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**Youth Transitions, the Labour Market and Entry into
Employment: Some Reflections and Questions**

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Ewart Keep

SKOPE, Cardiff University

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Editor's Foreword

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School of Social Sciences, Cardiff University, Glamorgan Building,
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Abstract

This research paper explores what we know about the process of transitions from education into the labour market, with a particular focus on the UK. There is strong evidence that even before the current recession, right across the developed world transitions were becoming longer, more complex and conditional than they used to be. The paper explores what structural factors may underlie these changes and their implications for policy makers and those working within the education and training system. The paper suggests that insofar as these developments can be addressed by policy, a major consideration is the role that employers may need to play, not least in terms of the attitudes and behaviours that they display towards the process of recruitment, selection, induction and development of new entrants to workforce.

Introduction

The issue of transitions from education/schooling into the labour market and employment has been a focus of policy concern across the OECD for at least the last 30 years. The current recession has meant that the problems associated with the move from learning to earning have tended to worsen quite significantly, not least in the USA but also in Europe (where youth unemployment in some countries has reached genuinely alarming levels, for example Spain, where 48 per cent of the 16-24 population is now without work).

While not wishing to downplay these immediate problems, in some ways the recession and its impact on youth employment rates and transition processes can be seen as a distraction from a range of wider underlying issues and structural and conceptual trends that have been developing over the last decade or more. To put it another way, even if the recession had never occurred, there would still be major problems with designing and managing transitions from education into the labour market. This is because across the OECD initial moves from all levels of education and training into work have been extending and are becoming more complex, conditional and halting. What used to be relatively short and simple transition processes have become very much more problematic and lengthy. Symonds, Schwartz and Ferguson put it thus:

Today, the journey from adolescence to adulthood is far more daunting. It takes much longer, and the roadway is filled with far more potholes, one-way streets and dead ends. (2011: 11)

As the period covered by compulsory and post-compulsory education has gradually tended to stretch, so the notion of 'youth' labour markets and unemployment has also extended (in the UK it used to be thought of as covering the 16-19 age group, but now encompasses 16-24 year olds). The recession has worsened this situation in some countries, but it did not create it. Youth unemployment levels in the UK were rising several years before the recession struck (Wolf 2011, UKCES 2011a).

Moreover, in the UK the proportion of employers that actually recruit young people leaving the education system at any level (school, college or university) has fallen – again a trend that started long before the onset of recession. In part, this reflects the declining size of the youth labour market – in 1976 more than three-quarters of 18 year olds were in work, by 2009 this was down to 40 per cent. As a

recent report from the employer-led UK Commission for Employment and Skills observed,

while this trend partly reflects the ‘pull’ of further and higher education, it also reflects the ‘push’ effect of the lack of jobs for young people... just under a quarter of employers recruit young people directly from education, this falls to just six per cent taking on school leavers. (UKCES 2011a: 14)

In part, these developments reflect structural shifts that are taking place within the labour market, particularly employers’ preference for older workers, mass migration/immigration, ongoing casualisation and the need for workers who can manage themselves between multiple jobs/locations (Rubery *et al.* 2010). At the same time, there are other factors at play, perhaps particularly within the Anglo-Saxon ‘family’ of countries. Two concern the fading of what might be termed populist policy dreams around the development of the labour market. The first of these is the concept of the knowledge driven economy (KDE).

The Knowledge Driven Economy that Never Arrived

In the late 1990s and early 2000s the vision of a Knowledge Driven Economy (KDE) took root across the developed world. Its antecedents go a long way back (Drucker 1959), but in essence the work of Reich (1991) and Florida (2005) suggested human capital as the sole unique source of competitive advantage (for firms and nations), and from this developed notions of a future of work where workers’ skills would imbue their activities with high levels of autonomy, ‘authorship’ and reward (Leadbeater 2000, Michaels *et al.* 2001, Florida 2005). The assumptions came to be that sooner or later the vast majority of workers would be engaged in this kind of labour.

Unfortunately, as time passed it became clear that this ‘happy ending’ would not be universal and that while there are knowledge driven sectors and firms, a substantial proportion of paid employment remains (and will continue to remain) outside this sunny upland (Toynbee 2003, Howarth and Kenway 2004, Thompson 2004, Lawton 2009). At present about 22 per cent of the UK workforce are low paid on EU definitions (less than two thirds median earnings), and almost a third of all female workers fall into the category (Lloyd *et al.* 2008). Projections of occupational growth show little sign that low paid employment in the UK is liable to fall this side of 2020 (Lawton 2009, UKCES 2009).

Indeed, in the UK at least, we have gradually moved from a KDE for all, to a slow trudge to the bottom for some sectors and occupations in terms of pay, working conditions and job design. At the same time, growing levels of under-employment and qualifications mismatch/over-qualification have demonstrated that a KDE cannot be created simply by an education-driven ‘supply-push’ effect (whereby expansion of publicly-funded education and training triggers a step change in employers’ product market and competitive strategies that shifts large sections of the economy up-market, see H M Treasury (2002) for details of the model).

Sophisticated HRM – the mirage fades

The second illusion to have gradually vanished is that of sophisticated/soft human resource management (HRM). From the mid-1980s onwards there was a strong belief in the UK that as old style industrial relations waned, it would be replaced by a new, more strategic model of HRM that would be deployed to maximise the commitment and intellectual input of workers, treat them as valued individuals within the organisation and, via more and better training, serve to maximise their human capital and hence productivity. Unfortunately, in all but a small sub-set of organisations, this model never gained much purchase. As Sisson and Purcell (2010) suggest, in the UK the vacuum created by the disappearance of trade unions in much of the private sector, and the collapse of bargaining power for those that remained, was not filled by the rise of sophisticated versions of ‘soft’ HRM, but rather by more or less arbitrary unilaterally control by management and the continuance of a ‘muddling through’ model of employee relations and personnel management (Coats 2011, Mills and Overall 2010). For many organisations the bulk of their employees remain simply as a factor of production and/or as a cost to be minimised.

If the KDE and HRM are not coming to save us...

The overall effect of the fading of these two key policy narratives, that seemed to promise a more or less automatic happy-ever-after ending for the vast bulk of the working population, is that in many countries we are left with the general problem of a labour market that contains too few jobs, particularly for young people, and of the jobs that do exist too many are of low quality. In other words there is a quantitative problem (not enough jobs available) and a qualitative problem (much of the work that

exists is insecure, pays badly and offers little opportunity for progression). This has implications for how we might ‘frame the problem’ around youth employment and transitions from education into the labour market, and in turn how best it might be tackled.

