training relies on the voluntary acceptance of guidelines or exhortations from government or expert committees.

An effective training culture relies on a number of interlocking developments, foremost among which is the approach of management. As indicated in Chapter 1, since the beginning of the last century it has been argued that the underlying problem of training in England has been on the demand side not the supply side. The many initiatives from the 1960s have had the intention of increasing the supply of training appropriate to the needs expressed by business organisations. In addition measures were adopted to improve the responsiveness of public sector

providers to the market, i.e. business needs. The later reorganisation of training provision with the abolition of TECs and the FEFC (Further Education Funding Council), the establishment of the LSC, LLSCs, SSCs and Foundation Degrees suggest that previous initiatives have not met their objectives. They have certainly not challenged the perspectives of employers, as discussed in Chapter 3, and it is not clear recent initiatives will either.

The long running concern over the supply of skilled labour is continued in the 2002 Treasury Paper *Developing Workforce Skills: Piloting a New Approach*. Setting out the context for the Employer Training Pilots (ETPs) that ran until August 2004, the paper emphasises the need for the FE sector to provide flexible, high quality training ‘...in order to *encourage* employers and individuals to increase their investment in training (Treasury 2002, p.31 emphasis added). On the same page the new SSCs, the LSC and RDAs were reported to be developing ‘...a *better* understanding of the skills that UK business needs’ (emphasis added). This suggests uncertainty about what business needs are, or how clearly they have been expressed to date. It is important that efforts to clarify business needs focus on a competitive approach to business based on value and innovation (Porter and Ketels 2003), similar to that illustrated by the French employers in this study.

A voluntaristic, market based approach to the regulation of training, employment relations and flexibility, and the associated approach to business strategy has remained unchallenged. This allowed the apprenticeship system, with all its faults, to be dismantled rather than improved and developed. Training remained outside the education system and focussed on the specific and immediate needs of employers around a short-term, cost focussed strategy for doing business. The *demand* side did not change as business strategy did not change. Tweaking the supply side will not make much difference to productivity if business strategy does not change. This is the basis of the criticism of the Porter and Ketels paper that Caulkin (2003) reports, and which is illustrated by the short-term, contradictory and opportunist approach of British managers to high-performance work systems reported by Bacon and Storey (2000) and Ramsay et al. (2000).

The flow of developments on the supply side of the training market over forty years, in the absence of any attention to strategy on the demand side, suggests an affirmative answer to Duclaud-Williams' (unanswered) query over the greater freedom of manoeuvre of British policymakers resulting in over-hasty, over political and so ineffective policy making. Further support for an affirmative answer to this question comes from Howieson et al. (1997). They note the debate over VET in England reflects little sense of an incremental strategy for change and even less sense of the change process and the need to build and manage a consensus for change.

The 'real problem', to borrow Parker's (2001) term, is the creation of a training culture. This involves cooperation through associations of industry and labour governed by values such as trust and reciprocity, and an institutional emphasis on skills and technology. As Dore noted referring to the UK, in emulating what other countries may have achieved by courtesy of their culture, or institutional rebuilding following revolution or military defeat 'We have to achieve by taking thought and deliberately creating new institutions' (Dore 1984, p.84). As Elgie (2003) argued, only people act, institutions do not take decisions. The French system cannot simply be transplanted to England. If the problems to which the stream of initiatives in England, described in Chapter 3, are to be effectively addressed, a cultural change is required.

Before moving on to discuss possible approaches to establishing a training culture in England, it is necessary to keep in mind the key issue of maintaining the social values associated with an inclusive and caring society when developing and implementing policies to enhance skill levels and life long learning in the population (Crouch et al.1999, Crouch and Streeck 1997). As Rainbird and Munro (2003) argue, the social well being of those in jobs with few opportunities for learning and career development requires imaginative and innovative approaches to job design, occupational progression and entitlements to learning. 'This raises fundamental issues relating to the organisation of work and the management of

working time that go to the core of the relationship between management and labour' (p.43). Some in society, more than others, have to struggle to avoid becoming de-skilled consumers if they are to demonstrate the true extent of their capabilities (Unwin 2004). As Green (1999) argued, training in England (as it does in France) tends to go to the same recipients over time. This is a recipe for greater inequality rather than increasing opportunity. If ULRs get established they could become a channel for dealing with these issues, which are also raised in the Céreq report noted in the following paragraph.

