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Skills and Economic and Social Justice

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'Our nation's skills are not world class and we run the risk that this will undermine the UK's long-term prosperity. Productivity continues to trail many of our main international comparators. Despite recent progress, the UK has serious social disparities with high levels of child poverty, poor employment rates for the disadvantaged, regional disparities and relatively high income inequality. Improving our skill levels can address all these problems' (Foreword to the Final Report of the Leitch Review, 2006:1).

Summary

As the quote above suggests, the education and training (E&T) system and skills policies are perceived as the means of delivering an extensive social and economic policy agenda. Two beliefs are central to current expectations about the catalytic power of E&T. First, social justice is seen as being sustained by long-term economic success and that this is best achieved through skills policy. Second, policymakers' understandings of the functioning and future shape of the labour market often spring from optimistic readings, wherein demand for skills is rising across the board and where everyone either is, or is about to become, a 'knowledge worker'. This Issues Paper argues that these assumptions may be either partially or wholly flawed, and that as a result attempts by policy makers to depict skills as a magic bullet, and assign E&T policy the role of a 'get-out-of-jail-free card', are liable to lead to disappointment. Skill often cannot support the transformatory expectations being heaped upon it.

Skills, the economy and equity

The triumph of the Leitch Review in setting the long-term policy agenda on skills in England represents the apparent eclipse of arguments for wider economic

development policies of the kind represented by the Porter Report. Porter's analysis sought to frame the key issue as business models of competitive advantage and the dangers of over-reliance on the UK's comparative position as a low-cost base within Europe to produce standardised goods and services that sold on the basis of price (Porter and Kettels, 2003). In arguing for a step change in the basic competitive model and for a much greater stress on innovation and higher valued added, it would appear that Porter raised an agenda that was simply too daunting for policy makers to contemplate addressing head on. Universal upskilling is seen as a much less demanding and far more attractive foundation for policy.

Leitch's analysis revolves around a relatively crude international benchmarking of qualification stocks and hence a policy based on simple targets for the accumulation of human capital. Sadly, as a great deal of research demonstrates, on its own this is unlikely to be sufficient to generate major general improvement in national economic performance (Keep, Mayhew and Payne, 2006; Ashton and Sung, 2006). Moreover, a central tenet of current policy is a belief in a supply-push effect, whereby publicly-funded boosts to stocks of qualifications will push the economy onto a new, higher skilled, higher value added pathway. Such thinking, for

example, underlies the Train to Gain (T2G) programme. The evidence from countries such as Canada, New Zealand and Scotland – all of which have better qualified workforces than England - is not very encouraging (Keep, Mayhew and Payne, 2006). Moreover, if there is a supply-push effect, there remains the question of what type of skills, at what level, for which workers and/or firms will actually produce the desired outcome. Without answers to these questions, all that policy makers can do is resort to the kind of blanket approach argued for by Leitch.

In terms of equity, despite government's attempts to deploy arguments about widespread market failure current patterns and levels of investment in skill may be a logical reflection of product and labour market strategies. For instance, the often relatively low returns to Level 2 vocational qualifications (Dickerson and Vignoles, 2007) does not suggest that demand is outstripping supply. Many adult workers may receive little formalised and certified training, not because the market for skills fails, but because they are in jobs that need limited levels of certified skill. The demand for skills, rather than their supply, is the real problem. Assertions by government that Level 2 qualifications form a minimum platform for employability are contradicted by a wealth of research that shows that, for many jobs in the lower ranks of the occupational spectrum, qualifications are often not all that important when employers are recruiting (see for example Miller, Acutt and Kellie, 2002; Felstead et al, 2007).

Given this background, official policies for helping adult workers, by supplying a modest universal entitlement seem problematic, not least given what this is expected to deliver. The desired outcomes include: coping with globalisation, improving social justice, boosting wages and reducing income inequality, promoting social inclusion, increasing levels of employment, and enhancing job mobility and career progression. Significant impacts across such a broad range of outcomes are improbable for reasons that will be discussed below.

What all this suggests is that, at best, a focus on amassing more and more qualifications within the workforce is one necessary precondition for success, but no more. At worst, it distracts from the task of developing skills interventions that are much better integrated with wider economic development and business improvement policies.

Skills and the future labour market

Despite sunny projections of the future shape of the labour market by government and various pundits, reality is liable to be less glossy. Good jobs remain limited in number and often the supply of those qualified

to do them far exceeds the opportunities available (Brown and Hesketh, 2004). At the same time, significant sections of the working population continue to be in low paid employment (defined as below two thirds of the median income). In 2006, about 22 per cent of the UK's working population were low paid (31 per cent of all female workers).

At the same time, the gap between 'good' and 'bad' jobs may be widening across a range of dimensions, such as levels of pay, opportunities for development and career progression, and levels of intrinsic interest (Thompson, 2004). Moreover, the quality of lower end jobs (as measured by relative pay, work intensity, the need to put in long periods of overtime and unsocial hours, and insecurity of employment) may, in some instances, currently be declining (Lloyd, Mason and Mayhew, 2008).