Problems around Youth Transitions

There has evolved a significant body of research and policy literature that focuses on a group of perceived problems that besets education to labour market transitions for the young. The problems traditionally identified by both policy makers and researchers have included:

1. Employer dissatisfaction with the education system’s products (a lack of employability and work readiness among the young);
2. Extended and risky transitions;
3. Job quantity AND quality, including casualisation, entry level employment that has no training attached to it, temporary, part-time and agency working; as well as low pay, boring and/or unpleasant work, and lack of worker ‘voice’ and task discretion);
4. Youth unemployment, allied to low levels of employer recruitment of young people generally – a long-term trend in the UK labour market (UKCES 2011a);
5. Youth under-employment in terms of both working hours, and skill-mismatches and over-qualification (UKCES 2011a);
6. Lack of subsequent progression – the trap of low-paid dead end jobs;
7. Rising skill (qualification) levels of young workers not feeding through over time into underlying gross value added or productivity rates. This is coupled with a growing realisation that the linkages between skill production and skill demand and utilisation to create a competitive edge are much more complex and much less automatic than we used to like to believe.

The research response

These problems are common across a large proportion of OECD member states, but their relative intensity varies from country to country. The research response to some of these issues reflects, directly or indirectly, structural conditions and trends in the labour market, but many have been framed within the context of the ‘happy endings’

policy narrative of the KDE and HRM and tend to focus on problems on the supply side (education) rather than the demand side (employment). Overall, the research has given rise to a vast body of literature/research on:

- Youth education/labour market ‘insertion’/transitions processes (mapping and analysis);
- The category of young people who are Not in Education, Employment or Training (NEET), some of whom may have dropped out of education, often before the end of compulsory schooling (see Gracey and Kelly 2010 for a very useful overview of the topic);
- The issues raised by Jobs Without Training for the young people entering such employment (see Maguire 2010);
- Industry/education collaboration to increase employability;
- Employability, what it is and how to create it;
- What engages and motivates young people to learn, including barriers to participation in post-compulsory learning and how the aspirations of both young people and their parents/communities might be boosted;
- Education and training schemes and programmes aimed at particular segments of youth/education cohort/ability range that are supposed to boost educational engagement and/or attainment, better prepare young people for the world of work, and/or smooth transitions;
- Career choice and what drives and shapes it;
- (Careers) Information, Advice and Guidance;
- Access by disadvantaged groups to the labour market and how this can be improved (for example for ethnic minority groups, the disabled, Roma/gypsy children, those with learning difficulties, young single parents, etc.).

Unfortunately, much of this research is of limited use to a broader audience, as it:

- Is very nationally specific in terms of the educational and labour market contexts being studied (sometimes local or regional), and as a result the lessons it generates may not apply outside (or even across) the country being studied;
- Evaluates individual schemes (often leading edge and highly resource intensive) that may not be replicable by upscaling or in other environments;

- Evaluates schemes that are often small scale pilots and transitory in nature;
- Is often numbers driven and describes trends and outcomes without being able to fully explain what generates them;
- Is often written from an educational rather than a labour market or employment perspective. This means it is very interested in the staples of mainstream educational inquiry – pedagogy, curriculum, assessment, teacher quality, learning institution configuration and management, student motivation and teacher/student interaction, but in many instances has surprisingly little if anything to say about the labour market and jobs to which the learning or instruction is supposed to be leading. As previously noted, insofar as it does engage with the labour market, it often makes highly generalised and optimistic assumptions (often based around the KDE literature) about the current and likely future shape and nature of employment.

This last bullet point is, from the perspective of what follows, the most important.

What this paper will go on to argue is that in thinking about how to:

1. improve participation and achievement in education and training;
2. enable and ‘smooth’ transitions from learning to earning;
3. and ensure that public investment in education and training delivers the greatest economic and social benefit;

it is extremely important to also bear in mind the demand side of the equation – the quantity, quality, geographic and sectoral distribution of the employment opportunities towards which education and training is meant to be leading, and the implications that these may have, both for learning pathways and for the process of transition. Thus, insofar as the process of transition is problematic, the difficulties and barriers often stem from failings both upstream (inside the education and training system – the locus of failure which traditionally has been afforded the bulk of attention) and downstream (inside the labour market – problems which have often been ignored) (Gracey and Kelly 2010).

Failure to give due attention to issues to do with demand for skilled labour tend to undermine the chances that reforms to the supply side will work as intended, and may well lead to new or deeper problems around qualifications mismatch and over-qualification. In particular, this paper will argue that if the demand for better educated and trained new labour market entrants is not uniformly strong, then there are liable to be serious problems with the incentives that the labour markets offers and

the signals that it sends to some prospective learners and workers. Moreover, in some economies the structure and extent of low end employment will also hinder transitions, as the nature of such work (casualised, dead-end, temporary etc.) makes stable and permanent moves from the world of education to the world of work hard to achieve.

Finally, unless demand for skill is strong and issues to do with skills utilisation have been addressed, there is a clear danger that little long-term benefit will accrue to investment in education and training in terms of subsequently enhanced economic performance. The case of Scotland has very clearly demonstrated that a country can create a relatively well-resourced and successful education and training system that creates large numbers of relatively highly qualified young people whose employability is quite highly rated by employers, but still end up with significant problems of youth unemployment, problematic transitions to employment, under-utilisation of skills and little discernable improvement in relative productivity at national level.

The structure of what follows

In terms of structure, the rest of this paper tries to address the following topics:

1. How intrinsically motivational is the vocational?
2. Employability – what problem, whose problem, and solvable how?
3. Structural factors in workforce selection and entry and their implications for education and training
4. The problem of ‘bad jobs’ and the incentives they create.
5. Weaknesses in vocational qualifications for initial education and training.
6. Careers information, advice and guidance.
7. Apprenticeships and work experience, defining an employer contribution to initial education and training.
8. The role of government and its agencies in supporting transitions.
9. Key policy lessons from UK experience.

Treatment of some of these topics is interwoven with that of others, and not all will be accorded a separate section.

The paper has relatively little in detail to say about issues to do with skills formation and learning, for example, curriculum or pedagogy, but it will address some aspects of assessment and certification, as these have been shown (in the UK context at least) to be of considerable importance. The other major area that will be touched upon, but not explored in detail, is the issue of progression within the labour market. In recent times there has been a growing concern that in the UK labour market opportunities for progression have become more limited and that, as a result, many workers become trapped in low paid employment and that, as a consequence, levels of social mobility and the ability of families to move out of in-work poverty is suffering. This is a huge topic that cannot be dealt with fully here, but where it has links to initial education/work transitions some limited observations are made. Given the time available, the paper has of necessity been written from a predominantly UK-centric perspective.

