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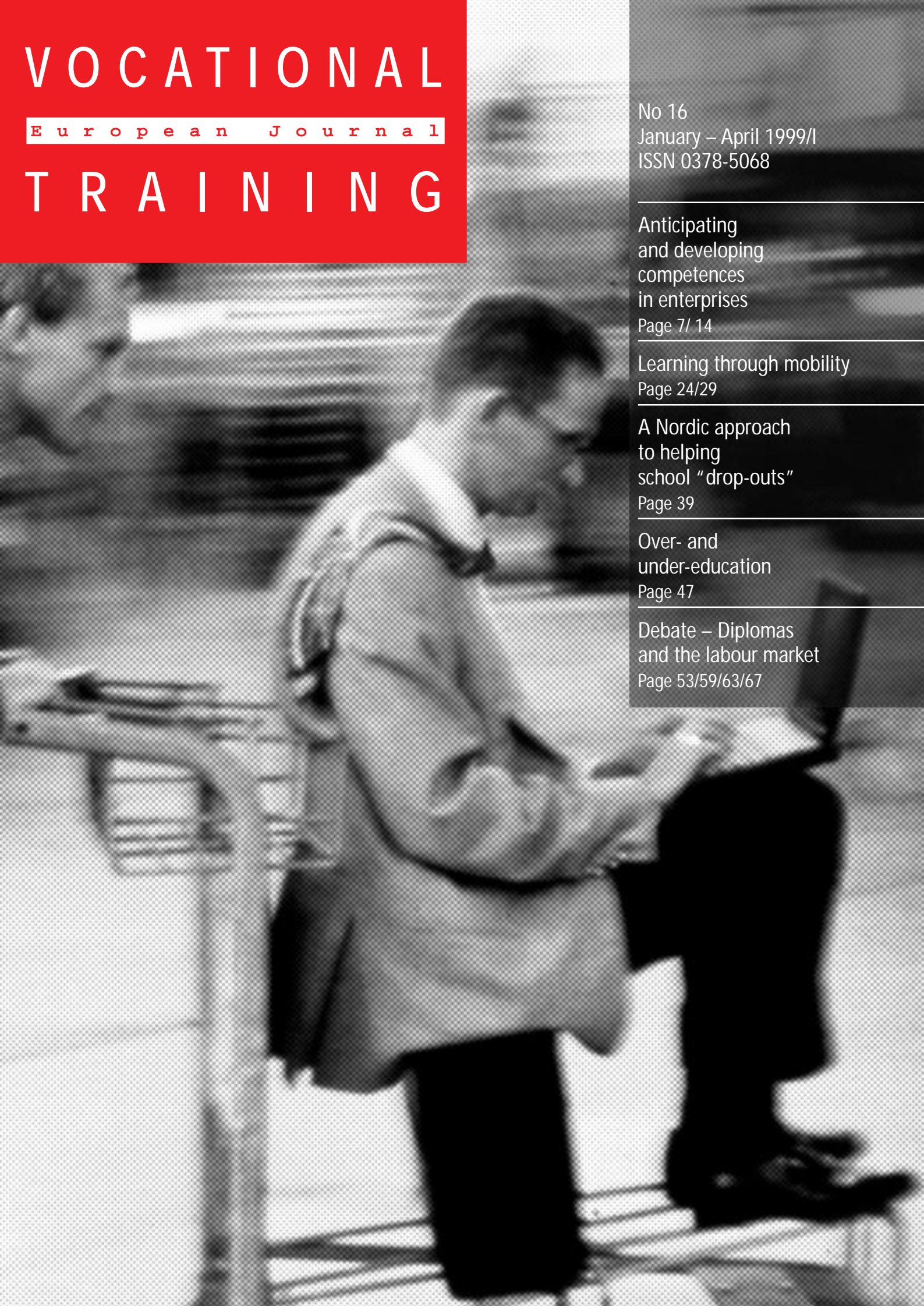
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CEDEFOP assists the European Commission in encouraging, at Community level, the promotion and development of vocational education and training, through exchanges of information and the comparison of experience on issues of common interest to the Member States.

CEDEFOP is a link between research, policy and practice by helping policy-makers and practitioners, at all levels in the European Union, to have a clearer understanding of developments in vocational education and training and so help them draw conclusions for future action. It stimulates scientists and researchers to identify trends and future questions.

CEDEFOP's Management Board has agreed a set of medium-term priorities for the period 1997-2000. They outline three themes that provide the focus of CEDEFOP's activities:

- promoting competences and lifelong learning;
- monitoring developments in vocational education and training in the Member States; and
- serving European mobility and exchanges.

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**The opinions expressed by the authors do not necessarily reflect the position of CEDEFOP. The *European Vocational Training Journal* gives protagonists the opportunity to present analyses and various, at times, contradictory points of view. The Journal wishes to contribute to critical debate on the future of vocational training at a European level.**

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**Interested in writing an article ... see page 90**

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# A new European journal: the case for change

There is a saying in English, "If it isn't broken, don't fix it!". The European Journal for Vocational Training is certainly not broken. It enjoys a high circulation with subscribers in all EU Member States ranging from European institutions, through universities and research institutes to training organisations. Requests for copies come from as far afield as Latin America and Australia. The number of authors asking to be published in the journal is increasing, as are requests to reproduce journal articles elsewhere.

So why change the journal now? Firstly, it is important to point out that the fundamental aim of the journal has not changed. The journal will continue to contribute, in particular by bringing a European perspective, to debate on and consideration of the development of vocational education and training. It will continue to report on ideas, policy options, research and innovation in this field.

In addition, the journal will continue to serve a wide audience. The journal is not the reserve of specialists, but wishes to make the issues and debates surrounding vocational education and training accessible to all of those interested in its development.

What is changing is the way the journal seeks to realise its aim.

The decision to change was not taken lightly. The Editorial Committee instigated a careful review of the journal. It tested the feasibility of the journal achieving its aim, given its wide audience of policy-makers, researchers and practitioners from many different countries with different backgrounds and traditions. The committee examined the content and structure of the journal, the relevance of the subjects it has addressed, the rigour of the

analyses, the quality of the arguments, and indeed the clarity of the writing itself. It also considered the developments taking place in the field of vocational education and training and the sources of future journal articles.

The conclusion was that the journal has published many well-written articles of considerable interest and insight. One of its strengths has been to provide a European perspective, either by publishing the results of comparative transnational research or by publishing different articles looking at the same issues from the perspective of different countries. However, the committee also concluded that, for the journal to effectively realise its aim, a change of format and style was needed and that to continue to concentrate each issue of the journal on a single theme is no longer desirable.

