

**CENTRE ON SKILLS, KNOWLEDGE  
AND ORGANISATIONAL  
PERFORMANCE**

***Empowering Individual Workers Through Skills – A New Labour Project  
Revisited***

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## **Editor's Foreword**

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**Abstract**

This article explores the efficacy and cost effectiveness of New Labour's skills-based policies to help low paid workers adjust to the pressures generated by globalisation, of which the leading example was Train to Gain (T2G). It also analyses the more general issue of how, why and under what circumstances education, training and skills can help imbue low paid workers with greater bargaining power within the labour market.

“There is currently no prospect of the Government achieving its ambition of Britain becoming a high skilled high paying economy”

(Alan Milburn in the foreword to Social Mobility Commission, 2017: 4).

## **1. Introduction**

Under the New Labour governments of 1997 to 2010, education and training (E&T) assumed a central position within the policy discourse as skills were seen as able to address a broad range of both social and economic problems (Keep, 2006a; Keep and Mayhew, 2010). More and better skills came to be depicted as, “the most important lever within our control to create wealth and to reduce social deprivation” (Leitch Review, 2006: 2), and as “the new welfare” (Nunn, 2008: 11).

This paper reviews the evidence concerning the outcomes generated by New Labour’s policy interventions to help the low paid workers via skill acquisition. It also explores the more general issue of how, why and under what circumstances education, training and skill can help create relative power within the labour market, particularly for workers in, or destined to occupy, lower level occupations. The paper draws on SKOPE’s long-standing interest in skills for low-paid workers. Given current debates about poverty reduction and a renewed interest in lifelong learning policy, the question of what better skills can and cannot deliver at the lower end of the labour market is of considerable importance.

## **2. Defining the Problem. Constructing the Policy Discourse**

Visions of technology and a globalised labour market

The New Labour government’s policy expectations concerning skills were formed by their perceptions of two seemingly inter-connected trends. The first was globalisation, the second technological change.

As former cabinet minister Lord Mandelson (2012) observed, the default position on globalisation, adopted by all the mainstream political parties (at least until the EU referendum result), was to regard it as unstoppable, and to accept that its impacts on the economy, employment and the labour market were largely immutable and created a wave of change that had to be surfed rather than defied. As Gordon Brown, in his (in)famous Mansion House speech, argued:

So the choice to me is clear: invest in education to prevent protectionism. It is investment in education that when combined with free trade, open markets and flexibility makes for an inclusive globalisation. (Brown, 2007: 3)

Under New Labour this approach was used to rule out some lines of policy development, and make others appear inevitable (Watson and Hay, 2003), with the role of government seen as being to equip individuals with the skills to respond to economic change, or as Prime Minister Tony Blair put it:

What ..... this means is not that the role of Government, of the collective, of the services of the State are redundant; but changed. The rule now is not to interfere with the necessary flexibility an employer requires to operate successfully in a highly fluid, rapidly changing economic market. It is to equip the employee to survive, prosper and develop in such a market, to give them the flexibility to be able to choose a wide range of jobs and to fit family and work/life together. (Blair, 2007: 3).

The second key feature of debates about skills were suggestions that old methods of, and goals for, learning were being rendered obsolete by technological, economic and social change, and that a new labour market paradigm was emerging to which education must respond by embracing radical change. Postman (1995), Barnett (2000), Bentley (1999), and Leadbeater (2000 and 2003) are early examples, but later proponents included Wagner (2010), Trilling and Fadel (2009 and 2012) and Barber, Donnelly and Rizvi (2012). These readings of the future shape and nature of the labour market revolve around the arrival of a

'knowledge driven economy' (KDE), coupled with a universalistic set of assumptions concerning the impact of new forms of technology on work.

In the face of such predictions policy makers were keen to stress a paradigm shift in the nature of paid employment. "In a sense, a whole economy has passed away....In the new knowledge economy, human capital, the skills people possess, is critical", Blair, 2007:3). Thus the economy of the future, it was assumed, would require far more highly skilled workers than hitherto at all levels (Leitch Review, 2006).

On one hand, these readings offered an optimistic vision where those with high skill would receive better wages and intellectually rewarding employment. On the other hand, this discourse held a threat for those individuals and nations that failed to upskill. They, it was argued, would experience significant negative consequences – for individuals, unemployment and/or lower wages; for nation states, lower productivity and weaker economic growth. The twin forces of promise and fear helped ensure this narrative's hold on policy in England, where skills was seen as one of the few ideologically acceptable ways in which the state could intervene to enable individuals to cope with economic change (Keep, 2006a; Keep and Mayhew, 2010).

From the perspective of this article, there are two problems with these policy narratives on globalisation and the KDE. First, there was a marked absence of any sustained examination of the counterfactual. For example, as Brown, Lauder and Ashton (2011) argued, ICT, far from expanding the boundaries of knowledge work, could, through 'digital Taylorism', be reducing what were hitherto knowledge and skill-rich forms of work into routinised, lower paid jobs where the opportunities for discretion, autonomy and innovation were either reduced or removed entirely. In a similar vein, Huws and Podro

(2012) demonstrate how growing levels of outsourcing, in combination with ICT, might be polarising skill requirements across the workforce.

At a broader level, the evidence base for many of the prognostications being made by proponents of the KDE concept was open to serious question (Thompson, 2004; Brinkley et al, 2009; Mills and Overall, 2010), as was their tendency to generalise trends from a few, leading-edge examples. Critics also argued that globalisation's implications for education were more complex and nuanced than many of the 'gurus' suggested (see contributors to Lauder et al, 2012).

The second, and more specific weakness, was the reluctance by policy makers to acknowledge the structure and nature of work at the lower end of the labour market, and its marked resistance to change (Keep and Mayhew, 2010). The reality that low paid work was not vanishing and that a KDE embracing the vast bulk of the workforce was not imminent was ignored. As a result, little acknowledgement was made of the problems to welfare and skills policy posed by the continuance of large pools of low wage employment. This blind spot had, as will be discussed below, major implications for the government's adult skills policies.