Vocational Learning and the Disaffected

The relative roles, characteristics and strengths of academic and vocational learning are a huge topic that cannot be addressed in any detail here. The one aspect that is flagged up concerns the tendency to imbue vocational education and training (VET) with general powers to motivate certain groups of learners. One of the key beliefs within the mainstream education and training discourse on vocational learning has been that vocational courses have, relative to academic subjects, an inherently superior ability to re-motivate and engage the disaffected learner. Vocational offerings have been seen as the way to reduce drop-out from full-time compulsory and post-compulsory education and training, and the chief means of ensuring that low achievers can be retained within learning. VET has thus become the social inclusion route of choice in many countries.

This belief in the capacity of VET to act as a motivational catalyst is often stated as a given fact, with little or no discussion of the reasons for it, and scant attempts to provide any substantive evidence to support the assertion (see Symonds *et al.* 2011 as an example). Unfortunately, as Wolf (2011) points out, the evidence base that supports the case for VET's superior performance in meeting these goals is

actually extremely slender. It is unclear whether VET is **the** answer to re-engagement and re-motivation, or whether academic subjects taught in a more practical, hands-on way might not achieve the same (or indeed better) outcomes (see Pring *et al.* 2009, Gracey and Kelly 2010, Wolf 2011). Indeed analysis conducted for the *Wolf Review of Vocational Education* (see Ross *et al.* 2011) found no indication that English school students made any substantial improvements in their attainment as a result of being placed on more vocational courses (Wolf 2011: 109).

What can be established is that there are two significant potential drawbacks to seeing VET as the route of choice when channelling the studies of low achievers, the disaffected and those at risk of disengaging from learning. First, if VET is used in this fashion there is a danger that the status of VET suffers by association, with it becoming seen, not least by employers, as a vehicle for social inclusion rather than a high status learning pathway in its own right (see Fuller and Unwin 2003 for a very useful discussion of this tension in relation to the English apprenticeship system). As a senior official in one UK education and training agency put it:

...vocational education is also presented as a means of curing certain social ills, as opposed to serving industry and business in a direct and efficient manner. There are a number of very good reasons to use education to cure social issues, but this should not be to the detriment of vocational training. (Gracey and Kelly 2010: 24).

Second, unless VET courses and qualifications are designed with great care, they may end up lacking rigour and/or breadth and also those elements that would allow a subsequent return to academic learning. If this does occur, as it has in the UK, it produces the strong risk that young people who are directed into lower level VET offerings end up trapped in low end jobs (or no jobs at all) with little prospect of being able to re-engage with adult learning at a level that would allow them to achieve significant progression in the job market (Keep 2009, Keep and James 2010a, Wolf 2011). This is an issue to which we will return in greater detail below.

Employability

The traditional story about youth unemployment, transitions into the workplace and the skills of those leaving the education and training system in the UK (and in the USA – see Symonds *et al.* 2011) has been one that has revolved around accusations that the education and training system produces large numbers of young people who are not readily ‘employable’ and who lack the skills, knowledge and attitudes required

to perform well in the modern workplace (see Keep (forthcoming) for a review of some of these issues in a UK context). The policy response has been endless attempts to improve education and training achievement among young people, more and better industry/education liaison and collaboration, and also to build greater employability into mainstream academic and vocational offerings at all levels (school, college and higher education).

Interestingly, in the UK this policy narrative has come under increasing scrutiny and question, first from academics (Gleeson and Keep 2004, Keep forthcoming), but also (and much more importantly) even from employers and their representatives. Whatever the scale and nature of employability problems in the past, given all the reforms that have been made, does the deficit narrative around young people's skills still hold good? The UK Commission for Employment and Skills (UKCES) has recently published a major review of the youth labour market (UKCES 2011a) and this notes that:

Our evidence suggests, therefore, that although employability skills are an issue for some employers, it is not the main reason for them not recruiting young people. While tackling employability issues is important, there is a risk that employability skills become over-stated as an issue... (2011a: 19).

Large scale surveys of employers conducted by UKCES indicate that in England, 66.3 per cent of employers in the sample who had hired young people thought the 16-year old school leavers they recruited were either well-prepared or very well-prepared for work; 74 per cent of those who questioned thought 17-18 year old leavers were well- or very well-prepared; and 85 per cent saw leavers from higher education as well- or very well-prepared (UKCES 2011a: 17).

Moreover, insofar as there was dissatisfaction, very little of it appeared to stem from deficiencies in the formal skills – even among the recruiters of 16-year old school leavers (most of whom will tend to be those who are not high academic achievers). Only 2.3 per cent of employers were concerned about low general education, and just 3.4 per cent were worried about their recruits' literacy and numeracy skills (UKCES 2011a: 18). Most problems centre on attitude and lack of experience and maturity. Moreover, as the UKCES commissioner overseeing the project, Valerie Todd, observed:

Those of us who do employ young people rate them very highly, while most employers who find young people poorly prepared complain that they lack work experience... There is a clear message here: if we want

young people who are ready for the workplace we need to be willing to help build their employability skills. (UKCES 2011a: 3)

In other words, if the main part of the remaining problem revolves around work experience and the kind of skills that can best be acquired inside the workplace (Gleeson and Keep 2004, Wolf 2011, Keep forthcoming), then responsibility for resolving this now comes to rest with employers.

That such a change of perception and diagnosis on the part of employers should take place is not as surprising as it might at first appear. Rising levels of achievement, significant advances in the embeddedness of employability elements in courses, an over-supply of qualified youngsters seeking employment and the often modest skill requirements of many UK employers, all mean that the traditional narrative had become increasingly hard to sustain. This is not to say that it will disappear, indeed attempts to revive and sustain the discourse of educational failure go on apace (see Recruitment and Employment Confederation 2010, Confederation of British Industry 2011, Keep forthcoming), but it is liable to carry less certain weight with policy makers and practitioners as attention gradually shifts to other issues, not least what employers may need to do to help create certain kinds of employability skills (such as team working).

Labour Market Structures and the Implications of Low End Employment

Many of the problems that surround:

- transitions,
- entry into the workforce and subsequent progression,
- the incentives to learn and
- disengagement from learning among the young

revolve, at least in part, around the shape of the labour market and the incentives that it creates. As the author has suggested elsewhere (Keep 2009), understanding the incentive structures that motivate both young people and adults to engage in learning is extremely important if policy is to identify the most urgent problems and barriers to more participation and achievement in education and training, and in thinking about where scarce policy resources (time, energy, money) might best be deployed to make a difference.