This problem is well recognised in France where the existing educational system needs to develop so that continuing training can be delivered both to employees and the unemployed. It is recognised that changes in the structure of employment mean that as hierarchies become shorter there are reduced opportunities for upward mobility whatever a person's training record and achievement. Training no longer guarantees permanency of employment even if there is employment after training. As with the criticism of the narrow focus of NVQs in England, a similar problematic surrounds French employers who have their own idea of what is required and how, when and to whom it should be delivered (Céreq 1996). Similar concerns are expressed by Jobert(1998) over the tensions developing in the attempt to 'regionalise' training, especially as this affects the young. While the current study does not directly address this particular aspect of a high-skill policy, it certainly recognises the importance of the issues involved.

Approaches to establishing a training culture in England

It (comparative research) is seen as useless for direct copying or 'quick fixes' for policy problems but as useful for outlining alternative approaches to a problem and elaborating the institutional conditions under which a solution may be achievable (Ryan 1991, p.17).

The major factors rendering simplistic policy or institutional borrowing infeasible were identified in Chapter 1. They reside in the mutual, reinforcing interdependence of those factors that structure the context of political, social and

economic exchange in society. These have been identified as, for example, business strategy, the labour market, labour relations, the role of capital, economic policy and welfare, education and training (Bennett and McCoshan, 1993, Eyraud et al., 1990, Maurice et al., 1986, Steinmo et al., 1992).

A key issue on which an approach to establishing a training culture in England must focus is contained in the conclusion of Parker's (2001) study of employment and innovation in small firms, and Culpepper's (2000) study of conditions of trust and cooperation. The work of Zeitlin (1995) and Porter (1997) shows that successful small firms are associated with large or other small firms in trustworthy 'clusters'. These involve relatively stable links with customers, suppliers, trade associations, universities and *vocational training bodies*. As Parker notes, these forms of inter-organisational cooperation involve a degree of cooperation through associations of industry and labour that is based on a degree of trust and reciprocity and 'an institutional emphasis on skills and technology' (Parker, 2001, p.383). Equally relevant here is the work of Crouch and Streck (1997) and Crouch et al. (1999)

The 'real' problem identified by Parker, and which relates to the observation of Howieson et al. (1997), is that possibilities for creating conditions of trust and cooperation as discussed by Culpepper (2000) may be particularly limited where they do not already exist.

This is the issue the final section of this chapter addresses. What is required, it is argued, is the creation of a training culture in England: a culture where training is regarded as a key component of enterprise competitiveness. This requires an approach to business on the part of management that sees competitive advantage being derived from continuing and incremental improvement in products, production processes, quality and service. It requires therefore a long-term approach based on higher skill levels to produce, deliver and support higher value added products and services.

The involvement of the social partners through their peak associations has been noted in the case of developments in VET in France. A requirement that social partners negotiate encourages individual enterprises and their employees to pay attention to their respective associations in order not to be 'left out of the loop'. Involvement will be a basis of trust as the social partners come to appreciate that others are facing similar constraints on individual action. Cooperation becomes a feasible strategy as the awareness of shared conditions sustains a level of trust. As Culpepper argued, employers' associations are more likely to be trusted than government as they will have more information about the interests of firms in their sector than government. Belonging to the association will be a source of information and security, enhanced if the association has the power to police its members by sanctioning those who attempt to react opportunistically to developments. This will also boost the level of trust within and between employer and employee organisations.

The neoliberal approach to VET in England has produced a series of initiatives, centred on the perceived immediate needs and interests of business. These were articulated through employer organisations whose claim to representative status is weakened by the voluntarist basis of membership. Abandoning the weak tripartite arrangements of the sixties and seventies was followed by a series of VET initiatives that created a degree of 'initiativitis' as policymakers developed a series of responses to an ongoing problem. In the absence of a structured process of interest intermediation, and on the basis of the voluntary commitment of individuals and enterprises to sectional interest associations, policies may be agreed:

...all too quickly, before the major implications of the policy are understood or the affected interests realize what is about to happen to them...the machine implements the policy with its usual sense of impartiality, that is, equal harm all round. (Heclo and Wildavsky 1974, p.12, quoted in Schmidt 1996, p.27).

In the neoliberal case, at the insistence of employers, developments in VET were largely outside mainstream education. With rising youth unemployment the

available training programmes were hijacked by the politicians to become youth unemployment programmes. This influenced the quality of training and the perception of the programmes by young people and employers.