Much of the employment opportunities where qualifications have limited purchase on recruitment and selection decisions are in low pay occupations (Bunt, McAndrew and Kuechel, 2005), where the levels of remuneration reflect structural problems and product market strategies rather than the skills and qualifications of the workers per se (Lloyd, Mason and Mayhew, 2008). A substantial proportion of those who undertake this work already have qualifications in excess of the government's adult learning entitlement, and there is little evidence that employers make any concerted effort to deploy this 'spare capacity' to productive effect (Lloyd, Mason and Mayhew, 2008). It is thus unclear how further boosting the qualifications stock among these workers will, of itself, do much to tackle the problem of low wages, or of employment structures where opportunities for progression are often very limited. The number of such jobs is not set to decline markedly in the medium term and may increase in some sectors and occupational groups, such as personal care.

Overall, policy makers have in recent times argued that relatively poor workforce skills and low skilled employees are a key economic problem and that the answer is more education and training. In many instances what we actually have is a problem of too many low pay, low quality jobs – reflecting in part the nature of competitive and product market strategies and structures in low pay sectors, and in part failures of employee relations, work organisation and job design. If this is the case, upskilling, on its own, will have a small impact. A great deal of research and policy analysis suggests that skills interventions would have a far better chance of success if they were integrated into a package that included much stronger economic development and business support; improved employee relations and personnel management policies and practices; and efforts to upgrade work organisation and

job design (Keep, Mayhew and Payne, 2006; CIPD, 2006; Ashton and Sung, 2006; Centre for Enterprise, 2007).

Skill as a means to social equity

Public concern at historically high levels of income inequality, soaring pay for senior executives and City workers, low levels of inter-generational social mobility, and fears about migration and globalisation have all been noted by politicians and commentators. One major response has been to posit upskilling for disadvantaged young people and adults as a means of redressing the pressures that are leading to greater economic and social polarisation.

However, this apparent faith in E&T as a catalyst for social change ignores a strong analytical tradition wherein education and skills often play a key role in reproducing rather than challenging existing patterns of advantage and hierarchy. This perspective has tended to become muted within public debate, despite research evidence continuing to show the enormous power of parental class in determining children's educational achievement and subsequent economic and social outcomes (Galindo-Rueda and Vignoles, 2003).

The reasons for this tension between hope and experience are not hard to find. In any given labour market the supply of good jobs is normally limited, though the proportion of such jobs may be growing. Labour will tend to be apportioned to these different opportunities via a job queue, whereby those at the head of the queue (who possess the highest skills and/or other attributes that employers are seeking) will obtain the better jobs, and those further back in the queue will have to settle for less well-remunerated/attractive work. Where the number of those wanting a good job exceeds the supply of such opportunities, positional competition will ensue, creating winners and losers.

Redistributing chances of gaining the desired good simply alters who will prove to be the winners and who the losers. Thus, if every worker possessed a degree, not every worker would be able to get a 'graduate' job – someone would still have to be traffic wardens, pick litter, wait at table, clean hotel rooms and hospitals, pack food, staff supermarket checkouts, etc. E&T policy can move people up and down the job queue; it cannot of itself create substantially more good jobs. Furthermore, those who do well out of the current dispensation of E&T may not be overly keen to allow themselves and their children to suffer as the result of any serious redistribution of opportunity.

Thus it is far from clear that the reality is one of, 'poor schooling leading to poor jobs, poor families and poor communities across generations' (Lewis, 2003: 34).

The flaw in this analysis is that even if E&T provision were transformed tomorrow, so that every student entered the labour market with high levels of achievement, the poor jobs would still be there and still have to be done by someone. Better education will not, on its own, magic away current labour market structures, large swathes of low paid jobs, or limited levels of demand for more skilled labour. Thus, unless policy tries to improve job quality and over time to produce more 'good' jobs and fewer 'bad' jobs, supplying more skills may lead to wasted effort.

Conclusions

None of what has been written above should be taken to mean that better education and training is a waste of time and money. Workers who have serious literacy and numeracy problems plainly face serious difficulties in the labour market. There are many adult workers who need to acquire new skills and to develop themselves. What is being contested is the growing tendency by policy makers to depict skills as a stand alone universal panacea for a host of social and economic ills.

Why do skills and the 'gospel of vocationalism' (Grubb, 2004) have this appeal? Perhaps because E&T policies provide a mode of intervention that does not require significant extension of the regulation of the labour market, employee relations, or product market. E&T policies can be packaged as a service to employers, and therefore represent an Enabling State model rather than the Regulating State. Moreover, skills offer a substitute for traditional (apparently discredited) forms of industrial policy, to 'picking winners', and to types of direct redistribution that are today deemed politically unacceptable. Because of this apparent neutrality, skill is chosen as the most important lever, not because it is necessarily really all that effective, but because there are so few other policy levers left to pull.

At present, skills policy runs two risks. First, it sets the E&T system and those who work in it up to fail by loading onto it unrealistic expectations. Second, it provides policy makers with a means to fend off attempts to engage in uncomfortable debates about the need for other, more controversial forms of policy intervention that might challenge the existing status quo. In this respect, E&T policy is the fig leaf that hides the paucity of ambition on issues such as job quality, employee relations policy and work organisation.

The overriding conclusion is that there is an urgent need for a more open and honest debate about what skills can contribute as part of wider strategies to help improve economic performance and deliver social justice. E&T plainly has a role to play, but its nature, scope and relationship with other policies needs a lot

more thought. The immediate prospects for this happening are poor, but the longer we delay thinking about constructing a more sophisticated, integrated and nuanced approach to developing social and economic policies wherein skills play a part rather than carry the entire weight of policy, the more painful we are going to find future collisions with reality.

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