Understanding the incentives to learn

In trying to get to grips with incentives, this paper deploys a typology of incentives to learn and a framework for their analysis which has been elaborated in an earlier SKOPE Monograph (Keep 2009). The section that follows tries to summarise the key points of this framework as they pertain to work and employment-related learning.

It is important to stress from the outset that there are many incentives to learn that are generated beyond the workplace and many good reasons to learn that have nothing to do with the needs of employment. Lifelong learning and the need for learning generated by cultural, political, sporting, social and community activities, and by a desire for personal fulfilment, are all important goals for education and should not be ‘crowded out’ by the needs posed by employment and the economy – as has happened far too readily in much UK education and training policy. As Livingstone argues, ‘workers may be overqualified for their jobs but they can hardly be overeducated for life’ (Livingstone 2010: 224).

Incentive generation

The incentives to invest time, energy and money in learning are generated through two sets of forces:

1. The *Pull* of opportunities, both to learn and to then utilise that learning, either for personal pleasure (intrinsic reward), to benefit others (altruistic reward) or for tangible gain through some form of paid employment; and
2. The *Push* of resources, expectations and social relationships, which enable and sustain learning.¹

These push and pull factors will singly or in conjunction give rise to incentives of varying strength and effect that will in turn impact upon and motivate different individuals and groups to act in different ways. For example, Grimshaw and Rubery (2007) demonstrate how the undervaluing of women’s work impacts on pay, progression and therefore the incentives to engage in training.

There are two main types of incentive:

¹ These resources cover a range of tangible and intangible elements, including financial support to students from whatever source(s) and social, for example, well-educated parents who encourage the child to learn through support, exhortation and example providing ample opportunities through a supply of educational toys, visits to museums and books.

- *Type 1 (internal) Incentives* are generated inside the education and training system, and create and sustain positive attitudes towards the act of learning itself and towards progression. In other words, many Type 1 incentives produce, or are the result of, intrinsic rewards generated through the act of learning.
- *Type 2 (external) Incentives* are created in wider society and within the labour market, and the rewards they give rise to are external to the learning process itself.

The strength of the effects being induced will vary within and between Types 1 and 2. Type 2 incentives tend to be structurally embedded in and mediated through the fabric of society, the labour market and wider economic structures. This, coupled with the interaction of the economic and social dimensions, often makes Type 2 incentives relatively long-lasting and powerful compared to many Type 1 incentives.

In the UK, under the New Labour governments reliance on public subsidy to act in the absence, or instead, of Type 2 incentives generated by other actors increased. Education Maintenance Allowances (EMAs) and Adult Learning Allowances (ALAs) are two examples (these were living/subsistence allowances paid to youngsters and adults from low income backgrounds in order to help support them as they studied – in essence a form of student grant). These subsidy-based incentives are a sub-category of Type 1 incentives.

Some UK policymakers argued that by increasing state-funded education and training provision, a sufficiently massive increase in skills supply could be created that would lead to a change in companies' product market strategies thereby catapulting the economy to a higher skills equilibrium. In turn, the demand for (and the rewards that accrue to) skills – higher Type 2 incentives – would increase thus creating a virtuous circle (see HM Treasury 2002). It is open to question how believable such a scenario is. It is possible to argue that, in general, the causality runs in the opposite direction: the structure of demand dictates levels of provision and the demand for learning (see Keep *et al.* 2006). It should be noted that in the wake of spending cuts the Coalition Government has reduced levels of training subsidies and wants 'to ensure the tuition paid for by the Government is focused on those who need it most so that limited public funds are used in the most effective way' (BIS 2010: 16). EMAs are being scrapped.

The evidence suggests that positive and negative incentives tend to cluster around certain kinds of jobs. Higher status and higher paid employment, often

requiring substantial initial and continuing education and training, generates much stronger and mutually re-enforcing incentives to learn. By contrast, low paid employment is often repetitive, offers less pleasant working conditions, holds limited discretion and intrinsic interest, provides weaker incentives for further education and training, and, crucially fewer opportunities for progression (Lloyd *et al.* 2008, Lawton 2009, Metcalf and Dhudwar 2010). This is not to say that people in low end jobs will not necessarily want to acquire new skills, but their strongest incentives to learn may well be not to do with employment, but with learning that is bound up with other aspects of their lives (parenting, social and cultural activities, hobbies and so on – for a fuller discussion see Keep 2009).

At the same time, incentives will vary in intensity across space. Local and regional labour markets offer very different patterns of opportunity, particularly in terms of wages and the range of jobs on offer (Keep 2005: 535, Green and Owen 2006). Moreover, both Gutman and Ackerman (2008) and Kintrea *et al.* (2011) demonstrate how different patterns of opportunity have consequences for patterns of choice about post-compulsory participation in education and training. This will be discussed further below.

Weak or negative incentives for some

The main consequence of the foregoing is that the shape of labour market opportunities will tend in turn to structure the incentives to learn in order to access the different kinds and levels of employment that are available. These incentives will then feed back into the education and training system, impacting on the choices made by students and trainees (and their parents), by the institutions that serve them, and by those who design provision via the curriculum and qualifications and assessment regimes. The information and signalling produced via different types and levels of Type 2 incentives from the world of employment will have profound implications for study and for patterns of labour market entry.

For the purposes of this paper, the exposition that follows is focused on choices made by youngsters. In their case, if we accept that within any given labour market there is a job queue and at any particular moment in time:

- the number of jobs is finite and is exceeded by the supply of those willing and able to undertake the work;

- and the number of good/desirable jobs is a finite sub-set of the jobs available,

then the labour market will create losers. Some people will get jobs but they will not be good jobs, and some will not get jobs at all. Education and training is one of the factors that can move people up and down the job queue relative to one another, but of itself it may not have a huge direct effect in creating either more, or more and better jobs. In other words, it can redistribute opportunities rather than necessarily create them.

This matters from the point of view of young learners in that there are feedback mechanisms between the labour market and the education and training system. They operate in both directions, but signals from the labour market into the education and training system form a set of powerful (positive and negative) incentives that act upon learners. Thus, all other things being equal:

- the higher the levels of unemployment, particularly youth unemployment;
- the higher also the levels of inequality in terms of job quality (working conditions, wages, progression opportunities etc.) across the different jobs available;
- the larger the pool of 'bad/poor' jobs relative to the good ones (particularly within specific local labour markets);
- and the weaker and more patchy the wage returns from qualifications, particularly lower level vocational qualifications;

the more likely it is that those contemplating investing – time, energy, effort and money (directly or through wages foregone) – in learning will be faced by relatively complex, uncertain and therefore risky incentives to learn.