In contrast, a key feature of the neostatist case was that developments in VET took place within mainstream education and involved negotiations between employers' associations and trade union head offices. Developments were implemented in secondary education and included the first two-year cycle of HE, to be followed at degree and post-graduate levels. The aim was to increase the staying on rate by presenting secondary school pupils with vocational options, including work experience and progression to HE, while remaining within the educational system.

What follows is an attempt to identify initiatives to be implemented *incrementally* with the aim of modifying the approach to training and business strategy of English enterprises. Such initiatives would influence the development of competitive strategies focused on value, innovation and enterprise adaptability by bringing about change on the demand side of the training market through the development of a training culture. The proposals are *modelled* on the French experience; they do not represent *adoption* of the French model.

Each proposal would be presented to employer and employee associations. These bodies would negotiate an agreed model and mode of implementation at national and/or sectoral level. If no agreed programme or approach resulted from negotiations of the social partners, the government would set out its own proposals in the light of these discussions. The social partners would be made aware of this possibility prior to their negotiations.

The proposals set out below are designed, in part, to foster a basis of trust, following Culpepper and Parker, and also to be consistent with the Hindess' 1987 critique of Hayek (1944) and the Friedmans' (1980) notion of 'freedom'. No one would be required to adopt any of the proposals in the first instance. It is to be hoped that sufficient enterprises would adopt an agreed procedure to persuade

others of the benefits to be gained. While initial financial, fixed term inducements might attract employers in the first instance, it would be hoped the overall benefits in terms of skills enhancement, productivity and increased trust in the policy process would prevail over the longer term. The proposals are aimed at developing a long-term approach to competitive strategy in which training would play a key role.

Four factors underlie the proposals put forward. First, an approach to VET based on voluntarism has not to date delivered a training culture in England linked to a long term, future oriented enterprise strategy of the type indicated by Porter and Ketels (2003) and illustrated by the French respondents in this study. Second, some enterprises in England, including some interviewed for this project, already operate along similar lines to those proposed. Third, the acceptability of the legislative requirements for health and safety (including consultation with employees) and food hygiene suggest opposition to legislation among English employers is perhaps more rhetorical than practical. The legislation was not seen as a threat to business even though there were associated costs, because every one else was affected too. Finally, the proposals reflect the conditions under which many competitor economies in northwest Europe, not only France, have operated for some time, and which are likely to continue.

Given the mutual interdependence of the components of an institutional framework, incremental and negotiated procedures are crucial. As the social partners become familiar with the processes, the rate of introduction and the sophistication of the proposals and implementation procedures would be expected to improve in a learning environment.

The proposals build on recent government initiatives, for example Union Learning Funds (ULFs), paid time for Union Learning Representatives (ULRs) and the 12 Employer Training Pilots for which the assessment period commenced in August 2004. Also important in this context is the work of the CBI-TUC group

that has contributed to the work of the Productivity and Innovation Unit of the Cabinet Office.

The proposals are formulated in the knowledge that how matters are organised in one society is not transferable to another society *in toto*, if at all, and that trust is based on recognised mutual interest and the avoidance of opportunism, the basis of what Willman (1987) called 'consummate cooperation'. An incentive for the social partners and their constituents in what follows is that if they choose not to participate, their constituents may be at a disadvantage compared with those of participating organisations. In the final analysis, if social partners do not negotiate in good faith, government may legislate. As with the ULFs, and ETPs for example, the social partners may benefit from support in terms of financial concessions of limited duration, to facilitate the implementation of negotiated policies.

Proposal 1. *Membership of Employer Associations*

A key feature of the English case is the weakness in representational terms of employers' associations where membership is voluntary and so self-selecting. The views presented by such associations may be based on a range of intra-sectoral interests and presented at too high a level of generality for effective policy making.

A government funded drive to get SMEs registered with an employers' association or a CoC would enable many more to benefit from projects to establish a learning culture in enterprises such as the ETP scheme and the project trialled by TEC 4 (Chapter 7). Both were hindered by the problem of identifying and contacting the large number of small enterprises.

The representative, and hence institutional, weakness of voluntary employer organisations is also an issue for the role of the national and local LSCs and the SSCs. How are members to be selected? By whom are they to be selected? Since the LSC and SSCs are government creations, they would be required to discuss

with employer and union bodies the selection and appointment of Council members to produce a membership comprising the social partners as with the CPCs in France (p.4.21).

An employer could choose to join one of four types of association, for example the local CoC, a trade association or an employers' association such as the CBI or the Small Business Association. The Institute of Directors (IoD) is not included here as membership is essentially individual rather than enterprise based.

