Employers, the ghost at the feast

Ewart Keep

Centre on Skills, Knowledge & Organisational Performance,

Department of Education,

Oxford University

Email: ewart.keep@education.ox.ac.uk

Abstract

The question addressed in this paper is why expanding Higher Education (HE) has become the default policy position in England. One answer concerns the reluctance by employers to train. The paper adopts an historical perspective on the policy reviews into this issue which have displayed a remarkable policy amnesia, employers have not been engaged. Consequently, successive governments have fallen back on expanding the HE sector as the main way to boost skill levels.

INTRODUCTION

Mason (this volume) provides a familiar and depressing litany of weaknesses and unfortunate strategic policy choices that, taken together, represent a major challenge to achieving an education and training (E&T) system that delivers satisfactory economic and social outcomes for a range of stakeholders. There are many different perspectives from which a response might be mounted. This

brief article, which focuses only upon England, starts with a simple premise: that without active commitment and participation by a critical mass of employers, the E&T system cannot function effectively. It goes on to argue that in England this pre-condition for success is often lacking, and that this absence lies at the heart of some of the most important problems and deficiencies that Mason identifies.

Mason argues that there is an imbalance between initial and adult and continuing education and training, and between university-based degree-level education and other forms of provision. These two issues will be addressed below in reverse order, and then the article advances some reasons why employer commitment is sub-optimal.

THE FAILURE TO CREATE A MASS WORK-BASED ROUTE FOR INITIAL E&T

Who remembers YTS?

In terms of the inexorable rise of full-time post-compulsory college and university-based provision for young people, one of the central causes has been the failure of attempts to create a viable mass high-quality work-based route for initial E&T that could offer an attractive alternative. Most of the attention in this area focuses upon the fate of a succession of apprenticeship reforms, which will briefly be addressed below, but it is now rarely recalled that during the 1980s the UK government made a concerted attempt to sidestep the legacy of traditional craft apprenticeships and create a separate mass work-based initial E&T route (Keep, 1986).

In 1981 the government quango responsible for skills and employment, the Manpower Services Commission (MSC) committing itself to three long-term strategic objectives for skills policy (MSC, 1981). The first was reform of an ailing apprenticeship system (then largely confined to manufacturing and construction), and the second looked to improving the volume and quality of adult training. Thirdly, the MSC also tried to use the crisis created by a wave of mass youth unemployment to establish a new, permanent bridge between school and work for those not going

into apprenticeships, with the aim of allowing the UK to catch up with levels of youth training offered in competitor countries, not least West Germany (MSC, 1981 & 1982; Young, 1983; Nicholson, 1985).

The result was what was initially called the Youth Training Scheme (YTS). Its scale and salience is now largely forgotten, but between 1983 and 1990, 2.7 million youngsters participated in YTS, and significant sums of public money were invested in this enterprise (between 1983 and 1992 cumulative spending totalled £7.86 billion at contemporary prices – ED, 1992). Observers at the time judged it to be, "probably the biggest reform of the education and training system since the raising of the school leaving age" (Hayes and Fonda, 1985: para 32).

YTS went through various iterations and re-brands during its life (one-year YTS, two-year YTS, Youth Training, Youth Credits and then National Training), but ultimately failed to deliver the original goal of permanent, high-quality initial E&T for both the young unemployed and young entrants to the workforce (Lawler, 1985; St-John-Brookes; Keep, 1986; Chapman and Tooze, 1987; Jones, 1988). The reasons for this were complex, but included poor quality control (in part driven by employers' reluctance to allow any internal inspection of the work experience element), a failure to set sufficiently explicit standards and learning outcomes, and highly variable quality of delivery (Marsden and Ryan, 1991). Most importantly, at the end of the day, the majority of employers chose to view YTS as a temporary government scheme to alleviate the worst effects of a youth unemployment crisis (Lee et al, 1990). YTS offered firms the opportunity and significant public funding to design and deliver an employer-based training system for the mass of young people. It was an opportunity they chose not to grasp (Keep, 2005).

Apprenticeship –aspiration trumps reality?