Like all good publications from time to time, the journal needed to evolve.

In times past, when there were relatively few journals dealing adequately with the question of vocational education and training, certainly at European level, the thematic approach was valuable and needed. However, many of the themes considered by the journal have now reached a state of maturity. To continue the thematic approach would inevitably lead to a repetition of subjects or to the artificial creation of themes that deal with issues previously considered. Furthermore, since the journal last changed its format some five years ago, new transnational networks carrying out research into vocational education and training have been set up. The single-theme approach would lead to the journal missing the opportunity to publish some interesting results because the subject matter did not coincide with the theme that the jour-



nal was treating, or planned to treat, in the coming months.

Consequently, each issue of the new journal will deal with a variety of themes. This does not rule out the occasional issue being devoted to, or dominated by, a specific theme, but this will be the exception rather than the rule.

By adopting a more open approach it is the intention to attract a large number of contributions and publish articles from researchers and specialists in vocational education and training and employment. In this way we aim to make the journal the obvious place to publish the results of high-quality research, in particular comparative transnational research. It is our aim that the journal be seen as one of the most effective means for researchers in the European Union to bring the results of their work to the attention of a wide audience, in order to contribute to a deeper understanding of the issues that drive the developments in vocational education and training.

To do this successfully, contributions submitted to the journal must be exact and precise, yet accessible to a wide and diverse readership. Contributions must be clear in order to be understood by readers from different backgrounds and cultures, not necessarily familiar with the characteristics of the vocational education and training systems of the different countries in the European Union. To enable them to understand clearly the context and to consider the arguments put forward in the light of their own traditions and experience.

The journal will carry articles that set out ideas, report on research results, and which report on experience at national and European level. In addition, the journal will publish position papers and reaction statements on issues in the field of vocational education and training in - what is intended to be - a regular feature entitled "Debate", where different views on and interpretations of issues will be published together to try to illustrate the spectrum, and often the complex character of, the challenges faced.

Contributions can be submitted in any official European Union language. All

contributions submitted to the journal for publication will continue to be refereed and reviewed by members of the journal's Editorial Committee, or by referees appointed by them. Each article will be considered on the grounds of the quality of its analysis and argument, as well as its readability.

The decision to publish any contribution as a journal article will continue to rest with the Editorial Committee. However, the committee will now be supported by its "secretariat", comprising researchers and CEDEFOP staff, which will be responsible for the publication of each issue. This represents a significant increase in resources being devoted by CEDEFOP to the European Journal, illustrating the priority it gives to its success.

The journal itself will continue to be published three times a year in English, French, German and Spanish. However, more language versions of the journal may appear. CEDEFOP is entering an agreement with the Portuguese authorities for them to translate into and publish a Portuguese version. We plan to explore this option with other countries who might want a copy of the journal in their own language.

Co-operation with the European Training Foundation (ETF) in Turin will also continue. The ETF has made a valuable contribution in bringing authors and perspectives from central and eastern European countries. There is much to be learned from exchanges between eastern and western Europe. The West has highly developed system of vocational education and training linked to market economies. The East is a tremendous source of innovation as it seeks to build upon the strengths of its own traditions in adapting to a new economic system.

The articles in this issue - our first not devoted to a specific theme - support our argument for a new approach.

In its articles this issue looks at the questions of the development of models for companies anticipating skill needs; how companies have worked to become "learning organisations" and develop innovative competence development strategies; mobility as a pedagogical tool; language skills to overcome cultural barriers





to working in another Member State; a particular Nordic approach to addressing the problem of school “drop-outs”; and over- and under-education.

Our “Debate” feature looks at the argument that supply factors have had a significant impact on this trend, much more so than greater skill demands within occupations. An argument which is tested through a series of contributions looking at the impact of the demand side and the

changing and increasing skill needs in wide range of jobs.

The range of these topics illustrates the breadth of the issues under consideration in the field of education and training. The Editorial Committee hopes that the new format will provide the vehicle for many of them to be thoroughly analysed and discussed.

It will be for you, the reader, to decide.

### **The Editorial Committee**

### **Farewell to Keith**

With this issue we wish a fond farewell and the best of luck to Keith Drake. As a member of the Editorial Committee of the European Journal for 6 years, Keith brought his experience and talents to promote the journal's quality and reputation.

The Committee gratefully acknowledges his hard work, his support to the Journal and commitment to its success. All those involved in the production of the Journal, past and present, would like to offer him their thanks for his contribution to its development, and to wish him every success for the future.





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# Guidelines for determining skill needs in enterprises

Among those concerned with vocational training policies and theories there is an ongoing debate on how to determine skill needs and what methods should be used. Recently, interest has focused on ways to determine skill needs in small and medium-sized enterprises. Since investment in human resources, as well as incentives for capital investment, is becoming increasingly important for the market survival and competitiveness of small and medium-sized enterprises, it is argued that these enterprises should identify their skill needs at an early stage so that appropriate training can be devised in good time. The problem is that small and medium-sized businesses do not - or only rarely - have the capacity and resources to identify their skill needs, much less to cover them. These businesses must rely on external support both to analyse their skill needs and to provide training. To allow regional providers of continuing training to provide tailor-made training courses to meet the requirements of small and medium-sized businesses on the basis of the most precise data available, vocational training researchers have designed a number of catalogues and checklists for determining skill needs (cf. Bardeleben/Stockmann 1993; Richter/Schultze 1997). Moreover, the determination of skill needs in enterprises has been part of, or even been the stated aim of several research projects in recent years - in particular those promoted by the European Structural Fund (ESF).

On closer inspection, determining company skill needs is much more complex than it would seem at first sight. Apart from obstacles related to labour policy

and company structure, methodology presents the greatest problems.

## Resistance from within the enterprise must be reckoned with

Before commencing a demand survey, close attention should be given to who initiated the research. Was it a certain group of enterprises or one enterprise, was it training providers wishing to improve the demand for their courses, or was the project commissioned by institutions such as Chambers or Labour Offices, or was it designed by a research group on its own initiative. If an enterprise has expressed a need for greater skills, it should be easier to convince management of the need to analyse requirements. Less time and fewer resources should be necessary since the need for skills is at least vaguely perceived and can be stated relatively clearly. Persuasion is called for if the initiative for a skill-needs analysis did not come from one or a group of enterprises.

It should also be borne in mind that awareness of qualifications and staff skill requirements differs considerably from one enterprise to another. While some enterprises - the bigger ones especially - have now accepted a 'skill orientation' (Mahnkopf, 1990), and systematically plan and organise qualification processes, small and medium-sized enterprises deal with qualification matters - if they deal with them at all - more in the course of the day's business, intuitively and situationally (cf. Büchter, 1998).