For example, in the UK qualifications serve as the main end goal for the bulk of VET, and are assumed to act as a form of currency within the labour market, whereby a given qualification can be traded for a given type of job. This means that the hold and effect that qualifications are seen to have upon job acquisition decisions and pay rates act as a transmission mechanism (both positive and negative) for incentives from the labour market into the education and training system. Thus, if vocational qualifications do not in fact deliver the intended labour market outcomes, or only do so in a very uncertain fashion, then the likelihood is that the incentives to acquiring such qualifications will be weak.

As discussed in much greater detail elsewhere (Keep 2009, Keep and James 2010, Wolf 2011), the UK has a particular problem in that it has created a set of lower level vocational qualifications that have limited traction on recruitment and selection decisions (see Keep 2009, Keep and James 2010b) and, which in turn, generate very limited, nil or even in some cases negative effects on subsequent wage levels. As Wolf (2011: 7) notes, ‘the staple offer for between a quarter and a third of the post-16 cohort is a diet of low-level vocational qualifications, most of which have little or no labour market value’. Unsurprisingly, such offerings create very weak incentives to participate and as Wolf (2011) notes, young people often react rationally to this either by not participating or by dropping out of education and training in order to get a job.

Perhaps the key lesson is that in economies and labour markets where the proportion of low paid, dead-end jobs is substantial and liable to remain so (or even rise further), the incentives to learn for those who are either in or are being expected to enter courses that lead to a low level vocational qualification, and who believe themselves destined to enter such employment, may be small. This problem becomes even more acute if young people’s labour market entry points tend to be clustered within sectors that have a high percentage of this kind of employment, and where casualisation is endemic, as is the case in the UK, where young people’s employment is dominated by retailing, hotels and restaurants (UKCES 2011a).

This is because insofar as students and their families perceive there to be a ‘pecking order’ or hierarchy of achievement, then those at the top of this hierarchy are liable to believe that they are the ones who have a reasonable chance to compete for the finite supply of good jobs, and therefore are faced with relatively strong incentives to continue to participate and achieve. By contrast, those further towards the bottom of the hierarchy may well see themselves as liable to be destined for the less-good jobs or even for unemployment, which means that their incentive to participate and achieve may be relatively weak (Keep 2009). As these are exactly the young people whose material resources and cultural capital are the most limited (Billett *et al.* 2010), they are liable to be risk-averse and to want clear, unambiguous and strong signals and incentives from the labour market.

Much has been made in the UK policy literature about the need to improve working class parent’s and children’s aspirations in relation to educational achievement and the job market. The problem is that low or limited aspirations may, at least in part, reflect knowledge of the state of the job market and the nature of the

competition for those jobs/good jobs that are available. In other words, aspirations are sometimes structured, at least in part, by material conditions rather than simply reflecting individual attitudes/states of mind, or a sense of individual or collective defeatism. Those who believe, perhaps because of knowledge of the labour market or the experience of family members, that they are likely to be destined for bad jobs or unemployment are liable to perceive limited incentives to invest in learning and achievement. Thus, if, 'there are no 'better' local jobs requiring higher level skill levels for higher pay, then it is entirely rational to stay in a low-level job without training' (Gracey and Kelly 2010: 9), rather than return to college and try and upgrade one's skills.

In part, this problem is magnified because people are at least sometimes aware that social advantage tends to be transmitted from generation to generation (more so in some countries than others) and that the labour market often discriminates against members of certain groups. People from such groups often realise that they are less likely to secure good labour market outcomes from investment in education and training. Given very high levels of youth and adult unemployment, the limited demand for skills from many employers and the large (often rising) proportion of low paid, insecure and dead-end employment that is on offer (sometimes concentrated in particular local labour markets) it seems plausible that many disadvantaged youngsters will see little point in learning. As Schoon puts it:

In considering different possibilities for their future young people are aware of the barriers that may hinder their ambitions. The expression of educational expectations is intertwined with perceptions of opportunities and constraints, and young people from less privileged backgrounds are generally less ambitious than their more privileged peers... (2010: 100).

As a result, it can be argued that the UK's generally poor record on post-compulsory participation and achievement is, in significant measure, explicable by reference to the levels of demand for skill that employers have and the signals and incentives this sends to students:

Unfortunately, Britain has long been caught in a low-qualification trap, which means that British employers tend to be less likely than in most other countries to require their recruits to be educated beyond the compulsory school leaving age. Among European countries, only in Spain, Portugal and Turkey is there a greater proportion of jobs requiring no education beyond compulsory school. There is some way to go before British employers place similar demands on the education

system as are placed in the major competing regions in Europe. (Green 2009: 17)

Similarly, in the USA, Symonds *et al.* (2011) register their surprise and dismay at the daunting levels of high school drop out prevalent among students from black and Hispanic backgrounds. One reason for this might be the fact that many black and Hispanic students know that in their local labour markets a high proportion of the work is low paid (roughly a quarter of the entire US workforce is low paid – earning less than two-thirds the median wage) and that such work tends to be concentrated among members of their ethnic community.

The lesson is that economies that rely upon the existence of relatively large quantities of low paid, sometimes low skilled (at least in terms of the formal qualifications required) work will find it difficult to motivate participation and achievement among those segments of their school and college cohorts who believe themselves destined for such employment. Moreover, labour market transitions into such work are often uncertain and transitory because of the nature of many of these jobs – seasonal, casualised, part-time or agency work. As Billet *et al.* (2010: 473) note, those students who have not done well in education often ‘face a lifetime of struggle to secure worthwhile, on-going and well-paid employment’. This suggests that, in order to change aspirations, more than individual acts of optimism and willpower may be required (Archer 2007).

There are two policy approaches that can be adopted:

1. Efforts to raise family’s and young people’s aspirations and their desire to achieve in education, which can also be allied with a range of measures to help raise the attainment of learners from disadvantaged backgrounds (see Goodman *et al.* 2011 for an overview of the UK’s efforts in this regard and the success with which they have been attended).
2. Efforts to improve the quantitative and qualitative levels of demand from the labour market.