### **3. Policy Responses**

The nature of government's moves towards upskilling was determined by a central belief in human capital theory (Keep and Mayhew, 2010) that in turn led to two key choices about what education and training (E&T) offerings to make. The first choice concerned a focus on qualification acquisition, the second a belief that individual not collective power in the labour market was the key to making progress.

The Treasury under Gordon Brown strongly believed in a very simple set of readings of human capital theory (Keep, 2006a; Keep and Mayhew, 2010), and a central part of this was an assumption that market failure was occurring (Keep, 2006b), whereby for a variety of reasons individuals, particularly those at the bottom end of the labour market, were not incentivised sufficiently to invest in their own skills (HMT, 2002). The Treasury set in train a large-scale project – the Employer Training Pilots (ETP) – to test out what action and level of subsidy would be needed to raise individuals’ skills to a point at which they and their employers would see the sense in skills investment. From this eventually emerged the Train to Gain (T2G) scheme.

#### Qualifications rule!

New Labour saw qualifications as the critical proxy measure of choice for skill, and regarded enhanced levels of qualification achievement as the key desired policy outcome (Leitch Review, 2006). There was a deep-seated assumption that achievement of a qualification would lead, directly and almost inevitably to enhanced achievement in the labour market – the chances of being employed would increase and/or higher wage levels would ensue.

Underlying this was a human capital theory based assumption that qualifications were a good indicator of skills, and that higher levels of skill would result in higher productivity, which in turn would result in higher wages for the worker (DIUS, 2007). Vignoles argues the causation thus:

Economic theory tells us that, in the long run, wages broadly reflect productivity. An individual’s productivity in turn reflects some combination of their own attributes and skills (human capital), and their ability to put these skills to maximum effect through the use of machinery and technology (physical capital). As such, gaining new skills is one of the key ways in which individuals can raise their wages and living standards. (2012: 5)

As a result, a key organising ‘equation’ for E&T policy in England was:

**E&T participation=achievement=qualification=skill=productivity gain=wage gain**

Unfortunately for policy, although this equation and its chain of causation have the power and elegance of simplicity on their side, in the real world each equals sign often requires significant qualification. For instance, participation does not always produce achievement as students can fail or drop out, and the link between skills, productivity and wages is extremely complex and subject to many intervening influences (Keep, Mayhew and Payne, 2006). For an example of this complexity, see Edwards and Sengupta (2010) on the importance of social relations and the collective organisation of firms' productive systems.

The result of the focus on gaining qualifications was a strong emphasis on ensuring that school leavers and the adult workforce attained a baseline level of certification which it was believed constituted the minimum requirement for employability and progression. This was specified as a first Level 2 (the successful completion of lower secondary education - 5 GCSEs at grades A-C or their assumed vocational equivalent). This, the government argued, represented, "a solid platform from which to find a rewarding, productive job and progress at work" (DIUS, 2007: 6). In other words, once a worker possessed a first Level 2, market failure problems would be overcome.

**Individual not collective power**

The second fundamental policy choice that flowed from the government's reading of human capital theory was to view the ways in which skills imbued workers with labour market power in entirely individualistic terms. The focus was on boosting the certified units of human capital held by individuals in order to increase their bargaining power – as individuals – with employers (current and/or prospective). This is important because in the UK in the fairly recent past there had existed both an understanding, and a reality underpinning that understanding, that in many instances skill imparted bargaining power

through the collective organisation and representation of workers via trade unions, and the ability of unions to shape the way in which the labour market operated within firms.

There is not space here to delve in any detail into the history of British craft trade unionism and the role that skills played in securing their power, but a short explanation is needed (see Streeck, 2011 for an extremely detailed and lucid account). Craft unions, which represented skilled manual workers (e.g. tool makers, electricians, maintenance staff, construction workers and railway drivers) not only exerted significant influence over apprenticeship in terms of who was trained, the volume of apprentices, the age of entry to training (normally 15 or 16 year old school leavers only), and the content and delivery of the on-the-job learning (Perry, 1976, More, 1980), but they also often had influence or control over how those skills were subsequently deployed within the workplace. This stemmed from unions' leverage over how work was organised and who could perform particular activities (Terry and Edwards, 1988). Because they possessed scarce skills, collective threats to withdraw their labour (through go-slows and strikes) vested them with considerable bargaining power. General reductions in trade union power, the end of the closed shop (compulsory union membership) and the collapse of the traditional apprenticeship system swept away this model of skill formation and deployment being collectively controlled by workers in pursuit of bargaining power.

In terms of the philosophy underlying New Labour's individualistic approach, the policy stance was unitarist rather than pluralist – fundamental material differences between workers and managers do not need to exist and, “the best business works today as a partnership” (Blair, 2007: 6). Under this model, conflict between workers, and capital and management is deemed to be ultimately futile, since change cannot be averted. As a result, the role for collective action is limited, not least because it is assumed that the human

capital is being traded in a series of individual employee/employer bargains and relationships. Skill is held by individuals, not the collective, or as Blair put it, “the character of this new age is one of individual empowerment” (2007: 6). Bargaining power therefore rests with each worker, not with any collective manifestation or expression of worker power. The role of unions, insofar as they had one (they received just four brief mentions in the government-commissioned Leitch Review of Skills’ final report, 2006), was, “to work in partnership with employers to ensure profitable companies that take care of their staff” (Blair, 2007:5), and to supply services to members, of which help with and advice about upskilling and re-skilling is one.

In overall terms, policy came to be based on a view that:

The challenge today is to make the employee powerful, not in conflict with the employer but in terms of their marketability in the modern workforce. It is to reclaim flexibility for them, to make it about their empowerment, their ability to fulfil their aspirations.(Blair, 2007: 2)

Thus the individual worker’s ability to counterbalance the power of global capital and of large multi-national employers came to rest, not with any form of solidaristic collective identity or action (like collective bargaining), but on the possession of skills and qualifications that would allow them to quit unrewarding employment and seek better elsewhere.