**Karin Büchter**

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**The issue of skill-needs determination is the subject of debate on vocational training policies and theories. Recently, particular attention has been paid to the possibilities of determining the skill needs of small and medium-sized enterprises. The latter rely on external support for both the analysis of skill needs and the provision of skills.**



***“Even the most well intentioned attempts to establish skill needs in small and medium-sized enterprises frequently amount to nothing. An important reason for this is the limited the extent to which developments can be predicted and future training needs anticipated.”***

For some enterprises the marginal significance of skills poses no problem at all. Some enterprises have found ways of solving skill shortages through job rotation, impromptu training, etc. They do not invest in staff training measures because experience has taught them that they can get by quite well with their customary methods of coping with staff or skill shortages.

It is not only lack of interest or reluctance to provide training which leads enterprises to underestimate the importance of skills. Organisational features or work-structure patterns, for example lack of openings for qualified staff or the use, due to a shortage of resources, of obsolete technology requiring lower skill levels, tend to adversely affect the level of skills. A lack of training courses can also be a factor.

Against this background no analysis of requirements can be expected to supply a large volume of sophisticated quantifiable data on future skill needs. It must concentrate on consciousness-raising, interest in staff skills, individual enterprises' specific structures and social contexts in which skills deficits occur or the application of skills is hampered. Methods for determining skill needs in an enterprise must be chosen on this basis.

### **Methods of data collection should be thought through and compared before one is chosen**

Even the most well-intentioned attempts to establish skill needs in small and medium-sized enterprises frequently amount to nothing. An important reason for this is the limited extent to which developments can be predicted and future training needs anticipated. Future skill needs can usually only be established on the basis of considerations of probabilities, estimates, extrapolation of past experience or on the basis of general trends. It does not pose a great problem where there is a specific reason for defining skill needs - for example because a new computer program is being introduced which requires specific skills, which the firm's employees do not have, or because access to foreign markets makes language

skills a new priority. It is much more difficult to define future requirements when an enterprise is to be reorganised, but the effects of reorganisation on skill needs are still unforeseeable. Under these conditions any forecast is speculative. Preventive skill-demand analyses in the context of business reorganisation often involve such high error levels that they cannot serve as a sound basis for planning training schemes. Analyses of qualification deficits become somewhat reliable only when the lack of skills has already become obvious. In this case, however, determining skill needs is no longer a matter of forecasting. It reflects the status quo. This necessarily entails a delay in the upgrading of skills. In this situation, training providers are often under heavy pressure to speed up planning and implementation of training. This carries the risk that the necessary skills only become available when the skill shortages have already had negative consequences. This time lag sometimes forces enterprises to seek other solutions, which at worst means abandoning additional training requirements.

However, it would be wrong to assume that skills can only be made available to enterprises after a long delay. This would imply that demands for skills are objectively prescribed by conditions to which personnel and skills have to adapt. In this connection, however, it should be remembered that technological and organisational changes interact with skills, as industrial sociologists have been pointing out since at least the early 1980s (cf. Kern/Schumann, 1984; Malsch/Seltz, 1987). In the face of the different options in applying technology and patterns of work organisation, the existing skills potential in an enterprise can suggest a certain concept of technology and pattern of work organisation. Seen in this way, skill needs are an elastic quantity, susceptible to social policy.

### **Skill needs are most readily determined by discussion and analysis of problems.**

Theoretical debates on methods for determining skill needs increasingly indi-



cate that skills can be determined best through dialogue (Richter/Schultze, 1997) since skill needs are neither constant nor self-evident. 'The demand is not simply there, but must be seen and defined (or delimited), and determined' (Neuberger, 1991, p.164). Skill needs are, therefore, a social construct in which the interests, perceptions and interpretations of those who define them play a significant role. When the social dimension of skill needs is made the focus of study, it becomes obvious that the process of determination is socially controlled and subject to social influences. From this point of view the determination of skill needs is not simply a matter of measuring facts, but also of discussing, interpreting, negotiating and perhaps even awakening a demand for skills.

Purely standardised questions about skill needs will not therefore provide the desired results. In the first place there is a tendency in this case to inquire about elements of skills which can only be based associatively and arbitrarily on general or abstract labour market, vocational training and skills forecasts. This happens, for example, when possible answers to common questions are provided. Thus the question 'which skills will your staff need in future?' is followed by choices such as 'computer skills' or 'social skills'. These questions can be leading questions. Who, in today's world, would not claim that computer skills or social competence are important for their staff?

In the second place, standardised questions can mean that other, equally important but less obvious, skills are neglected. Latent or informal skills, in particular, are difficult to formulate. In fact it is often assumed that the skills to be determined are fairly apparent and formal. For work processes to function, however, skills are needed which are not immediately observable. Sometimes they are not articulated, and sometimes they cannot even be articulated (cf. Staudt/Kröll/Hören, 1993). They include the so-called informal, mental pre-dispositions such as experience, subjective preferences in decision-making - the 'tacit skills'. Their analysis demands a special methodological approach.

Standardised surveys can only serve to 'open the door' in that they are limited to structural data and variables of organisation such as number of staff, etc. The main survey should include qualitative procedures which may be resource-intensive and unrepresentative, but which as a rule will provide more valid data and allow deeper insight into the problems of an enterprise, and into its constraints and potential. To gather reasonably valid data which can serve as a basis for drafting training schemes, comprehensive case studies and problem-oriented analytical procedures should be given preference over standardised methods.

### **Any analysis of skill needs should be limited to a small area of investigation**

In view of the intense and time-consuming demands they make, qualitative analyses of company skill needs should be limited to a small section of the enterprise, such as a work team or a relatively small department. This section should be defined after detailed analysis of the situation and of the problems to be faced, before commencing the actual analysis of requirements.

Interviews and observation provide the best approach. Where enterprises can articulate clearly definable skill needs, a complex field analysis is superfluous. A research project, on the other hand, involving analysis of possible causes of problems in an enterprise to show whether they include skill deficits, demands a sophisticated analysis of the area of research. Priority should be given to observation of the following areas: activities (allocation of tasks, spheres of competence, room for decision-making, too much or too little responsibility), organisation (working procedures, division of labour, cooperation with other sections of the enterprise), working atmosphere (relations among members of staff, atmosphere and cooperation in the group), and the attitudes of supervisors (recognition, support, surveillance, motivation) (cf. Nieder, 1993).