Once the failure of YTS to take root became apparent, policy makers' attention switched, as Mason explores, to multiple attempts to revive and expand apprenticeship as a vocational alternative to

more academic and classroom-based routes. The aim has been to create an offer to rival university in its attractiveness. Achieving this ambitious goal has proved elusive, in large measure because outside of a few traditional sectors such as construction, engineering, electrical contracting, and hairdressing, where essential skills can often only be learned in the workplace, genuine employer commitment to high quality provision has been largely absent (Fuller at el, 2015; Keep and Relly James, 2016, Richmond, 2020).

The attempt to change reality – the Levy System

There is not space here to offer any comprehensive review of employers' involvement in apprenticeship or their reaction to the levy (see Mason this issue), the introduction of which bears testimony to policy makers' recognition that the voluntary commitment of employers would not fund or power their aspirations for apprenticeship (Wolf, 2015). The levy was an attempt to compel employers towards virtue. Perhaps the key points to note are that apprenticeships by and large remain a provider rather than employer-led form of training (Fuller et al, 2015), and that the concept of occupation that underpins apprenticeship systems in countries such as Germany and Switzerland is largely absent in the UK (Fuller and Unwin, 2013). Moreover, although there are indications, as Mason suggests, that the levy has helped to shift some provision towards higher skill levels, there is also significant evidence that the levy is often being 'gamed', as existing graduate and management training schemes are re-badged as apprenticeships in order to allow employers to recoup their levy funds through activities that are deadweight – i.e. would have taken place anyway (see Ofsted, 2018; Richmond, 2020; Learning and Work Institute, 2020).

Moreover, policy has chosen to create a two horse race, whereby attempts to upgrade and expand apprenticeships have proceeded in parallel with the massification of higher education. The failure of YTS and the weakness of collective employer organisation and other socio-economic institutions that supported company-based initial E&T in countries such as Germany and Japan led David Soskice (1993) and other commentators to argue for the adoption in the UK of an explicitly American model,

whereby the vast bulk of initial E&T would be delivered in further and higher education (Keep and Mayhew, 2004). This line of thinking was supported by employer bodies such as the Council for Industry and Higher Education (CIHE) and the Confederation of British Industry (CBI) (Keep and Mayhew, 1996), and these arguments were subsequently influential in underpinning New Labour's push to expand HE and the prime minister's target of 50 per cent HE participation by the 18-30 cohort.

The state found it far easier to grow HE than it did apprenticeships – universities were keen to expand their efforts, while employers on the whole were not. Relatively early on in the massification process it became apparent that the larger the university route grew, the more it would tend to monopolise the limited pool of young people qualified to participate in higher level study and squeeze alternative vocational, work-based models (Keep and Mayhew, 2004). Insofar as any correction is possible, much depends on two things. First, the fate of the Augar Review 's recommendations (2019) and the possibilities that they presents for a revival of a part-time, employment-based sub-degree route for technician training, and second, how degree apprenticeships develop as a higher level option that combines HE and employment.

EMPLOYER RESPONSES TO ADULT SKILL NEEDS – A TALE OF DISAPPOINTMENT

The second set of problems identified by Mason concern the failure to achieve any sensible balance within policy between investment in initial and continuing E&T. Again, the role of employers is pivotal, as learning in and through work is a critical element in adult learning provision across the developed world, and as noted above, as long ago as 1981 the government's skills strategy identified the need to bolster firms' efforts on up and re-skilling their adult workforce. In the years that followed a wide variety of different streams of government activity and subsidy have sought to catalyse this desired change. Examples include the co-funded workforce development pilots set up by the Higher Education Funding Council for England (HEFCE) (see Nixon et al, 2006), and Train to

Gain (Keep, 2019). With the onset of austerity the government started to shift its approach, claiming that:

> They [employers] are willing to invest – invest far more than they do at present in the skills of their workforces if they can be sure that the training they buy will be of high quality and geared to their needs. We need a new approach….Our aim is to shift profoundly the balance between the state, businesses and individuals.
> (DBIS, 2010: 12-14)

and experiments with the Employer Ownership pilots were an attempt to test out whether giving control of government money would incentivise employers to co-invest in a 'something for something' deal (see Keep, 2015 for an overview and evaluation of this approach).