The one important exception to this individual focus came in the shape of government support to the Trade Union Congress (TUC) to create the Union Learning Fund (ULF) and Unionlearn. Government provided public money to underwrite trade unions’ E&T work, and also passed legislation to create statutory workplace union learning representatives (ULRs). The aim was to enable unions to act as an outreach service to adult workers with low skills, to engage with employers to encourage them to offer more training and, where possible, to reach learning agreements with employers. What Unionlearn did

not mark was any return to a strong bargaining role for unions (the government steadfastly refused to grant the TUC a statutory right to bargain over skills), or of full-blown European-style social partnership governance arrangements for skill formation (Keep, Lloyd and Payne, 2010). For reviews of Unionlearn's achievements, see Clough, 2012; and Stuart et al, 2010).

#### The policy measures to deliver adult learning entitlements

The focus of this paper is upon the outcomes generated by New Labour's E&T programmes to upskill large sections of the workforce rather than on the programmes themselves. Very briefly, the key elements of New Labour's policies around empowering the individual through skills were:

- Targets for qualification achievement for schools and colleges covering both young people and adults without a first Level 2
- Adult entitlements to free learning to achieve a first Level 2 qualification (and latter a Level 3) for those lacking these qualifications
- Train to Gain (T2G) as a means of delivering Adult Literacy and Numeracy (ALN) and/or first Level 2 or Level 3 qualification in the workplace at public expense
- The Skills for Life programme to support ALN via colleges, community learning and the workplace.
- Unionlearn and ULRs

#### *How might policy be expected to work?*

Given first order choices about the primacy of qualifications, and the requirement to focus almost solely on the individual, the starting point was an expectation that enhanced levels of qualification achievement among those in or potentially destined for employment in the

lower half of the labour market would produce three, inter-related outcomes (Leitch Review, 2006; DIUS, 2007):

1. It would increase levels of employment for those who were qualified relative to those who were not.
2. It would produce enhanced levels of earnings for those adult workers who achieved a first Level 2.
3. Holders of a Level 2 would be equipped to progress both to further learning and to better job opportunities in the labour market.

More broadly, as has been outlined above, government assumed that higher levels of investment in human capital and qualifications would enable individuals to achieve a better standard of living and to compete successfully in an increasingly globalised labour market.

Given these assumptions, it is worth asking what models of causation policy makers might have had in mind. A basic reading of human capital-based labour economics and also of traditional industrial relations theory suggests that insofar as skills, acting on their own, are liable to have a positive impact on the wages, security, job quality and the bargaining power of workers, the range of means by which they can do so is fairly limited. Five ways can be identified:

1. Higher skill levels imbue individuals with more power over the work process/pace of work/levels of autonomy and discretion, either through them being better able to bargain with their employer (or prospective employers) to secure this, or through their employer wishing to utilise their enhanced skills to optimal productive effect.
2. The skills of the worker play a critical role within the productive process, and the temporary withdrawal of labour, or the threat thereof, means that the employers' ability to deliver goods or services is jeopardised. In this situation the ability of the

worker(s) to bargain for better pay and conditions is increased. Plainly this model works far better as a form of collective action than it does on an individual basis. It is hard to envisage how individual workers in relatively low level occupations can exert much influence in this manner.

3. The skills of the worker play a critical role within the productive process, and the threat of their leaving their current employer and going to work elsewhere provides the individual with bargaining power around the shape and pace of work, as well as the pay and conditions it attracts.
4. The skills of the worker are scarce and this means that they can and do leave their current employment and find more conducive work with another organisation – in other words betterment comes through the labour market mobility enabled by skills.
5. In the past, there was a fifth means by which learning was seen as conferring power on workers. This was through its ability to bring about personal understanding, not least political understanding, through access to a world of knowledge and theory which enabled challenge to be mounted to existing orthodoxies and power relationships. This model of wider adult learning for personal and political goals was embraced by the Chartists and formed the traditional bedrock of the Workers Education Association (WEA). For a modern day exploration of some of its dimensions, see Coffield and Williamson (2011). In other countries acknowledgement of this tradition finds expression in an element of broader general education within vocational routes and offerings that aims to support learning for citizenship (Ure, 2006). This is now almost entirely absent within English vocational E&T (Brockmann, Clarke and Winch, 2011).

In essence, the above sources of power can be broken down into three basic categories –

- labour process power (influence within the workplace over how work is conducted),
- labour market power (around choice of employer, pay and conditions of employment),
- and political power and questioning of the established order.

Having outlined the policy interventions and the rationales behind them, what does the evidence tell us about what actually happened? Did upskilling empower workers at the lower end of the labour market and change wages and working conditions for the better?

#### **4. The Fruits of Policy**

Given the stated aims of policy and the large scale of public spending thereupon (see DIUS, 2007 and LSC, 2007), it is disappointing to report the absence of any co-ordinated attempt to evaluate the outcomes of policy, although fragmented evaluation efforts were mounted, largely by the main skills funding agency – the Learning and Skills Council (LSC). Overall, a great deal seems to have been taken on trust, with the apparent assumption that as policy was founded on the bedrock of human capital theory it was bound to work. Under the Coalition Government some more comprehensive retrospective research was undertaken, and the fruits of this are drawn upon below.

##### **Employment effects**

Official analyses indicate that policy's focus on a first Level 2 qualification as the minimum platform for employability was based on slender foundations. The evidence suggested that those holding a Level 2 fared little better than those holding a Level 1 in securing a job (DIUS, 2007; DBIS, 2010). As the DfES/DWP (2006: 11) evidence paper on the role of skills in the labour market noted, the big difference is between those with some qualifications

below Level 2 and those with no qualifications at all. In addition, the way recruitment and selection is conducted for many lower end jobs means that qualifications sometimes play a limited role in the process (see below).

#### Wage gains

Enhanced ALN skills appear to generate reasonable wage and employment gains (see National Research and Development Centre for Adult Literacy and Numeracy, 2009; and Vorhaus et al, 2011 for reviews of the evidence). The problem comes in knowing how well the government's basic skills policies served to produce significant and sustained improvements in basic skills for large numbers of adult workers. Evidence from Wolf et al (2010) indicates that work-based provision, besides being expensive and ephemeral in nature may not have made a lasting impact on the literacy skills of its beneficiaries.