Field analysis is worthwhile avoiding, assuming a priori that problems in an en-

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***“Management based on a false assessment of people is often linked to the assumption that staff are chronically underqualified, whereas in reality management can also be prone to skills shortages.”***

***“Action research methods could be considered for this type of ‘dynamic’, ‘dialogue-based’ or ‘problem-solution-oriented’ procedure. Action research does not aim to confirm or refute previously defined hypotheses, such as ‘there is a skill shortage in a certain enterprise or section of an enterprise’, but aims, primarily, to establish unconditionally what problems exist, in order to achieve a solution acceptable to all concerned for the future organisation of structures, processes and skills demands.”***

terprise are due to a lack of staff skills if they could be caused by other operational policies. Not every problem an enterprise faces is one of skill deficits. Problems readily attributed to staff skill shortages can very well stem from the application of technology, patterns of work organisation, decision-making processes or staff assignment. Personalities and styles of management can also cause an enterprise problems. Management based on a false assessment of people is often linked to the assumption that staff are chronically underqualified, whereas in reality management can also be prone to skills shortages.

### **The perspectives and interests of different members of the section under investigation must be taken into consideration**

It is essential to supplement observations by interviews with all the members of the section under investigation. A field analysis of activities, organisation, working atmosphere and management style and of problems and the need for solutions in these areas cannot be accomplished merely by interviewing management or experts. These would show only part of the picture.

A survey of skill needs or of problems relating to a specific section only targeting management could aggravate the danger of refusing to acknowledge deficits or of linking problems to certain individuals in the enterprise. In order to avoid this, as many perspectives as possible should be included in the analysis. Different members of the section can be interviewed separately - which could provide more information thanks to the more confidential atmosphere of the interview - or in workshops, which can reveal different points of view in discussions about working procedures and working relations, and can also show up points of conflict and problems of communication among the members of the group. These can point to a need for continuing training among diverse people.

### **A problem-oriented analysis of skill needs resembles an action research process**

Action research methods could be considered for this type of ‘dynamic’, ‘dialogue-based’ or ‘problem-solution-oriented’ procedure. Action research does not aim to confirm or refute previously defined hypotheses, such as ‘there is a skill shortage in a certain enterprise or section of an enterprise’, but aims, primarily, to establish unconditionally what problems exist, in order to achieve a solution acceptable to all concerned for the future organisation of structures, processes and skills demands. Action research is ‘comparative investigation into the determinants and effects of various forms of social activity - investigation leading to social action’ (Lewin, 1964, p. 280).

For a long time action research projects were applied mainly in educational fields such as schools, social work and adult education. In recent years, however, business management, including personnel management, which have traditionally been considered basically applied sciences, have been taking notice of this method (cf. Nieder, 1993). Sattelberger (1983) and Stiefel/Kailer (1982) explicitly mentioned the advantages of action research in their debates on methods of determining educational requirements. It increases intuition and sensitivity in perceiving and assessing problems, improves methods of problem-solving behaviour, and increases willingness to accept responsibility for implementing possible solutions.

### **Complex skill demand analysis procedures, which bind resources, require a high rate of acceptance**

If a skill demand analysis is indeed to be carried out using this expensive method, it is important that the procedure be accepted by those involved. This is especially true when the project has been suggested to the enterprise by outsiders rather



than being commissioned by the enterprise itself. In the first place, the researchers are dependent on the approval of company directors and on the participation of the members of the section, its managers and employees. It should also be borne in mind that personnel managers, or supervisors usually responsible for personnel and skills, can view a large-scale investigation of requirements, involving the relatively frequent presence of outsiders, as interference in their spheres of competence and activity. This may put them under intense pressure to prove themselves.

In the second place, it is possible that, in the course of the analytical process, problems will be revealed which had been more or less suppressed in the everyday operation of the enterprise until then. Confrontation with such 'sore points' could cause defensive or blocking behaviour to impede the subsequent processes of problem solution or organisation. This could be the case, for example, where the problems are due more to management attitudes cause than to a lack of expertise or social competence on the part of the staff.

In addition, action research, conducted professionally, is always followed by changes in the whole or in part of the enterprise. This prospect can lead to feelings of insecurity, since those involved cannot foresee to what extent they may have to give up familiar structures or habits.

An essential pre-condition for acceptance and participation is that expectations aroused by the process of demand analysis should not be disappointed. These must be clearly defined and agreed on at the outset. It should be remembered that the more complicated the project and the larger the need for employee participation, the greater the expectations with regard to corrective measures. An analysis which comes to nothing, which does not result in any further action, makes the whole procedure seem a farce. For this reason it is absolutely essential to make provision at the outset for rectification of any skill shortages revealed by the analysis (e.g. to provide a venue and teaching staff). An exaggerated delay between the analysis of skill needs and delivery of the necessary measures could make the en-

terprise lose interest, and those involved could relapse into old structures or resort to traditional solutions.

### **Interviewers must be aware of their role and function.**

Action research means that researchers give up their isolation and cooperate with the interviewees of an enterprise to initiate a process of reflection. The researcher thus participates actively in the process of identifying and solving problems. 'Researchers can themselves become players. They do not, however, enter a real situation just briefly. They accompany the process of change or problem-solving over a lengthy period of time, from the initiation of change or the identification of the problem to its solution or even to consolidation.' (Kirsch/Gabele, 1976, p. 20). Researchers are not mere gatherers of data or 'medicine men', any more than the members of the section under scrutiny are passive objects of research. While researchers accompany the process as observers and reflectors (i.e. reflexively and reflectively) (cf. Kappler, 1979, p. 48), the interviewees are aware of their responsibility for problems and their solutions. By definition researchers '1. do not enter a situation only to ask opinions - they follow a social process over a length of time as participants and help to stimulate it; 2. do not work with isolated individuals, but with groups in their social environment; and 3. not only inform these groups about the purpose of the investigations, but also involve them in evaluating and assessing the findings' (Haag, 1975, p. 65).

Researchers bear significant responsibility and must be competent to perform their task. They must weigh their approach carefully and adapt it to local constraints (time limits, resistance to modernisation, etc.). They must explain the project step by step to those involved and anticipate possible resistances and problems of acceptance. These must be addressed so that commitment and consensus are assured.

Finally, it should not be forgotten that a problem-oriented cataloguing of needs will take a relatively long time. Observation and interviews, discussions and feedback mean lost man-hours for the enter-

***"An essential pre-condition for acceptance and participation is that expectations aroused by the process of demand analysis should not be disappointed. These must be clearly defined and agreed on at the outset."***



***“The aim of a skill demand analysis designed as an action research process should be to stimulate sensitivity in perceiving and assessing work problems or the value of skills for problem-solving. This awareness should endure after the process of analysis is complete. The objective is not to initiate a one-off consideration of problems or isolated identification of deficits in a section of the enterprise or of its skill needs.”***

prise. The amount of time needed for the investigation should, therefore, be negotiated and justified before it starts. Superfluous questions and mountains of information should be avoided as much as possible.