These two approaches are not mutually exclusive, though to date in England almost all the policy emphasis and most of the academic attention has been focused on the first, and almost none on the second. However, this is gradually starting to change, and there is beginning to emerge a realisation that it might be easier to change aspirations if opportunities, and the incentives that they create, were improved. To put it another way, aspirations often have some grounding in material underpinnings, and unless these can be changed in ways that increase good opportunities that

generate strong incentives, uplifting aspirations may prove hard to achieve. As Archer (2007) notes, to date UK policies have tended to aim at, ‘changing individual minds rather than collective circumstances’. An alternative approach, embodied in the EU’s long-term goal of ‘more and better jobs’ offers a key component in helping to provide stronger incentives to learn and raising aspirations, not least for those from disadvantaged backgrounds. Thus economic development, job creation and job quality enhancement policies, as well as efforts to reduce the levels of low paid work, are highly important in giving disadvantaged groups better incentives to learn and achieve.

Structure, Agency and Individualisation

One of the strands in Anglo-Saxon policy that has been the focus for comment and debate has been the tendency in recent times to individualise responsibility for educational outcomes, career choice, course choice and the management of transitions (Billett *et al.* 2010). This movement to grant students autonomy and therefore responsibility suffers from a number of drawbacks, of which the most important is that, ‘individualistic views downplay the importance of the mediating role that access to cultural, social and economic capital is likely to play in the negotiations involved in making a productive transition’ (Billett *et al.* 2010: 471).

Moreover, one of the key problems in some national education and training systems (not least in the UK) is that those students who often come from the poorest and most disadvantaged backgrounds, and who have achieved the least during compulsory schooling, are then confronted with a far more complex, difficult to interpret, and poorly funded array of provision than students who are on the academic ‘royal route’ to higher education (Pring *et al.* 2009). Making good choices within such an environment is difficult.

Mismatch, over-qualification and under-employment

A further problem is that a combination of:

- national policy goals to increase post-compulsory and tertiary/HE participation;
- inadequate (in terms of coverage and quality) careers information, advice and guidance;

- increasing positional competition for the better jobs in the labour market; and
- credentialism and the inflation of entry requirements by employers (Wolf 2011)

have resulted in the UK in significant levels of qualifications mismatch (between the levels of qualification held across the working population and the qualifications actually needed to access and do the jobs available) and over-qualification (UKCES 2009, 2010, Wolf 2011). This situation is by no means unique – other OECD countries are also experiencing similar problems (see Livingstone 2010 for an exploration of the Canadian experience). It is this mismatch that has helped prompt increasing policy attention on the issue of skill utilisation.

Commenting on the nature and extent of the problem posed by ‘credentialism’ in youth labour markets, the UKCES observed that:

This is where employers use certain qualifications, degrees in particular, as a filter when selecting potential candidates even when the job does not require this level of qualification. These practices may explain the fact that the proportion of degree-qualified 24-29 year olds in the UK who are working in jobs that do not require this qualification level is 26 per cent... compared to an OECD average of 23 per cent... This also occurs at intermediate level, but the extent is far lower (12 per cent)... Furthermore, despite lower mismatch levels than at graduate level, when we look internationally the UK has the second highest rate of under-employment at intermediate level in the OECD. Of 30 countries, only Spain has a higher level... These figures present a picture of ‘mismatch’ in the youth labour market whereby large proportions of young people risk being under-employed in terms of their skills while at the same time non-graduates are significantly disadvantaged. (UKCES 2011a: 14)

This situation is plainly liable to have significant long term implications for policy on both the size of the higher education system and for the proposed further expansion of craft/intermediate level apprenticeships. Many of the UK’s problems with graduate transitions into the labour market essentially stem from an over-supply of graduates relative to the scale of demand for graduates in many of the occupations towards which study has been aiming.

Besides causing problems and disappointment for the graduates involved, the fact that a significant proportion of graduates are forced to ‘trade down’ in occupational terms in order to find employment has a cascade effect within the labour

market, thereby often displacing other, less well-qualified young people from jobs that in other circumstances they could readily fill (Keep and Mayhew 2004).

Insofar as young people and their parents are becoming aware of this issue, it is likely to generate complex results. For those who believe that a relatively good job might be in their grasp, the incentives to pursue further learning are high, in that if credentialism is at work then if one does not acquire the credential one cannot compete in the race for the jobs to which it leads. In order to win the lottery you have to buy a ticket, it allows you to compete for the prize though its purchase by no means guarantees winning (Keep and Mayhew 2004). As indicated above, for those who see themselves as destined for low end jobs, particularly if opportunities for progression out of these are perceived as limited or non-existent, a weak labour market for youth combined with significant levels of general over-qualification will tend to act as a disincentive to learning.

In the UK much of the policy rhetoric has, implicitly, deployed the lottery ticket metaphor, often allied with optimistic forecasts of future high skilled employment growth. However, given the:

- sharp reduction in student support for the 16-19 age group via the reduction of a sub-category of Type 1 incentives (e.g. the abolition of EMAs);
- the new system of much higher student fees for universities;
- high levels of youth unemployment (20 per cent and rising of 16-24 year olds);
- the realisation that the financial returns to some degrees (depending on the student's gender, the course, the institution at which it is being studied and the classification of the degree) are now nil (London Economics 2011);
- a growing awareness that a substantial proportion of graduates are under-employed; and
- a growing awareness that the wage premia generated by many low level vocational qualifications is also nil (see Wolf 2011);

an interesting (not to say painful and messy) period of adjustment in expectations, aspirations, the shape and scale of post-compulsory provision and the resultant transitions that it generates seems almost inevitable. As a young person interviewed in

a study of English vocational students who had decided not to progress into HE observed:

You just hear these little stories about people, they went to university, got a really high qualification and then ended up in a really boring little job like working in a restaurant or something, just working there for a bit. You hear little stories like that don't you? (Aynsley and Crossouard 2010: 138)

Careers information, advice and guidance

One of the most oft-repeated, but also most frequently ignored recommendations in the field of UK VET over the last 30 years has been the need for more and better careers information, advice and guidance (IAG). The need to upgrade what is on offer to young people has been a consistent theme through endless government inquiries, official reports and policy pronouncements (see Pring *et al.* 2009, Education and Employers Taskforce 2010, Gracey and Kelly 2010, UKCES 2011a, 2011b).

The reasons for this are reasonably clear. The more complex and narrowly divided the job openings (and the education and training courses and qualifications that lead towards them), the greater the need for high quality IAG in order to ensure that young people know what options they have and can choose wisely between them. Insofar as employers and government can help create broader career pathways for young people (as is the case in New Zealand) this will help make the provision of IAG easier and the choices it presents young people somewhat simpler.