More generally, NIACE's review of basic skills programmes suggests that too many resources were directed at those with limited skill problems and that those with the greatest need were ignored as providers targeted students who represented 'easy wins' within a programme dominated by government targets for qualification achievement (NIACE, 2011). Given a cumulative expenditure on ALN under New Labour of about £9 billion, this suggests a weaker than hoped-for outcome gained at considerable expense.

The evidence on wage gains accruing to qualification achievement at Level 2 provides limited support for Train to Gain (T2G) and the adult entitlements (DIUS, 2007; LSC, 2007). Thus, as the Wolf Review of Vocational Qualifications (2011) noted, by the time T2G was being implemented, there was a well-established problem with the relatively limited average wage premia being generated by certain types of lower level vocational qualifications (VQs), particularly National Vocational Qualifications ( NVQs) (Powdthavee and Vignoles, 2006; Dickerson and Vignoles, 2007; Jenkins, Greenwood and Vignoles, 2007).

Further evidence from research commissioned by the then Department for Business, Innovation and Skills (DBIS), yet again confirmed this picture. In terms of vocational awards, NVQs usually trailed other forms of VQ quite badly, and at Level 2 average returns were generally unimpressive (Patrignani and Conlon, 2011; London Economics, 2011).

The evidence also underlines the fact that within the UK labour market the general wage returns to the acquisition of VQs by adults appear to sometimes be weak and also uncertain. The picture is quite complex for certain groups of adults at certain qualification levels (see Wolf, Jenkins and Vignoles, 2006; Frontier Economics and Institute of Fiscal Studies, 2011a), but overall, older workers studying for lower level VQs often saw limited wage gains.

Problems with wage returns to NVQ Level 2 qualifications for adults are reflected in the outcomes of Train to Gain. By April 2009, 1.25 million adults had entered the programme and over half a million had obtained a qualification (NAO, 2009). Initial evaluations undertaken on behalf of the government agency tasked with running T2G – the Learning and Skills Council (LSC) – suggested that 22 per cent of workers who had participated in T2G subsequently reported receiving pay rises, awards, or promotions from their employer as a direct result of achieving the qualification (primarily at Level 2, but also at Level 3) (LSC, 2009: 115). Unfortunately, data on the scale of this wage gain was not provided in any detail by the evaluation, and remarkably, no attempt to ask employers about this issue. This omission is a critical weakness in the LSC's evaluation efforts.

As in general the UK does not possess a qualifications-based pay structure, the LSC's survey findings from individuals were promising, but quite surprising. One possible explanation was a sectoral effect, in that at that time 53 per cent of all T2G participants were in health, social care, education and the public services (LSC, 2009), and here acquiring

a qualification might have triggered a rise within formal public sector grading structures leading to small pay increases and in some cases nominal promotions to the next grade.

Whatever the cause of these encouraging initial results, they were emphatically not confirmed by subsequent research (Frontier Economics and Institute of Fiscal Studies, 2011b). This showed no long-term substantive wage gains for the vast bulk of those who went on T2G and who acquired an NVQ Level 2. In some ways this picture is less surprising than the initial, optimistic findings, given two factors. First, as previously noted, the general evidence pointed to weak and patchy returns to NVQ Level 2 qualifications – T2G did not mark a break away from this. Second, that Level 2 T2G provision was often more focused on funding on-the-job accreditation of prior learning than it was on actual training and a substantive increase in skill levels (Delorenzi, 2007; Ofsted, 2008). As a result, many of the ‘trainees’ emerged not significantly more skilled than when they entered the programme, but with their existing skills now accredited.

#### Progression in education and the labour market

In terms of progression outcomes, T2G was expected to deliver a universal learning entitlement to individual workers that would equip them with a platform upon which subsequent learning and labour market progression could be built (DIUS, 2007; LSC, 2007). Unfortunately, employers rather than their workers chose the qualifications which would be pursued, and as the NVQs that were what the scheme made available often both lacked currency in the labour market and also the ability to support subsequent learning of a more academic kind (Wolf Review, 2011; Keep and James, 2012), the benefits to workers were more muted than if other types of VQ or academic qualifications had been offered. Indeed, if individual wage gains and progression had been the paramount objective of T2G, then providing GCSEs in maths and English would have been the logical step since these

produced far stronger wage returns than the vast bulk of NVQ Level 2s (Wolf Review, 2011), but this was neither what employers were deemed liable to want, nor was it affordable within a mass scheme. T2G achieved high trainee volumes for a given cost precisely because, as previously noted, the instructional component was often limited, and the bulk of funding supported in-work accreditation of prior learning (APL).

This is not to argue that APL cannot be valuable, but it is problematic when APL is confused with training and skill enhancement, as was the case with T2G. It is also less helpful when the skills being certified are tied to a narrow, occupationally and task specific, low level VQ the impact of which in labour market terms are often small and uncertain.

There are two elements to how progression outcomes might be conceived of. The first relates to progression within E&T, i.e. inside the skills acquisition system. The second relates to progression within the labour market.

On the first, the experience from T2G was that 80 per cent of completers of the programme (LSC, 2009: 108) reported more confidence about their ability to learn and more positive attitudes towards the idea of learning. Those who went through T2G were also much more likely to want to continue learning thereafter (LSC, 2009). As evaluation of T2G ceased when the Coalition Government wound the programme down, we may never know how many of its trainees converted intention into action, but figures from Unionlearn (see Clough, 2012) suggest that the impact may have been quite considerable.

On the issue of progression within the labour market, the problems of assessing an impact from government skills programmes are very significant. The evidence on progression out of lower end jobs suggests that opportunities to move up are often limited in number, and that where opportunities exist skills and qualifications play only a limited role in determining who progresses (Cheung and McKay, 2010; Lloyd and Mayhew, 2010;

D'Arcy and Hurrell, 2014). D'Arcy and Hurrell (2014) demonstrate that only 25 per cent of all those were low paid in 2001 had managed to escape ten years later, 64 per cent had managed to escape temporarily but had slipped back into low pay, and 12 per cent remained low paid throughout the entire period.