### **Feedback on results should be part of the process**

Feedback on preliminary results is an essential part of the whole process of analysis. New data must be presented and discussed with groups of those involved. This is basically a question of feeding back information to the interviewees. ‘In this way researchers can avoid misinterpretations by learning interviewees’ interpretation of results. Results for which researchers lack background knowledge can be explained correctly. In addition, this procedure provides an opportunity to cover points which could not be included in the interviews’ (Nieder, 1993, p.199). The purpose of survey feedback is above all for everyone to identify problems and to establish objectives. Well-compiled data make it possible to check where the problems arose and whether there is indeed a need to improve skills, where improvement is needed, to what extent needs can be defined, etc.

Survey feedback sessions should not be conducted at the end of the analysis, but repeated throughout the process. The introduction of rapid gradual feedback enables interviewees to influence what is recorded as significant. This active participation can increase willingness to cooperate constructively. ‘When those involved see that they are not being exploited as mere conveyors of data, but that their input really does lead to changes to their advantage, they will take part with more enthusiasm in the next stage of the investigation’ (Neuberger, 1991, p.248).

### **The determination of skill needs should be understood as a continual learning process**

The aim of a skill demand analysis designed as an action research process should be to stimulate sensitivity in per-

ceiving and assessing work problems or the value of skills for problem-solving. This awareness should endure after the process of analysis is complete. The objective is not to initiate a one-off consideration of problems or isolated identification of deficits in a section of the enterprise or of its skill needs. Seen in this way, the analysis of requirements should immediately translate into a continual, long-term process of problem identification and change in sections of the enterprise. This can only work, however, when essential pre-conditions are fulfilled. The process of analysis initiated by the researcher(s) must proceed successfully and its purpose and usefulness be acknowledged. When the problems discovered jointly have been generally recognized as such, when the demand for skills has been accepted as such, and when the subsequent process of change or the acquisition of skills has finally had a positive effect, it is to be expected that those involved will be ready and willing to take over control of problem-solving processes. The success of skill-needs determination designed as a learning process could be measured, above all, by the way in which the abilities of members of the section investigated are reinforced so that they can react to future challenges in a new, more independent and more competent way.

This only makes sense, however, when these abilities also provide inspiration for other sections of the enterprise. Even if the analysis is conducted in a small, delineated investigation of one section, it is never isolated from other bordering sections, i.e. other departments of the enterprise, or indeed the regional environment.

### **Analyses of skill needs should involve other players in the enterprise and in the region**

It makes little sense to improve employees’ sensitivity to company problems or to skill deficits in one small section of the enterprise if the working environment continues to function along the old lines of procedure, attitude and structure. Lessons are only remembered in the long



term if there is leeway for intervention to influence external factors which affect the section investigated.

Here attention should be paid to the interdependence of skills and technical organisation, i.e. to personnel capabilities affecting how technology and work patterns are organised. For this reason, it is worth considering the usefulness of including technical planners in the initial analytical process, or at least in the phase of feedback and discussion of results. For some years large enterprises in core industries have been utilising approaches and concepts to integrate and synchronise planning processes involving investment, technology and skills. One advantage of linking technical and skills planning is that staff are informed at an early stage of technical innovation projects. This gives them the opportunity to think about

the effects of new technology and to articulate their own concerns.

In-company or regional education providers should have a chance to participate in the process of determining skill needs. Since small and medium-sized enterprises are dependent on regional education and training provision, it is necessary to provide opportunities at regional level for communication and the exchange of experience between enterprises and providers. In recent years several interesting projects have focused on improving communications and cooperation between small and medium-sized enterprises and training providers (cf. Gnahs, 1995; Wegge, 1995; Dobischat/Husemann, 1997). This is an essential pre-condition for remedying perceived skills deficits and demands for better qualifications in small and medium-sized enterprises.

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# Building learning organisations: Putting theory to test - Lessons from European companies

*The experiences of a number of European manufacturing and process companies, which on the surface appear to have similar innovative competence development strategies. When analysed more closely, they clearly have different perspectives on the position competence development holds in the hierarchy of company values and strategies, the kinds of competences developed in these companies and the learning approaches used.*

## Introduction

Competence development is seen as one of the critical strategic factors ensuring companies' competitiveness. This has given rise to much discussion on how to create organisational and learning environments, such as learning organisations and knowledge-based companies, which foster employees' skills and sense of initiative and responsibility. This article examines the experiences of a number of European manufacturing and process companies, which on the surface appear to have similar innovative competence development strategies. However, when analysed more closely, it emerges that these firms have different perspectives on the position competence development holds in the hierarchy of company values and strategies. The kinds of competences developed in these companies and the learning approaches used are also discussed.

## Building "learning organisations" and "knowledge-based cCompanies"

Two images used by companies to envisage how they should think, plan and act to-day are - "the learning organisation" and "the knowledge-based company". While the theories underlying these two concepts differ, there is a similarity in that both highlight the need for a modern enterprise to be continually open to its

environment so as to import (learn) new knowledge and, more importantly, to transform this knowledge and create new knowledge, making it part of the company's unique "know-how". It is through focusing on increasing its knowledge - its intangible assets - in the form of technological and organisational innovativeness, responsiveness to markets and the competence of staff that a company becomes effective and gains an advantage over its competitors. A key issue in this regard is devising new ways of creating and distributing knowledge by means of effective competence development strategies, so that everybody shares it and everybody in the organisation is learning - the company becomes a "learning organisation".

There are many definitions of a "learning organisation" Some authors stress the notion of an organisation as a cybernetic entity which learns from its experiences through encoding the insights gained into company routines. Other authors, pointing out the failures of many learning organisation notions to bridge the gap between theory and practice, prefer to focus on developing individual learning abilities in relation to specific company goals and change processes, which in turn have an impact on the organisation as a whole (Garvin, 1993 and Jones & Hendry, 1992).

The main focus in the learning organisation model presented by Stahl, Nyhan, and D'Aloja, (1993) is on all employees in a company learning in a systemic or global organisational context. Organisational effectiveness and individual learning are seen as interdependent factors. Organi-



sational effectiveness provides an impetus for individual learning, while the latter in turn contributes to an increase in organisational effectiveness. A learning organisation according to this model can be described as: *a company which involves all its members in increasing organisational and individual effectiveness, through continuously reflecting on how strategic and everyday tasks are handled.*

If this model is implemented in an idealised situation, line workers are learning as a result of being assigned challenging tasks and through being assisted to reflect continuously on those tasks, to learn from them. The work content therefore becomes the learning content, as work and learning become part of a constant improvement spiral. This has an impact on the competence level of individual workers, the collective learning of work groups and the total organisation.