The results

By and large, these attempts to produce a step change in employers' adult training failed. Rather than increase their activity, over time employers have offered less and less training (as measured in terms of hours of training per employee per year, and in terms of expenditure on skills (Green et al, 2016). The scale of the decline is startling. Using evidence from several official surveys, Green and Henseke (2019) estimate that between 1997 and 2017 the annual volume of employer provided training hours fell by about 60 per cent. This despite the fact that over this period, as noted above, the government was exhorting employers to do more and providing various forms of subsidy to incentivise greater activity. Far from stepping up the plate, employers have been in retreat.

THE CAUSES

The reluctance of the broad mass of employers to engage with attempts to allocate them a larger role in the supply of initial and continuing E&T over a considerable period of time has proved a major

disappointment to policy makers, albeit one that they have found it hard to confront and discuss in public (Keep, 2006 & 2015). The section below offers some brief reflections on the causes of this gap between desired outcomes and actual performance.

Supply, demand and usage are critical

As has repeatedly been noted by researchers, simply increasing the supply of taxpayer-funded skills does not mean that these will then be productively deployed by employers, no matter what policy makers may hope (Keep, Mayhew & Payne, 2006; Sung and Ashton, 2015). As the author has argued elsewhere (Keep, Mayhew and Payne, 2006; Keep, 2006; Keep, 2015) the underlying levels of demand for skill from English employers is patchy and sometime very limited, due in large measure to ‘low road’ competitive and product market strategies; poor employee relations, work organisation and job design; and a failure to invest in the other components of a high performance economy (e.g. plant, equipment, R&D – see HMT, 2015). This lack of a demand side ‘pull’ undermines the supply-push model of skills policy that successive UK governments have adopted (Keep, Mayhew and Payne, 2006). In addition, employers’ deployment of skills within the productive process is often sub-optimal, which means that the economic benefits of investing in workforce skills are lower than they should be (Keep, Mayhew and Payne, 2006; Keep, 2015 & 2016).

These problems mean that the incentives for employers to put serious effort into workforce development are often limited, and it is much easier and cheaper to look to the government and the taxpayer to provide what is required through the publicly-funded education system (see Keep, 2015 for an overview of the forces that are encouraging an ‘employer retreat’ from workforce development). From the government’s perspective, poor workplace skills usage and limited underlying levels of demand for skills require a very different kind of policy intervention from those traditionally associated with English conceptions of skills policy, and there are major ideological and capacity constraints to contemplating any changes of direction (Keep, 2006; Keep, 2009).

The rights, roles and responsibilities of employers – the great unknown?

A second and subordinate set of problems centres on the fact that the rights, roles and responsibilities of employers in relation to skill formation have never been clearly established (Gleeson and Keep, 2004; Keep, 2012b & 2018). There have been attempts to try to do this, for example, the Dearing Review (1997) of higher education proposed the development of a compact between government, students and employers to pay for HE (which was quietly ditched by government), while the National Skills Task Force (2000) and the Leitch Review (2006) both sought to define employers broader responsibilities for funding and providing training, but their formulations were swiftly abandoned by government when employers declined to follow them (Keep, 2006; Keep, 2012).

As a result, in England it remains the case that it is not possible to find any answer to the fundamental question – what elements or aspects of initial or adult training are employers expected to contribute to, in what manner, and via what mechanisms? In lieu of any clear answer to this, policy faces arguably insurmountable problems in delivering the desired goals. Government has many aspirations for skills enhancement and consequent requests to make of employers (for example, provision of an adequate volume of work placements to cater for students undertaking the new T levels), but these are ultimately wishes and pleas rather than firm expectations or obligations. The discourse around engaging employers as co-producers has been rooted in voluntarism and is usually around finding new carrots, it has had relatively little to say about sticks (with the sole exception of the apprenticeship levy), and the economic impacts of Covid-19 will make it even harder to contemplate any form of compulsion.