Pathways notwithstanding, the provision of high quality and timely IAG is likely to help support more effective transitions by:

- Helping structure and match individual abilities and career aspiration with what is actually on offer in the labour market;
- Making young people aware of what skills and qualifications they need to acquire in order to enter the occupation of choice;
- Helping ensure that young people undertake education and training courses that can actually enable them to access the job/occupation(s) that they have chosen.

Good IAG also matters because traditional models of career choice, which often appear to be predicated on a simple, linear, straight line that leads from a simple and clear decision around an ultimate desired occupational destination through a choice of appropriate learning to a successfully filled ambition, are deeply flawed. In

reality choice is often halting, based on imperfect information, and often turns out to be wrong for the student involved, which then leads to new choices and often a substantial change in direction – in terms of both future career and the education and training needed to access it (Hodkinson *et al.* 1996, Hodges 1998, Hodkinson and Bloomer 2001)

In the UK we know that young people are very likely to change both jobs **and** occupations during the early years of their time inside the labour market.

In the cohort born in 1991, 62% of employed young people changed sector in the one year interval between age 17/18 and 18/19. About 40% also changed their broad occupational level. Taking an 11-year period (1998-2008), an analysis of those in their 20s and early 30s who remained in employment throughout showed that the average such individual changed jobs 3.5 times, changed occupations 2.5 times and changed sector 1.8 times. (Wolf 2011: 37)

This pattern of behaviour has implications for the design of initial vocational education and training programmes. They ought to be broad enough to equip people with transferable skills and general academic learning needed in fields other than the specific one towards which the programme is ostensibly leading, and should not be targeted at very narrow job categories (Wolf 2011). It also means that access to good IAG is crucial, both before and after labour market entry.

Despite the apparently inescapable logic of a stress on high quality and timely IAG, in England the funding for the locally-organised IAG services for young people is in the process of being slashed as part of wider spending cuts, with what little money there is available being transferred to individual schools and colleges, who may then use it to buy in whatever expertise they can find (or spend the money on other activities entirely). For the post-19 age group, spending on the creation of a new, unified IAG service is small (less than three per cent of the total funding for post-19 teaching and learning) (UKCES 2011b). The results of this situation are likely to prove painful.

Employers, Apprenticeship and Work Experience

Declining job quality for the young

There are a number of different aspects to the role that employers play in supporting or making more problematic the process of education/work transitions. One is the

general state and trajectory of the quality of jobs on offer to young people. In the UK, the news on this front is not particularly encouraging:

We also know that the proportion of employees receiving work-related training is on the decline, and while young people still receive more training than other age groups, the number receiving training is declining faster. Young people are also twice as likely to be employed on temporary contracts. Decreasing relative earnings combine with all of this to suggest that job quality is deteriorating for young people. (UKCES 2011a: 4)

In particular, alarm has been expressed about the low quality of some of the work on offer to young people, for example, by the chief executive of Rathbone – a major charity that works with disadvantaged young people (Williams 2010). The picture is complex (see Maguire 2010 for an illuminating investigation of the reality behind the apparently simple concept of Jobs Without Training for young people), but there are plainly major problems within significant sections of the labour market, and these problems have implications in terms of the incentive structures they create around learning.

The other aspect of declining job quality that is of importance is under-employment. The skills and/or qualifications mismatch element of this issue has already been highlighted above, but there is a second aspect of the problem and this relates to working hours. According to the latest UK figures, 17.6 per cent of 18 to 24 year olds would like to work more hours than they do, and for 16 to 17 year olds the figure climbs to 22.4 per cent overall (28.6 per cent for males) (see the statistical appendix to UKCES 2011a).

Employers' support for vocational learning

A common theme in recent policy debates in some of the Anglo-Saxon countries has revolved around a new emphasis on the role played by employers within the education and training system. Suggestions that employers will have to do more are starting to be heard (see Education and Employers Taskforce 2010, Wolf 2011, UKCES 2011a, Keep forthcoming, for consideration of these issues in the UK). Areas for new employer effort include a major expansion of the apprenticeship system; far greater involvement in IAG; and a very substantial rise in their offering of work experience placements to school, college and HE students – which is seen as central to delivering greater employability (Wolf 2011).

In the USA, Symonds *et al.* (2011: 30) in making their call for the development of career pathways and more vocational preparation for the young argue that what will be needed is:

a sea change in the role of business and other employers. Business leaders certainly understand the need to improve our education system... But for the most part, they have left the job of educating and working with young adults to educator... but the pathways system we envision would require them to become deeply engaged in multiple ways at an earlier stage – in helping to set standards and design programmes of study; in advising young people; and most importantly, in providing greatly expanded opportunities for work-linked learning. In the process, employers would become full partners in the national effort to prepare young adults for success.

Plainly, this is a big ask. In countries like the UK and USA employers have been accustomed to acting as downstream consumers of, and commentators upon, the system of initial education and training, rather than playing an active role as an integral part of that system.

For example, as Wolf (2011: 51) notes, despite a great deal of policy rhetoric in England around the importance of apprenticeship as a route for young people (16-19), the reality is that it is very small scale, with most of the growth in places coming for older groups. As a result, there are far more would-be apprentices for each training place that is actually available – overall there are about 15 prospective apprentices for each place (Wolf 2011: 167). The problem is the supply of apprenticeship places not the levels of demand for them (see Gracey and Kelly 2010, Recruitment and Employment Confederation 2010, Wolf 2011). Moreover, many of our apprenticeship places are simply low level company induction and initial training schemes that have been ‘converted’ into government-subsidised ‘apprenticeships’ (see James 2010, Wolf 2011).

Recruitment and selection

The final area where employer behaviour impacts on transitions is through their recruitment and selection policies and processes. This is a massive and (in the UK at least) badly under-researched topic (for an overview of what is known, see Keep and James 2010b). From the point of view of the subject of this paper, the key issues in the UK appear to be:

- Bias against young people and a preference for older and more experienced workers.

- Problems of credentialism by employers at the upper end of the labour occupational ladder (see Wolf 2011), which has significant knock-on effects on those youngsters not entering HE.
- A problematic combination of lower level vocational qualifications that have little purchase on recruitment and selection decisions, and the use by employers of ‘informal’ recruitment and selection processes that may well make it harder for youngsters from some groups to gain access to work (Keep and James 2010b).

On the whole, UK policy has yet to fully engage with issues to do with recruitment and selection, except insofar as they relate to discrimination (in terms of social class, gender, racial group, sexual orientation etc.). The wider implications of recruitment and selection policies and practices for education and training and for access to work are only just starting to emerge.