Part of the problem is the absence of clear progression opportunities that extend very far upward within organisations, so that even moves into managerial jobs generate only a small wage gain (Lloyd and Payne, 2016). These difficulties are replicated in many occupational labour markets (Keep and James, 2012). For an analysis of the retail sector, see Roberts (2012); for the case of retail, catering and care sector employment, see Devins et al, 2014; and for an exploration of the scale, nature and determinants of progression in the café sector, see Lloyd and Payne (2012 and 2014).

Moreover, while official policy repeatedly stressed that an entitlement to a first Level 2 at public expense would serve as the platform for subsequent upgrading to a Level 3 and beyond, the evidence available at the time suggested that employer demand for Level 3 skills was, by and large, quite limited (Dickerson and Vignoles, 2007). Dickerson and Vignoles concluded that, although in a few sectors demand was buoyant (land based industries, oil and gas, textiles and energy), “both supply and demand for level 3 vocational qualifications appears to be relatively low” (2007: vi). Moreover, increasing competition for intermediate level jobs from graduates was becoming more apparent (see below) (Vignoles, 2012).

#### Labour process power, task discretion and creativity

The evidence on the ability of publicly-funded E&T to increase the power of individuals to shape their jobs and to influence issues such as the pace of work and how tasks are performed is relatively slender, but what we do know offers few causes for optimism. At

aggregate level, Felstead et al (2007) showed that during the 1990s, although the skills of the workforce increased significantly, task discretion actually fell for most occupations, with a levelling off in the trend from the start of the new century (see also Green, 2009: 18-19). Mills and Overell's (2010) review of the evidence suggest that for many workers, especially in lower paid work, the power to influence key aspects of job quality was absent and that the situation was worsening rather than improving (see also Sisson, 2016).

Contemporary case studies of workers in lower end work also painted an extremely depressing picture of the minimal influence that employees have over how their jobs are organised or the speed at which work is paced (Lloyd, Mason and Mayhew, 2008; Mills and Overell, 2010). Given the managerial models being used it is difficult to see how raising workers' skill levels could have a significant impact on worker discretion since what this research also demonstrated was that unless the work is re-organised and the jobs re-designed, the ability of workers to deploy higher levels of skill are normally very heavily circumscribed. As Mills and Overell note:

These jobs could be designed in a way that would utilise and develop the skills of the individuals who take them on, but for whatever reason UK employers are often adopting command and control management techniques rather than the more progressive approaches used in other countries. For employees working in these types of occupations, it is difficult to see how the arguments advanced around empowerment via skills are relevant to their situations. Power over work appears concentrated in the hands of managers.

(Mills and Overell, 2010: 27)

For example, despite all the stress within the KDE literature about the need for workers to possess and deploy creativity, the reality is that in many retail jobs workers (store managers included) overtly and frequently using their creativity to arrange displays of goods in ways that stray outside the centrally determined 'one best way' established by head office would be liable to disciplinary action by senior management (see Grugulis, Bozkurt and Clegg,

2010; Felstead et al, 2009; Mulholland, 2009). It should be stressed that this is not in any way an inevitable outcome determined by the inherent nature of work in mass retailing – for what can be achieved (in Sweden), see Anderson et al (2011).

This suggests that for most workers at the lower end of the labour market, where the individual's bargaining power is constrained by lack of the possession of unique and highly valued skill, labour process power is best acquired through collective means, via trade unions and their bargaining power around how labour is deployed. This is certainly the experience elsewhere in the OECD. A public policy discourse that stresses job quality is also important (Keep, 2016).

#### Broader political and cultural empowerment through learning

Within the confines of this article there is insufficient space to explore this topic in detail.

All that can be said is that in many instances learner motivation to acquire new skills appears to have had little to do with labour market outcomes (NIACE, 2011, Wolf et al, 2010), and that the wider goals of adult learning continued to be a strand within adult learning practice, not least through Unionlearn (Clough, 2012). In addition, as noted above, in terms of both ALN and T2G provision, there is evidence that these activities helped re-engage workers who had become heavily disengaged from E&T, and gave them the confidence to see themselves as successful learners (Ofsted, 2008; LSC, 2009).

#### The costs of policy priorities

However, there was also a negative side to the adult learner balance sheet under New Labour's T2G policies. The government's pursuit of an economy-centric vision of what education was there to deliver came at a price. Much of the post-19 education and skills budget was re-allocated away from wider forms of adult learning to support T2G and

achievement of qualifications targets (DfES/DTI/HMT/DWP, 2003; DIUS, 2007; LSC, 2007).

As the LSC (2007) admitted at the time, the expected result was a reduction in the number of adult learner numbers. The comforting assumption was that greater investment by individuals and/or employers would help counterbalance this development.

Research suggests that in reality reduced public funding for wider forms of lifelong learning and increased fees, in combination with other factors, such as the recession's impact on individuals' willingness and ability to fund learning, and reduced employer provision of adult training), had a significant negative impact on learner numbers (House of Commons Education and Skills Select Committee, 2007; Ipsos MORI, 2012; NIACE, 2012). Thus, "the FE sector lost more than 1.5 million learners over a ten year period, with most of the decline between 2005 – 2007" (Hupkau and Ventura, 2017:1). Commenting on the findings of its adult learning survey, Alan Tuckett, the then-head of NIACE observed that:

"These findings are sobering for a government that has invested 52% more in real terms in post-compulsory education and training since the 1997 election. After impressive gains in its first five years in office there has been a marked decline in participation since the adoption of its skills strategies in 2003, 2005 and 2006. Overall, the 2009 NIACE survey suggests that the time has come for government to consider the price paid, in England at least, for its skills strategy. It is clear that the opportunity to gain a first qualification for a small cohort of the least qualified is bought at the expense of engagement by large numbers of others from the same groups".