The key pieces of evidence which show that a company relates to the above framework are that:

- line production employees have a high level of autonomy and control over the execution of their work tasks; and
- they are supported using these work tasks as opportunities for continuous learning and competence development. The manner in which work is organised ensures that all individuals are learning about their roles and responsibilities and how these relate to other roles within the overall system.

The real changes taking place at a "grass roots" level are a sign that a total organisational change has taken place and that a management philosophy integrating working and learning has permeated the whole organisation - a management vision has become a "vision in action". These changes relating to the "parts" of an organisation have to be seen in the context of "the whole system". The manager's main responsibility is to ensure that the organisation as a whole is operating and learning effectively internally, and that it is interacting effectively with (and learning from) the outside environment in relation to customer needs and monitoring positive and negative influencing factors. This means that the manager has

### **Table 1: The companies studied**

1. Clark - Hurth - the Belgium subsidiary of an American company, which manufactures heavy transmission units
2. Aluminium Dunkerque - a French aluminium plant which is part of the Pechiney group.
3. Autoplastique - a pseudonym for a French company manufacturing plastic components for the automobile industry.
4. Manducher - a French plastics company supplying the automobile industry.
5. Audi/VW - the well known German car manufacturing company.
6. Felten & Guillaume - a German electrical engineering company.
7. Bord na Móna - a semi-state peat production company in Ireland.
8. Sara Lee - a Dutch subsidiary of an American consumer products company.
9. B&T (Byggtransportekonomi) - a Swedish mechanical engineering company
10. Volvo Auto (Uddevala) - a Swedish car manufacturing plant which has been the subject of much discussion.
11. Cadbury - a British chocolate manufacturer.

to be a "systems thinker" promoting an understanding of the company in terms of causal interrelationships (internally and externally) rather than linear cause-effect chains, and in terms of complex processes rather than static functions (Senge, 1990).

### **Putting theory to the test - experiences of European companies**

What would companies implementing radical competence-development strategies, along learning organisation or knowledge-based company lines, look like? How would they formulate these strategies? What development steps would they go through? What would be the nature of the competences cultivated in the workforce? What kinds of learning approaches would these organisations use?

The results of a European research project<sup>1</sup> presented here show how eleven large companies are adopting innovative competence development or learning organisation strategies. The company case-studies are from seven European countries - Belgium, France (3), Germany (2), Ireland, The Netherlands, Sweden (2) and

1) For more detailed information on this project see: Docherty, P., and Nyhan, B., (Editors), *Human Competence and Business Development - Emerging Patterns in European Companies*, London, Springer Verlag, 1997. This article is based on the findings related in that book and on a article entitled "Learning and the Workplace: Perspectives on Competence Development in European Companies", delivered by the author at a conference entitled: "Global Competences - Workplace Outcomes" at Darling Harbour Convention Centre, Sydney, Australia, 1995.



**Table 2:**  
**Levels of progression in the adoption of competence-based strategies**

**Level one (bottom level) - *problem-solving perspective***

This represents a view of competence development as a means of *introducing new problem-solving* processes in a company to meet its current needs. This could involve the introduction of new tools, equipment or operating systems. A radical evaluation and overhaul of current management and organisational strategies and models, however, *does not* take place. The impact of competence development is *mainly confined to the worker / shop-floor level*.

**Level two (middle level) - *organisational model perspective***

This relates to the adoption of radical organisational models or management strategies such as TQM, World Class Manufacturing Systems which demand competence development on an organisational level, involving all managers and employees. The central feature of the change taking place is the *adoption of an external organisational model*.

**Level three (top level) - *visionary perspective***

This entails a *radical shift in the company's values* concerning the roles and responsibilities of all employees in the achievement of the company's business goals. The *implementation of the new company vision* is based on the competence of the workforce. The chief executive of the company plays the key role in articulating and gaining company-wide acceptance of the new vision.

incorporated innovations in their existing structures to respond to problems they are experiencing, without undergoing a radical structural or management transformation. These companies adopted what can be termed a "*contained competence development*" approach within more or less traditional management control frameworks.

□ **Level two:** three others, Audi-Volkswagen, Cadbury, and Felten & Guillaume, illustrate the successful importation of a "state of the art" management or organisational model, entailing a company transformation with a major emphasis on competence development.

The change which took place was based on the successful adoption of an *external model* as distinct from being driven by an internal company-inspired innovation. For that reason, therefore, these companies are classified as "*secondary movers*". The change process is based on the implementation of existing "best practice" management and learning systems and structures. The change in these companies is, therefore, fundamentally at a structural/organisational level.

□ **Level three:** five companies can be said to have adopted radical business policies based on a maximum development of the competences of their front-line workers. These companies have adopted business strategies which enshrined competence development as a key value. The change process in these companies started as a result of an internally generated company vision, giving rise to the adoption and application of "*Competence-Based Values*". These companies which can be termed "*prime movers*" in the change process are Aluminium Dunkerque, Bord na Móna, Manducher, Sara Lee and Volvo.

**Features of competence based strategies in the companies**

This section is mainly devoted to an analysis of the key features emerging in the *visionary companies* which allows one to characterise them as competence-based companies or learning organisations.

the United Kingdom (see table 1). (Case-studies were restricted to the above countries in northern Europe on the basis that those countries were better able to provide examples of companies which illustrated the variety of strategic and complex issues underling the implementation of the learning organisation concept. The limitations of this selection process, therefore, should be kept in mind when assessing the validity of this study from an overall European perspective)

The eleven companies were analysed in relation to a common framework, depicting different levels of progression in the adoption of competence-based strategies (see table 2).

The eleven companies fitted into the framework as follows:

□ **Level one:** three of the eleven, Autoplastique, B&T and Clark Hurth, provide examples of companies which have



The five central features, which can be found in the vision-based companies and to a lesser extent in the others, are as follows:

- ❑ dynamic visionary leadership and support by senior management;
- ❑ willingness to risk putting one's faith in the competence of the workforce;
- ❑ existence of an overall framework for the change process;
- ❑ creation of a shared vision based on the implementation of a vertical organisational change programme;
- ❑ development of and commitment to a practical programme.