The lessons from UK experience in government offering employers’ support for the recruitment and training of young people, particularly those who are unemployed, suggest the following (UKCES 2011a & b):

- Keep the ‘offer’ simple.
- Don’t keep changing the offer or the programme.
- Beware deadweight that is generated via government employment or training subsidies.
- Government-led employer ‘pledge’ campaigns (to train more, or to recruit more young people) don’t work.
- Information that is valued and used comes from specific sources not from general national advertising campaigns.

Vocational/career pathways

The concept of pathways has come to be seen in a number of countries (see Raffe 2008, OECD 2009, Billett *et al.* 2010, Symonds *et al.* 2011, UKCES 2011b, Wolf 2011) as a potentially valuable means of securing a range of policy goals around skills formation, transitions and employment. Clearly delineated pathways that link schooling with either further study or work are argued to form one of the essential elements of a well-designed transition system (see Raffe 2008).

A pathways approach does, however, bring with it a range of requirements. It is likely to work better if conceptions of occupation and the vocational learning

required to access each occupation are relatively generously specified – in other words they embrace an element of general education (Green 1998, Wolf 2011), and also the notions of vocational preparation common in much of Europe of entry into a broadly defined occupation rather than task-specific training for a particular job (see Green 1998, Brockman *et al.* 2011, Wolf 2011).

In labour markets where the UK's pattern of early job and occupational change is the norm, it is clear that more general and transferable VET offerings rather than highly job and task-specific ones will tend to work better for young people (Wolf 2011: 74). In the UK this is not the norm, as the government's design criteria for vocational qualifications mean that every component must directly relate to a specified National Occupational Standard (Wolf 2011: 75), which have been drawn up to mirror the task-specific skill needs of current jobs in a sector. There is therefore considerable force in Wolf's comment that:

It should be recognised that some qualifications may be appropriate for young people, others for adults, and others for both. But beyond that, the learning programme for a young person can and should be different from occupationally specific training for adult workers. (2011: 115)

Moreover, 'Vocational education needs to give all young participants the skills they need for later progression, including, if they wish, a return to education in later life' (Wolf 2011: 69).

Better outcomes are also likely if the pathway is not simply a pathway inside the education and training system that leads to an entry level job in a specific occupation or sector, but also extends at least some way within that occupation in terms of lateral or vertical progression routes inside employment. In this way, the student or trainee can see how they might progress and what they need to do in order to facilitate progression.

The UKCES has gone further, suggesting that in order to secure increased volumes and standards of work and training opportunities for young people, the development and imposition of minimum professional standards (of qualification and skill), voluntary licence to practice regulation of job entry (so that access to given occupations requires possession of prescribed qualifications), voluntary training levies, training requirements built into public and private sector procurement processes, and human capital reporting requirements in company reports, might be desirable (UKCES 2011a:6). One aim of such developments would be to lead to, 'the creation of clear work-based training pathways and progression opportunities. This

should open more doors, improve job quality and encourage young people to take a work-based route to qualification' (UKCES 2011a: 6). This is a relatively radical agenda, and it will be interesting to see how both government and, more importantly, employers, react to it. Experience over the past 30 years suggests that the main reaction may be inaction and a refusal to engage with the policy debate that UKCES is seeking to create.

Final Thoughts

This paper has stressed the importance of understanding incentive structures and their effects – in the belief that understanding goes before any attempts to try and change incentives. The framework advanced by the author (Keep 2009) offers one way of systematically trying to audit the various incentives that are on offer to young people. In particular, where there are problems of participation, completion and achievement, their sources can be mapped against the different kinds of incentives and the source of problems clearly identified. In the UK many decisions made about education and training by young people that policy makers see as foolish or ill-informed are, in fact, reasonable and logical responses to the structure of opportunities and incentives that those young people face (Keep 2009, UKCES 2011a, Wolf 2011). By mapping and understanding incentives we can identify the barriers and blockages and have a much better chance of targeting interventions and change where it really matters.

The role and actions of employers are also critical to successful transitions. This means that the shape and size of the youth labour market matters, as too do job quality and the willingness and capacity of employers to offer high quality opportunities for work experience, training and progression. If employers simply act as more or less passive consumers of the outputs of the education system, then there will be problems. Employers' recruitment and selection methods and criteria also matter. The labour market creates some of the most powerful Type 2 incentives to learn, so the pattern of job opportunities and how these are accessed will have considerable consequences for patterns of participation and achievement inside the education and training system.

The design of qualifications, particularly vocational qualifications also matters. There is a need to try to facilitate opportunities for progression and for future learning in even the most basic entry-level offerings to young people, and if certain types and

levels of vocational qualifications have little currency in the labour market there are serious questions to be asked about their purpose. The UK's depressing record in having several hundred thousand young people at any moment studying for vocational qualifications that are more or less worthless in terms of their value in the labour market is a stark warning of what can happen when things go wrong (see Wolf 2011).

Another clear strand running through this paper is the need to join up different elements of policy and practice. At one level the bringing together of education and training providers with forms of education and training delivered by employers (apprenticeships, work experience, etc) is an obvious starting point, but the need extends far beyond that. It also needs to encompass education and training design and provision, recruitment and selection and employment practices, the structure of occupations and their skill requirements and career pathways; and the regulation of the labour market.

A final key requirement is that in order to avoid or at least minimise unemployment, uneven and ineffective transitions, under-utilisation of skills, credentialism, qualifications mismatches, and wasted public and private investment in skills it is essential that:

- employers across the labour market have in place product market, innovation (broadly defined) and competitive strategies that mean that demand for skills is generally growing across many occupations;
- and systems of work organisation, job design and employee relations management help underpin high levels of skill utilisation, workplace skill formation and a variety of forms of process and product or service innovation.

These issues and how they might be addressed cannot be tackled here, but it is important to stress that in the UK we are only at the start of a journey (probably a long and halting one) towards developing policy instruments and approaches that can have much effect in this area. Hitherto issues such as work organisation, job design, the conduct of HRM inside the workplace (except around a few very specific issues such as discrimination), job quality, skill utilisation, recruitment and selection practices (again except in relation to various forms of discrimination), workplace innovation and choices of models of competitive advantage have all been off the policy agenda, except at the very margins. The capacity to conceive of, design and deliver new policies in these areas is, as a result, currently very limited, although there are some

examples beginning to emerge of localised pilot projects. For example, see Bramley *et al.* (2011) for an overview of work starting to be undertaken by local authorities in England around linking economic development policy with attempts to provide work and training opportunities for youngsters who have become or are at risk of becoming disengaged from education, training and employment.

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