Proposal 2. *Staff Learning Representatives*

Following the apparent acceptance of ULFs and ULRs and their role, employers, unions and other employee associations would negotiate over the introduction of Staff Learning Representatives. (SLRs) in areas where there is a weak tradition of employee representation. These negotiations would be at sector level and implemented nationally or regionally as the social partners decide. Once the social partners had reached an agreement, this would be included in employment law to cover employers' and employee organisations that did not take part in the agreement. This would ensure that all were covered by the common conditions. A sliding scale of financial support or reduction in employment costs for a fixed period and related to enterprise size, would be negotiated with government.

Proposal 3. *Training Plans*

Since the LLSCs, ULRs and ULFs are government initiatives, and as over a third of employers are IIP accredited, it would be a small step for firms with ULRs/SLRs and IIP to produce annual training plans to inform the decisions of the SSCs and the LLSCs. After discussion between the social partners the requirement for a training plan would be extended to all enterprises above a minimum number of employees. These plans would be formulated in the context of an enterprise strategy geared to future value added innovations and quality, and would form the basis for financial support for training. This support would be on

a sliding scale related to the number of employees and for a fixed period, to be negotiated between the social partners and government.

Proposal 4. *Minimum age school-leavers and recognised qualifications*

In the light of proposals for tuition-free study for those without level 2 skills, and for those aged 19-30 without level 3, and the outcome of the ETP assessment, it would become a requirement that any employer taking on a minimum age school leaver be required to provide a two-year training programme for a recognised qualification at level 2 or 3. The programme would include at least one day per week off-the-job general and technical education. This proposal would be an extension of the MA programme, and ensure those wishing to leave education at the minimum age remained in contact with the educational system until 18 at least. An enterprise taking on a minimum age school leaver would be required to have a trained mentor on the staff, or access to a trained mentor. The cost of mentor training, or of an external mentor, would be publicly funded initially on a sliding scale based on the size of the enterprise.

Conclusion

The purpose of these proposals is to encourage the social partners to develop a shared sense of ownership in the operation and development of the VET system such that training becomes the norm in the context of a developed business strategy. Initially a minimum of legal regulation is envisaged, and then only after negotiation. However, it may be that as a result of employer-employee negotiations the social partners may see a legal framework as appropriate to minimise opportunism and free riding. It is possible that the CoCs would be rejuvenated as a result of the proposals. The important point underlying these proposals is that the social partners would determine in the first instance how they were to be implemented. If negotiations were in danger of foundering due to the lack of commitment of either social partner the state would, in the final analysis, take a decision.

Employer associations, employee associations and unions and government would negotiate, initially at national level, how such proposals were to be introduced and over what timescale. Apprentice pay rates, based on a percentage of the minimum wage, and the minimum size of enterprise to qualify for funded mentor training or services would be covered in negotiations. Firms providing work experience placements for young people following a school or college based vocational route from 16 to 18, would also benefit from the same contribution to mentoring costs as a firm recruiting apprentices.

Enterprises already committed to training, and possessing a developed training culture, will already follow some of the procedures mentioned. When other enterprises adopted the procedures, the financial and time burdens of training would be spread over more employers. The development of a training culture among SMEs would increase their effectiveness, enabling them to develop stronger links as suppliers to successful larger or similar sized enterprises as noted by Parker (2001), Zeitlin (1995) and Porter (1997).

Enterprises not adopting a training culture approach and a strategy focussing on product and process innovation would risk being excluded from the supply chain of successful businesses, and also risk being unable to recruit better-qualified and ambitious school leavers. Young people joining an employer not adopting the procedures mentioned would be aware they risked receiving little or no training.

If employment with the enterprise did not continue after an apprentice contract, a young person would have had a combination of work experience, training and a recognised qualification that included general and technical training. Apart from indicating an individual's employability, commitment and trainability, this would provide a basis for occupational flexibility in a period when technology and the organisation of work are changing rapidly. If employers, as a result of a training culture in which all were involved, developed proactive enterprise strategies focussing on product and process innovation, added value and service, the demand for qualified employees would increase. This would raise the status of

apprenticeships in the eyes of young people, motivating those wanting to leave school at the minimum age to gain entry to an enterprise with a developed approach to training, or to follow vocational courses prior to entering the labour market.

The vocational qualifications available to young people from 14 or 16 should be constructed to allow for progression either in the vocational or the academic streams of the education system, to include HE. Such flexibility is fundamental to a strategy of lifelong learning associated with a strategic objective of ensuring a functional and occupationally flexible, effective and developing labour force.