(BBC News, 2009)

## Overview

The foregoing indicates that in terms of the five ways and three categories via which skills could empower individual workers, New Labour's policies and programmes demonstrated limited evidence of delivering a significant impact within the labour market, despite the expenditure of considerable amounts of political capital and public money. Programmes

appear to have been better able to help re-forged learner identities and change attitudes towards learning than to deliver sustained advantage in acquiring higher wages, moving to better jobs or improving their control over the pace and nature of their work.

## **5. Labour Market Explanations for Policy Disappointments**

Given the picture presented above, the obvious question is why did large-scale policy interventions not produce the intended results? What follows suggests some relatively simple but powerful reasons why things failed to go to plan. These are embedded within the structure and operation of the labour market, and, it will be argued, are not easily amenable to swift, easy or cost-free change.

### **Scarcity and over-supply**

The Wolf Review of Vocational Qualifications stressed a simple and deeply uncomfortable truth, namely that, “other things being equal, high returns to a particular form of qualification mean high demand for, or short supply of, the skills and qualities to which it attests.” (2011: 31). In other words, for skill to imbue individuals with bargaining power within their own workplace or within the wider labour market, what is required is a seller’s rather than a buyer’s market. This fundamental understanding that it is the relative scarcity of a given skill that imparts its holders with bargaining power has long been known (for example, see Phelps Brown, 1962), but has frequently been ignored or forgotten by policy makers, who tended to implicitly assume that a form of Say’s Law applied and that supply would create its own demand (H M Treasury, 2002). Concepts such as the KDE helped bolster and sustain this belief in the face of mounting evidence that the labour market was (and still is) struggling to absorb certain kinds and levels of skill (Keep, 2016) and will not offer a wage premium to skills that are in abundant supply (see below).

It has also long been known that the structure and level of demand for skill is a major challenge for policies built upon simple readings of Human Capital theory. Put bluntly, demand in some sectors and for many types of work and occupation is limited (UKCES, 2009 and 2010). For example, in relation to new entrants to the labour market,

Green notes:

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. (Green, 2009: 17)

This finding was amplified by the OECD's adult skills survey, which demonstrated that in 2013 the UK had the second lowest (after Spain) demand from employers for workers educated beyond compulsory schooling out of the 22 nations covered by the first wave of the survey (OECD, 2013). Countries such as Japan, Sweden, Germany and Estonia had less than 5 per cent of job openings where employers did not believe the workers needed education that went beyond compulsory schooling; in Austria, Poland, Italy, the USA, Denmark, Cyprus, Canada and Finland the proportion was between 5 and 10 per cent of employment. In the UK, the proportion was 22 per cent, which denotes us an outlier (see OECD, 2013: page 168, Figure 4.24).

Against this backdrop, in occupational labour markets where the skills required are relatively limited and are found in abundance (Lloyd and Payne, 2009), or where the supply of skill significantly exceeds levels of demand, skill enhancement will generally do little to boost the bargaining power of individuals. As noted above, in the past this point was well-understood by craft trade unions, who expended much effort in trying to achieve and maintain control over the volume of supply of skilled labour via their influence over the apprenticeship system.

The obverse of scarcity is oversupply. In conditions of glut, skills cannot confer power to individuals, as positional competition takes over within the job queue. Unfortunately, creating a tight labour market where skills confer strong individual bargaining power proved extremely difficult in the UK. Data shows that in many instances the underlying supply of skills exceeded demand (Felstead et al, 2007). Data from the Skills Survey (now the Skills and Employment Survey) and its antecedents is illuminating. In particular, as the number of lowly qualified workers fell sharply, the mis-match between those holding Level 1 and 2 qualifications and the supply of jobs that needed a Level 1 or 2 grew sharply. Far more people held the qualifications than there were job openings demanding such qualifications. When T2G was gearing up in 2006 there were around 7.35 million jobs that did not require any qualifications, but only around 2.47 million workers without qualifications (Felstead et al, 2007: 62, see also Sutherland, 2012). Whereas in 1986, 38 per cent of jobs required no qualification to be employed in them, this fell to 28 per cent in 2006 and 23 per cent in 2012 (Felstead et al, 2012), and by 2012 only about 10 per cent of the workforce still had no qualifications. In other words, far from there being a major problem with under-skilling due to market failure, the labour market was struggling to absorb the additional qualifications created at public expense.

Besides not helping raise wages, gluts of suitably qualified workers chasing desirable openings may lead to worsening employment conditions, for example to exploitative models of unpaid internship, where employers demand lengthy periods of unpaid or under-paid work trials from potential applicants. An over-supply of qualified labour can also produce a tendency towards credentialism, as employers demand levels of certification that are not required to do the job, but which help reduce the field of candidates (Holmes and Mayhew, 2015). Signs of this among young workers have been growing:

....the proportion of degree-qualified 24-29 year olds in the UK who are working in jobs that do not require this qualification 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)....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.(UKCES, 2011: 20)

This situation reflects another problem with New Labour's approach to skills. One strand of policy sought to help lower end adult workers move up the occupational ladder through upskilling them, whilst another saw further expansion of mass higher education for the 18-30 age cohort as a key goal. The result was that as the supply of graduates exceeded the supply of jobs needing graduate level skills, an increasing number of graduates cascaded down the labour market and started competing for intermediate level openings that would normally have gone to candidates with lower levels of qualification (Keep and Mayhew, 2004; UKCES, 2011; Vignoles, 2012; Holmes and Mayhew, 2015).

Brewer et al's (2012) research, using the Institute of Employment Research's Working Futures model, attempted to model the projected distribution of employment across the earnings deciles by qualification level in the year 2020/21. The results were startling. Assuming that recent levels of qualification achievement remain unchanged, across the four lowest deciles (the lowest earning 40 per cent of the workforce) about 30 per cent of all these workers were likely to possess a sub-degree qualification or higher. Around 33 per cent of those in the lowest decile (the bottom 10 per cent of earners) were likely to hold a sub-degree qualification or better.