### **Dynamic visionary leadership and support by senior management**

All of the five companies at level three, classified as "prime movers", had inspiring senior management who adopted a new mind-set concerning the degrees of freedom and control to be exercised by employees. The key driver in the change process was in the first place, the Chief Executive of the company. Heads of the Human Resource Development Department could initiate real change only on condition that they received total backing from the Chief Executive. The significant part played by the Chairman and Directors in initiating change is clearly illustrated in the case of Aluminium Dunkerque, where the new plant was deliberately designed from the start to give prominent roles to front-line production workers.

Manducher illustrates how the close co-operation and trust between the Chief Executive and the newly recruited Personnel Manager facilitated an effective change process. The Senior Management of Sara-Lee reinforced their new company orientation through ensuring that an environment was fostered in which Middle Management (Business Units Managers) felt fully involved in the company's decision-making process. The Autoplastique case illustrates a solution, which many managers may be tempted to adopt - introducing new production and learning techniques within a traditional manage-

ment framework - "putting new wine into old bottles". The result in Autoplastique was an uneasy co-existence of prescriptive "closed" management strategies alongside "open" learning practices. This is not an ideal framework for sustainable development.

### **Willingness to risk putting one's faith in the competence of the workforce**

The willingness to risk depending on the competence of employees, as a key to ensuring the future of the company, is a common feature, which can also be found in the companies effecting real change. The Bord na Móna company illustrates this very well. "Risk taking was a central feature of the new Bord na Móna, with a creative tension between the old control and the new autonomy of the teams. This meant a total culture change for the company, which involved setting up consensus within the groups, carving out their own identity and direction and transferring leadership to teams". Team-based activities were not new to the company - what was new was the focus on, and centrality of teamwork. Even though this risk-taking resulted in a "fragile consensus" with the impact of the new values still reverberating within the company, the strong feeling of the workers after six years was that "there is no going back".

### **Existence of an overall framework (building on traditions and utilising new research findings)**

The change process in most companies took three to four years, from the "start up" phase to the achievement of a significant objective. There are no examples of overnight "re-engineering". The motto summing up the development process therefore was "evolution not revolution". In this long-term context, a soundly based framework is required to keep the project on the right track. This was provided through broad conceptual organisational change models, either developed internally or mediated to the company by external consultant agencies or through participating in National Development Programmes. In this respect, the two German companies Felten & Guilleaume and Audi/VW benefited from their participation in the National "Arbeit und Technik" programme which set out to research and

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***“An outstanding feature of “the overall competence” required by workers in the companies portrayed, is the capacity to understand and handle social/organisational and technological complexity in an integrated manner.”***

develop new qualification models to respond to the introduction of new technology and new forms of work organisation. Aliminium Dunkerque relied on Socio-Technical Design thinking and drew on the theoretical work on “l’Organisation qualifiante” (Learning Organisation) developed by French researchers such as Phillipe Zarifian (1993).

### **Creation of a shared vision based on the implementation of a vertical organisational change programme**

The success of the change process in Bord na Móna can be attributed to the development of “informal understanding and mutual respect” between employees and management. This is the issue, which is at the heart of the notion of implementing a “vertical organisational change” - everybody in the company is involved in a significant way. The notion of creating “shared visions” is crucial in this regard. Sara-Lee focused initially on developing “shared visions” and values on a company-wide basis and within each Business Unit. This created a basis for setting performance standards for individual jobholders who then saw themselves as “partners in business”. The extensive discussions which took place between the Trade Unions and Management in Bord na Móna allowed the company to formulate a shared vision which gave rise to the motto “Teams - Partnership for Progress”. Other methods used to ensure the commitment of everybody in the firm were the utilisation of pilot/experimental projects in the start-up phase and the establishment of cross-functional teams.

### **Commitment to and development of a practical programme**

The attainment of long-term ambitious goals is dependent on paying attention to the methodical and detailed steps, which have to be taken. This entails a commitment to planning, to “follow-through”, implementing and reviewing each stage, as well as allocating sufficient financial and human resources to the overall project. The Human Resource Development Department in Sara Lee received a strong mandate from Senior Management and was therefore allocated sufficient resources to design and implement a radical programme. Similarly in Manducher a person-

nel director was appointed to draw up and supervise the implementation of a long-term programme. Felten & Guillaume and Audi/VW anchored their internal programme to a wider national programme which provided them with practical instruments and tools.

### **New competence requirements and learning strategies used in the companies**

An outstanding feature of “the overall competence” required by workers in the companies portrayed, is the capacity to understand and handle social/organisational and technological complexity in an integrated manner. This kind of worker is able to relate the specific tasks which he/she is engaged in, at any moment in time, to the overall task being carried out by other members of the organisation. This person therefore needs to have a “helicopter” view of the organisation and feel in contact with the different parts of the system. These attributes were traditionally seen as ones which only management required.

### **Competence profiles - integration of different competences**

In line with the integrative frameworks within which workers roles and responsibilities have just been formulated, the profiles of specific competences can best be understood along four interconnected axes. Overall competence can be portrayed as an integration of four different kinds of competences, present to varying degrees, depending on the nature of the company. These are:

- cognitive;
- technological;
- business (entrepreneurial); and
- social (organisational).

Bord na Móna and Sara Lee laid special emphasis on Business and Social Competences. For Bord na Móna this meant, in particular, financial management skills because an “understanding of basic finance was seen as central for the success of the team”. Broad business management skills, such as cost management, forecasting, planning and in particular risk tak-



ing, were also seen as essential. In Sara Lee the emphasis was on employees developing an entrepreneurial spirit - a feeling of "being a partner in the business" - which is manifested through qualities such as initiative and responsibility.

### **Learning processes to develop new competences**

The implementation of a practical learning programme was identified as one of the pillars of a competence-based company. The companies varied considerably in the ways in which they envisaged the steps in an overall development process. Six of the companies decided to implement extensive preliminary training or pilot development programmes. The purpose of preliminary training programmes was to bring people up to a basic level of technological or social skills, so that they could participate in a more specialised work-focused development programme. The emphasis in preliminary programmes was more on individual skills and learning often following a formal pattern. Pilot programmes, on the other hand, had more of an organisational focus and gave companies the chance to try out and refine their proposals before implementing them on a wide scale.

Informal work-based learning approaches played a significant role in at least eight companies. In Audi/VW, for example, special "learning-oriented flexible-manufacturing" cells situated in the real-work environment were used. Learning methods include the use of "cognitive learning strategies" such as "heuristic rules". In Volvo the notion of "workplace pedagogics" refers to learning to think and work in terms of what were termed "cognitive wholes". The informal learning strategy put into operation by Aluminium Dunkerque initially entailed "planned on-the-job learning". Following on from this was a continuous learning programme based on the review of one's performances in "real-work situations". Learning in teams was co-ordinated by middle management staff with the assistance of internal training facilitators and outside consultants. In Felten & Guillaume "learning circles" were the focal point within which individual and group learning needs were identified and training programmes agreed.