The four proposals set out in the final section of this chapter are intended to be the basis upon which a training culture and associated changes in enterprise strategy change would be developed. Employers would receive practical help to develop a future oriented, innovative and value based strategic approach to their business on a par with competitor economies elsewhere in Europe. Carefully introduced and supported, this approach could lead to a break from outdated institutional priorities and economic values that have constrained both business strategy and the development of a skilled and functionally flexible labour force in England.

Chapter 2 of this study opened with a quotation from Michael Sadler, Research Director at the Education Department in London between 1895 -1903. He went on to become professor of history and administration of education at Manchester University, Vice-Chancellor of the University of Leeds from 1911 to 1923 and then Master of University College Oxford until retirement in 1934. The quotation is from a lecture he gave to a Teachers' Conference in Guildford in 1900 and is worth repeating as an appropriate finish to this comparative study of VET in England and France.

The practical value of studying, in a right spirit and with scholarly accuracy, the working of foreign systems of education is that it will result in our being better fitted to study and to understand our own (Sadler 1900, in Higginson 1980, 1994).

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Appendix 1

The West of England Employers – 20 Enterprises.

Artspics	Condiments	100 employees
Bairtons	Control systems	312
Bearings	Self lubricating seals and bearings	145
Crossleigh	Cheese Maker	86
Dept. Store 1	Department Store	187
Dept. Store 2	Department Store	180
Dept. Store 3	Department Store	117
Finman	Financial Services	31
Goland	Aeronautical components	750
Ready Meals	Ready Meals	700
HiQual	Aeronautical manufacturer	699
Hydroseals	Automotive & aeronautical seals	550
Kings Dairies	Milk and cheese	82
MacCarthy's	Pneumatic valves and mechanical pyrotechnics	130
Mullframes	Aeronautical components	180
Mitchells	Fuel systems	280
Osborns	Cheese maker	135
Parlink	Financial services	500
Sandwich Maker	Sandwiches	200
SmallCheese	Cheese maker	10

Appendix 2

Midi-Pyrénées Employers – 19 Enterprises.

AirComp	Aeronautical gears	960 employees
Hyro T	Turbines	21
CheeseRocq	Specialist cheese maker	50
Chemicals	Gases and propellants	498
Electrarm	Electronic control systems	750
Fassoc	Financial services	11
Hotel BL	Hotel	18
Hotel Pelerin	Hotel	25
LeAuto	Electrical wiring looms	500
Lintel	Electronic valves	38
Malbi	Maker/Patisserie	32
Marlab	Automotive filters	400
Monrassure	Finance services	16
Simulate	Simulation and training software	100
ToulComs	Satellite communications	300
TradCheese	Specialist cheese maker	35
Transrail	Motive power systems	1,044
Transystems	Electrical equipment	400
VideoSystems	Digital CCTV & machine control systems.	65

Appendix 3

Vocational Education, Training Policy and Business Strategy. Topic Guide: Employers.

Basic Descriptive Data.

How would you define/describe the business you are in?

What is the annual turnover?

What is the payroll/salary bill?

How many people, at which level, are there?

How many employees, and at what level have you recruited in the past year?

What recruitment/retention problems do you have – skills? Retention?

How and by whom are decisions regarding recruitment taken?

Are employees involved in decisions about training? If so, individually or via Staff/TU representatives?

Does training lead to re-grading? Salary increments?

Do you have a specific training budget? What percentage of payroll?

What proportion of total training does the budget cover?

Allocation and Distribution of Training Effort.

Of the training activity, what proportion is for existing employees? New employees?

Breakdown of training for existing new employees?

Percentage of training related to IT? New production technology?

How are training decisions linked with Staff Appraisal or Performance

Reviews?

How is training evaluated?

Contact with Training Providers.

Who do you approach for any advice/information on training?

How would you describe your relations with private sector training providers?
How effective are they?

And public sector providers?

Do you have contact with other providers? Voluntary/not for profit?

Relationship between enterprise product market strategy and training Programme.

How far is your training provision driven by your *current* product or service market situation? How much by your *future* (expected/intended) market situation?

In terms of the market place for a business like yours, upon which market sector

Are you currently focussed? Do you expect to be focussing on the same sector in five years?

What are the pressures you face in your current market sector – what are your SWOTs?

How has your product and/or service changed/modified over the last five years?

What market pressures do you expect to face in five years?

What product or service modifications/changes do you expect to introduce over the next five years?