The lack of collective and individual employer capacity

Another distinctive feature of English E&T is the absence of a comprehensive and coherent system for the collective organisation of employers on issues to do with E&T. Comparative research has

repeatedly indicated that having well-formed and effective employer organisations is a key element in the ability of a state to concert employer inputs into E&T and active labour market policies (Martin and Swank, 2012; Martin, 2017; Ingold et al, 2016). Without this, government is left trying to deal with individual organisations, which imposes massive transaction costs and renders collective action extremely hard to contrive and sustain (Keep, 2015). Since 2010 English policy has gradually abandoned efforts by the state to sponsor and encourage collective organisation, and has moved towards treating individual firms as atomised, individual customers in an E&T marketplace.

Policy has also tended to ignore the need to boost workplace training capacity by upgrading firms' in-house training function (Unwin and Fuller, 2019). We know relatively little about the current state of organisational training capacity in English organisations, but there are some indications that it is weaker than it needs to be (Keep, 2015). There is also evidence that a relatively low proportion of UK workplaces use forms of work organisation and job design that would favour richer learning in and through the work process – i.e. via informal, on-the-job learning (Lorenz and Valeyre, 2006; Lundvall, 2012).

Final Thoughts

A few senior policy makers have, from time to time, warned of the consequences of employers not rising to the challenge. In 1985 Geoffrey Holland, the then-director of the MSC opined that, "if the two-year YTS fails then we are at the end of the road. There is nowhere else to go" (*Times Educational Supplement*, 3 September). A decade and a half later, John Harwood, the first chief executive of the Learning and Skills Council (LSC), when asked what would happen if the LSC failed to deliver the promised sea change in the supply of and demand from employers for skills in England, suggested: "I think that if we fail it will be too late. If you look at productivity per head, if you look at our position in the education league tables of industrialised nations, then basically this is the last throw and we have got to make it work" (Keep, 2001: 17). Scroll forward another 10 years and we find Sir Charlie Mayfield, chair of the UK Commission on Employment and Skills (UKCES) arguing that

the need for employers to invest more in workforce development was, “the inconvenient truth of this decade” (DBIS/UKCES/SFA, 2011: foreword). As the figures on employers’ training efforts noted above indicate, the inconvenient truth turned out to be that the majority of employers were disinclined to acknowledge or act upon this imperative.

Despite these warnings, the economy has not collapsed, though it may have under-performed; and the reluctance of majority of employers to become active partners and co-producers within E&T provision has largely been dealt with by policy makers by quietly being ignored, and by a compensatory expansion of publicly-funded education provision. With a post-Covid recession looming, and with the funding of English HE under considerable strain (Augar et al, 2019), the sustainability of this model, whereby public investment substitutes in part for employer efforts, poses major challenges to government. Moreover, in the short to medium-term the economic and labour market fallout from the Covid-19 pandemic is almost certain to militate against greater employer efforts. Apprenticeship numbers will fall, particularly young apprentices rather than existing employees who are receiving management training masquerading as some form of apprenticeship (Richmond, 2020), and experience from previous recessions suggests that firms will again cut their training budgets (Green et al, 2016).

Mason’s article defines a set of inter-related challenges, the solution to which rests in part on changing employer motivation and engagement with skills policy. The problem for policy makers is what to do next. As this article has demonstrated, there is now a lengthy history of failed attempts to deliver fundamental change. Well-established ideological ‘red lines’ make it hard to address demand side deficiencies. It is for example hard to see what policies or incentives exist or are planned that could jolt a substantial proportion of the ‘long tail’ (Haldane, 2017) of low performing firms towards a ‘high road’ competitive strategy. Nor are the lines of policy development that might deliver a less voluntarist approach to employers’ roles within skill formation (Keep, 2006 & 2015) yet apparent. The most likely outcome will some short-term government subsidy to prop up

apprenticeship provision during the post-Covid recession, another round of institutional reform (Keep, 2006 & 2009), and some pilot schemes aimed at enticing employers to get involved. Experience suggests that these will not be sufficient to achieve the scale of change required.

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