Recent analysis from the longitudinal educational outcomes (LEO) project (DfE, 2016) confirms the scale of this problem. It demonstrated that already 25 per cent of UK

graduates, a decade after graduating, are earning less than £20,000 per annum. Many of the low paid are increasingly well-qualified, which suggests that the room for upskilling to act as a route out of low-paid employment is becoming congested by an over-supply of skills and a downward cascade of graduate labour (Brown, Lauder and Ashton, 2011). At the same time, work by the New Economics Foundation (2012) showed that there are major issues with the quality of UK jobs available for non-graduates, and that most of the employment growth in the sectors that employ the majority of non-graduates will be in the lowest paying jobs. Upskilling these workers will have little impact, it is argued, on either pay or job quality.

The overall result is that in a situation where aspirations are rising, and there is an over-supply of skills and a finite supply of jobs, particularly good jobs, positional competition is liable to intensify (Gomberg, 2007; Bourdieu, 2005). Brown, Lauder and Ashton (2011) argue that this can currently be observed both within developed countries and internationally.

#### Recruitment and selection – issues of strategic intent, and of design and execution

Another factor compounding problems with the payoff to qualification acquisition is the manner and means by which many employers undertake the recruitment and selection (R&S) of staff. The R&S process is where the fruits of an individual's E&T experiences and skills acquisition are traded for employment, wages and other benefits (Keep and James, 2010). The problem for policy is that what evidence we have about recruitment and selection (R&S) practices in the UK strongly suggests that the semi-meritocratic, formalised textbook model is only partially applied, and that its hold on practice may, in some sectors and occupations at least, be dwindling (see Bunt, McAndrew and Kuechel, 2005; Newton et al, 2005; for an overview of the topic see Keep and James, 2010; and Purcell et al, 2017). In

particular, the widespread and apparently growing use of informal recruitment methods (UKCES, 2012: 5-7), particularly for jobs at the lower end of the organisational hierarchy, may limit the role that qualifications play in securing employment.

#### Bottom end work

Perhaps the key problem that policy faced was a steadfast refusal to understand the nature, structure and logic of low end employment in the UK. Far from wanting a universally more highly skilled, polyvalent workforce, as the KDE literature argues, what many employers desired from the bulk of their employees was flexibility, closely monitored compliance to managerial instructions, a willingness to work hard for relatively low wages, and limited aspirations to seek or expect better employment or job quality. In order to secure a ready supply of labour, in many instances jobs have been designed in such a way that skill requirements are limited and the work has been broken down into simple tasks that can be repeated endlessly by staff who have received minimal training. These routines are often embedded and partially enforced via the company's ICT system. The work that results is dull, often stressful and poorly-rewarded and in times when labour markets are tight often produce relatively high levels of labour turnover. Many organisations see this as a price worth paying (Keep, Mayhew and Payne, 2006; Lloyd, Mason and Mayhew, 2008; Keep and James, 2010). Such thinking and creative elements of the productive process as are required have often migrated up the organisational chain of command and are now embedded within senior management roles in head office (Keep, 2016).

The central problem is that these low end jobs were not set to vanish when T2G was operating and this remains the case today (Lawton, 2009; UKCES, 2010; UKCES, 2016; Campbell, 2016). The latest Working Futures projections (UKCES, 2016) suggest that by 2024 caring, leisure and other services will account for 11 per cent of employment; retail

and customer service for 7 per cent; and elementary occupations 11 per cent – in other words these three areas of employment, many of the jobs in which are characterised by low pay, low skill demands, and weak opportunities for progression, will account for 29 per cent of employment.

## 6. Conclusions

At the outset it was noted that policy reflected a vision of how technological change and globalisation were unstoppable ‘forces of nature’, in the face of which governments could only seek to equip their citizens with the skills to adapt and survive. As Lord Mandelson, one of the key architects of New Labour’s response to globalisation notes in one of the closest things to a *mea culpa* any senior New Labour government member has been willing to volunteer, managing the consequences rather than any attempt to regulate and direct the process of globalisation itself:

.....did neither us, nor globalisation itself, any favours. It was intellectually abstract and inflexible. In political terms, it often ignored the basic fact that preserving the conditions of open trade and open global markets is possible in a democracy only if we make the conditions sufficiently tolerable and beneficial that people do not vote to end them. (Mandelson, 2012: 12).

The problems consequent upon the adoption of this complacent meta-analysis of globalisation were compounded by an inability to understand how the labour market functions, or to accept the nature of, and underlying rationale for, the structure and character of work at the lower end of the occupational ladder. Indeed one of themes of this paper is the collision between policy rhetoric and labour market realities.

Policy implicitly viewed employment as a single, relatively undifferentiated marketplace, wherein demand for skills was increasing across the entire economy, textbook models of recruitment and selection founded on a qualification-based meritocracy

pertained, extensive opportunities for progression existed (both internal to the organisation and external), pay systems reflected qualifications and skill in a direct manner, and enhancing skills supply would stimulate increased demand for skill. A further assumption was that universal entitlements offering a one-size-fits all solution were the optimal way to proceed, whereas a closer reading of the difficulties facing low end workers suggests a much more targeted approach is required (Brewer et al, 2012; NIACE, 2015; Green et al, 2016). Programmes such as T2G were the embodiment of these assumptions, and suffered accordingly when reality turned out to be more complex and conditional than their design had anticipated, and the labour market environment far more hostile than assumed.

There was also an underlying incommensurability of scale and power between the policy instruments and programmes being deployed and the range and causes of the policy problems these were expected to tackle. Supplying a modest universal learning entitlement to a platform of skills (basic numeracy and literacy, and/or a first Level 2 qualification, usually an NVQ, officially equivalent to lower secondary education), was expected to deliver major advances in terms of:

- Coping with the impact of globalisation
- Improving social justice
- Boosting wages and reducing income inequality
- Promoting social inclusion,
- Increasing levels of employment
- Enhancing job mobility and career progression.