Involvement with Quality Initiatives.

Do you operate a Modern Apprenticeship scheme?

Do you have any involvement with the Management Charter Initiative?
Investors in People? Other HRM/HRD Quality initiatives?

Membership of, and involvement with, the Chambers of Commerce and TECs?

Are you a member of the Chamber of Commerce? Active member?

Any involvement or links with the TEC? Nature of the involvement or links?

Whether involved or not, what are your views of the role and operation of the Chamber of Commerce; TEC?

The current situation of VET in your area.

From the perspective of your business, what are the main problems presented by the provision of Vocational Education and Training in the area?

What developments would you like to see to reduce or eliminate these problems? How could, or should, these be initiated and implemented?

Personal education and training qualification.

Appendix 4

Vocational Education, Training Policy and Business Strategy. Topic Guide: Chambers of Commerce.

What is the geographic area your Chamber covers, and how does that match with the relevant 'travel-to-work' area?

Membership - numbers/sectors/size?

What particular training problems concern your members?

What links do you have with the TEC?

What is the 'division of labour' between Chambers and TECs in your area?

What are the characteristics of the most (and least) active of your members in the area of training?

Of the members most active in training, upon which areas of training (ie skill/function/level) are they focussed?

What are the main problems or constraints confronting you in developing links with your members?

What central or local government policy initiatives would help overcome, or reduce, such problems or constraints?

How important an influence on the demand for, and focus of, training in your area is the *current* market situation and strategy of your members?

How important an influence on the demand for, and focus of, training in your area is the expected or desired *future* market situation of your members?

Do you have links with training providers (public, private, not-for-profit) in the area?

What is the nature of those links?

What key factors influence your relationship with training providers?

Do you see the role of Chambers and TECs changing in the future?

What links do you have with other business and regional development agencies in the area?

Of what significance is the role of the Business Link (One-Stop-Shops) in your area concerning:

- (i) business development/ enterprise?**
- (ii) education/training and**

Do you have programmes to help members develop the link between their training programmes and their business strategy?

What is the relative significance among your members (in terms of number of participants, number of firms, areas/focus of the training) of management education and training compared with that for other categories of employee??

How significant is the MCI for your members?

How significant is the IIP programme among your members - what proportion are registered? Have been awarded recognition?

Does the Chamber have a budget for training activities?

What percentage is this of the total budget?

Since we have spoken about training, would you mind telling me your educational and professional qualifications?

Finally, what did you do before joining the Chamber?

Appendix 5

Vocational Education, Training Policy and Business Strategy. Topic Guide: TECs

What is the geographic area your TEC covers, and how does that match with the relevant 'travel-to-work' area?

Which are the employers, in terms of size and sector, with whom you have the most active links?

How important is training in those links?

What particular training problems concern those employers?

What proportion of the Tec budget is devoted to training the unemployed compared with training for the employed?

What is the focus, in terms of skills, of the training for the unemployed groups? The employed?

With which training providers (public, private, not-for-profit) in the area do you have links?

What is the nature of these links?

What key factors influence your relationship with providers?

Of what significance are Guidance services in your activities?

What is the 'division of labour' between the TEC and Chambers in your area?

What links do you have with the Chamber/s of Commerce?

How do you see the role of the TEC and Chamber changing in the future?

What links do you have with other business and regional development agencies in the area?

In your geographic area, what are the key aspects of the role of Business Link (One Stop Shops) in relation to education and training, and business development and enterprise?

What are the main problems or constraints facing you in developing training, and business development/enterprise in the area?

What central or local government policy initiatives would help overcome or reduce any problems or constraints confronting you?

With what success has the TEC been able to link training to demands and opportunities in the region?

How important an influence on the demand for, and focus of, training in your area is the *current* market situation of employers?

How important an influence on the demand for, and focus of, training in your area is the expected or desired *future* market situation of employers?

Do you have programmes to help firms develop the link between their business or market strategy and their training programmes?

What is the relative significance (number of participants, proportion of budget, number of firms involved, areas/focus of the training), of management education and training in your geographic area compared with training for 'lower' level employees?

To what extent are Modern Apprenticeships a feature of the training programme of employers in the geographic area you cover?

How important is supervisory training in your geographic area?

How significant is adult training in your area?

What role does the MCI play in your area?

How significant is the IiP programme for employers in your area - what proportion of employers are registered? How many have been awarded recognition?

Since we are talking about training, would you mind telling me your educational and professional qualifications?

Finally, what did you do before joining the TEC?