In particular, there were major weaknesses in a focus on relatively low-level vocational qualifications as the prime means of boosting skills. As Roberts notes:

Achieving a qualification – any qualification – it seems has become a proxy measure of successful outcomes over and above what people actually do in their job, what they are actually paid, what they can afford, or whether they have genuinely improved their capacity to be more productive.(Roberts, 2012: 6).

At the same time, the choice of an atomised model, based around individual bargaining power by workers, was not been borne out by experience. Such a model might be applicable to leading edge software engineers, genetic researchers and other high level knowledge workers whose human capital is rare or unique, but offers far less leverage and hence fewer rich pickings to those whom the state has equipped with, for instance, a Level 2 qualification in customer service.

This inadequacy of policy in relation to the nature and scale of the problems it is meant to be tackling has often escaped the attention of policy makers, but not that of some of those participating in schemes like T2G and adult apprenticeships. Roberts quotes one young male worker in retailing who observed:

This woman would come in once a week and review us serving a customer or something and then ‘wahey’ we got a certificate...[employers] are not sitting there saying ‘I hope someone with an NVQ in retail comes along because we could really do something with someone like that.(2012: 7)

Above and beyond these difficulties, government’s fundamental misdiagnosis of the nature of the ‘skills problem’ – that it revolved around supply alone, rather than the complex interplay between skills supply, the demand for skills within the labour market and economy, and how skills are deployed within the product process and organisation –

established conditions in which supply-based policy instruments and programmes were almost inevitably doomed to fail (UKCES, 2009; Keep, Mayhew and Payne, 2006; Keep and Mayhew, 2010; Lloyd and Mayhew, 2010). If, as UKCES has argued, the skills problem, “lies largely on the demand side” (UKCES, 2009: 10), and over-qualification and skills mis-match are a central component of the problem (Campbell, 2016; Gambin and Hogarth, 2016), then schemes that aim to add to the supply of workers holding lower level VQs are at best likely to be ineffective, and at worst akin to fighting fire by throwing petrol on it. By believing that skills supply was the key issue that needed to be tackled, and that by doing this the outcomes for lower end workers would be improved, government policy created its own inherent paradox:

A). the state’s theory asserted that skills would empower workers, and state policy therefore paid to create additional skills (or more often, qualifications acting as a proxy for skills) on a large scale (not least through expanding post-compulsory education), but state policy undermined state theory, because;

B). the state’s expansion of skills supply gave workers qualifications of very limited or zero worth, and in some instances created a glut of qualified labour.

To put it another way, if sufficient public funding can be secured it is relatively easy to design and deliver a new stream of skills supply, but this may well have limited traction on outcomes in employment. Thus Vignoles (2012), in her review of the impact of skills on low and middle income households concluded that, “in the short run, skills policy is unlikely to be able to move large numbers of individuals currently in lower and intermediate skilled jobs to appreciably higher skilled jobs, particularly given the short-term constraint on the number of intermediate jobs in the economy” (2012: 20).

All this suggests that we need to look beyond E&T for answers. As the foregoing has argued, upskilling is not always able to deliver a 'happy ever after', win/win/win policy outcome (Sutherland, 2012). It is often a focus for positional competition and for contest between divergent stakeholder interests. Recognition of the limits of what E&T can reasonably be expected to deliver, and also what it cannot would be a huge step forwards (Keep and Mayhew, 2010).

The problems discussed in this paper also illustrate the challenges that face policy that is based on an incomplete or weak comprehension of theory relating to how the labour market operates. As outlined above, policy makers' appreciation of what underpins workers' bargaining power and how employers value lower level skills and qualifications was deficient, and this led to major failings when policy came in contact with reality. Policy moves founded upon simple readings of human capital theory proved inadequate in the face of a lack of 'hold' by qualifications on recruitment and selection decisions, the need for collective action and bargaining to compensate for asymmetries in power between employers and individual workers, and the need for skills and any associated qualifications to hold some relative scarcity value to create leverage on hiring and wage setting decisions.

Lessons for the future?

The Labour Party's 2017 general election manifesto promised the establishment of a National Education Service, and work on developing this proposition is ongoing. The Conservative government have announced the creation of a National Retraining Scheme – the first pilot pilots for which are now being commissioned. The legacy of T2G holds important messages and lessons for any future large-scale adult skills policy interventions. Simplistic readings of human capital theory can be misleading, and large, one-size-fits-all programmes based on simply increasing individuals certified skills can be very costly and

deliver fairly limited gains. Enhancing individuals' skills is only one part of the solution to low wages, weak progression, and lack of employee voice and power. Over-supply of skills and poor skills utilisation is at least as much an issue as market failure and under-investment. As Brewer et al concluded:

rather than focusing on encouraging a general increase in the supply of qualifications, policy needs to focus more on progression routes for those in poverty. This might be helped by changes to labour market structures and regulation (e.g. National Minimum Wage), wage-setting mechanisms and institutional mechanisms that can increase the bargaining power/leverage of the low-paid, as well as those in low-income households (2012: 10).

Bosch, Mayhew and Gautie (2010), and Lanning and Lawton (2011) reach a broadly similar conclusion. Issues to be addressed would include the structure of the employment relationship, its regulation and the efficiency of any associated labour standards enforcement regime, the structure and conduct of collective bargaining and its extension to groups currently not covered, and a re-assessment of social norms around pay and occupational status (Bosch, Mayhew and Gautie, 2010; Lanning and Lawton, 2011). All of these could have powerful effects on wages.

There is also an emerging policy narrative, at city region level in England, and at national level in Scotland, that sees the key to success as joining up inclusive growth and economic strategies, business development and improvement services, fair wages, job quality and 'fair work', and employment and skills into a more integrated offer to businesses and communities (see Green et al, 2017; Rubery et al, 2017; Pike et al, 2016; Scottish Government, 2016). The Learning and Work Institute's piloting of the career advancement

model through proof-of-concept projects such as Ambition London suggest one concrete way in which upskilling can be melded with other kinds of support to enable people to move into better work (see also, Devins, et al, 2014). It is a much more sophisticated policy model than that offered by T2G and Skills for Life.

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