"Co-operative learning strategies" were used by Autoplastique. This meant learning in one's project team, where learning was seen as a by-product of team work. One-to-one learning approaches based on a "learning contract" ("contrat de qualification") and coaching ("tutorat") were also used. One of the terms used to describe informal learning in Manducher was "close-to-the-job learning". Experienced workers who were called "multiplicateurs" were designated to carry out individualised training in special training rooms near the workplace. Older (retired) workers also acted as trainers on a part-time basis. The trainers in Clark Hurth identified training needs by means of formal contacts with work groups and informal contacts with individual operators and tuners. Technical work groups were set up under the supervision of the trainers to resolve special problems. With regard to formal learning, Cadbury followed a modular training approach to assist the development of cross-trade technical skills at craft level.

## **Conclusion**

### **Detecting the difference between "espoused theory" and "theory in action"**

Chris Argyris (1978) coined the terms "espoused theory" and "theory in action" to make the distinction between what people say they are doing and what they really do in practice. Reality often does not match the rhetoric. This study affirms this hypothesis. While most of the companies examined described their behaviour as being in line with forms of management giving greater autonomy to employees and supporting learning organisation principles and actions, the reality for three of these companies (displaying an unwillingness to let go of traditional "tight control" management and organisational models) was very different. This was true of many other companies which identified themselves at the beginning of this project as innovative competence-development oriented companies, but on examination did not bear up to the way they described themselves. The framework for evaluating the three different levels of implementation of innovative practices, developed in the course of the

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***“This study has shown how opportunities for radical innovation to respond to modern business needs, which were grasped by some companies, were allowed to slip away by others.”***

project, could be a useful research instrument in evaluating the experiences of companies in general.

### **A variety of pathways to achieve the same goal**

Another interesting conclusion to this study is the variety of pathways which the featured companies took to achieve similar goals. Successful innovation can originate from many different starting points and follow a variety of pathways, that is, providing all of the necessary stages are gone through. This is illustrated by the fact that while three of the companies, Aluminium Dunkerque, Manducher and Volvo introduced new organisational and learning models in a very logical manner, beginning with the adoption of new values and the drawing up of an overall long-term plan, other companies (in particular Bord na Móna) displaying a responsiveness to events occurring within the company – *learning* from them – went on to implement radical solutions entailing major changes in management’s attitude towards the position of employees as stakeholders in the company.

### **The fragility of social (human resource) innovation**

Another concluding reflection on the cases examined in this study, which is linked to the last point above, is the fragility of social or human resource innovation. In the first place, opportunities to implement the innovation process can so easily be lost. This study has shown how opportunities for radical innovation to respond to modern business needs, which were grasped by some companies, were allowed to slip away by others. An interesting example in this regard, not outlined in the study, relates to the Cadbury company. A different Cadbury factory in the same location as the one featured in this study was also the subject of an innovation exercise around the same time. However, the renewal process did not take off there due to a combination of factors, one of them being the inability of that company to move away from its traditional adversarial industrial relations practices. While one company took the opportunity to move forward, its sister company did not. Secondly, the study also shows that social innovations that have taken ages

to build up can be destroyed very quickly. The Volvo case, and to a much lesser degree the other Swedish case, B&T, demonstrated how easily achievements based on enormous commitments and a great deal of work were lost overnight.

### **Competence profiles**

The competence profiles of the employees of the companies featured in this study must be understood primarily in relation to the context of the particular enterprise they were working in, and only secondarily in relation to formal public qualification profiles. Employees were at the same time being shaped by and shaping this context. In the first place, the demands on the company to establish working patterns to enable them to respond to competition in a globalised marketplace determined the kind of competences required of the workforce. Secondly, the need for the company to devise effective “long-term” strategies to respond to, and indeed have an impact on the environment (or anticipate changes in the environment) required individuals to play a part in building the “collective knowledge” or competence of the company and at the same time reshaping/enhancing their own competence profiles. (Nonaka and Takeuchi, 1995).

The knowledge required by employees in the study was, to use the terms of Erault (1997), “personal” as distinct from “propositional” knowledge. According to Erault, propositional knowledge is codified knowledge which is given foundational status by incorporation into publicly recognised qualifications. Personal knowledge on the other hand “is acquired not only through the use of public knowledge but is also constructed from personal experience and reflection. It includes propositional knowledge along with procedural and process knowledge, tacit knowledge, and experiential knowledge in episodic memory. This allows for representations of competence, capability or experience in which the use of skills and propositional knowledge are closely integrated.” (Erault, 1997). This distinguishes an experienced-worker (an *expert* with personal knowledge) from the beginner-worker (a *novice* possessing in the main propositional knowledge). (Dreyfus and Dreyfus, 1986.)





## How learning took place

In the light of the last point above, it is not surprising that the predominant learning approach used within the companies was situation-based learning. Although all of this learning is grouped together under the heading of “informal learning” in this article, it would be a mistake to see this as haphazard or unplanned learning, (although there is a certain truth in the statement that the best way to improve learning in a company might be to change the organisational culture and then the learning would look after itself).

The key feature of the learning approaches of the visionary companies studied, was the planned provision of opportunities for collective and individual reflection on ways in which the company could improve its performance, benefiting in the long run both the company and the individuals working there. In many cases these reflections led to focused on-the-job learning solutions based on “the reflection-based learning cycle” with, for example, an expert assisting a less experienced person to learn, but it also included the introduction of formal learning (training) programmes where appropriate. The reason why the predominant learning approach in the companies is called “informal learning” is to highlight the importance placed on “contextual learning”, that is learning embedded in the working process of the company as distinct from formal context-free knowledge. (While on the one hand much of this knowledge could be seen as, what is referred to as company-specific knowledge, not having any benefit to the individuals in a personal career development sense, it is also true that this learning did provide individuals with “personal knowledge” in the sense of Erault (or “core/key competences”) which built up their specific occupational and general competences and promoted their “employability” in modern labour markets

## European values and traditions

While the companies examined, illustrated the changing but continuing influence of European industrial and human resource values and policies in the business world to-day, there are also clear signs that globalisation trends are challenging these

values. Sparrow and Hiltrop (1994) identified six features of continental European human resource management traditions which distinguish Europe from the USA. In Europe, according to these authors, there tends to be:

- more restricted employer autonomy;
- less stress on free-market processes;
- less emphasis on the individual with more on the group;
- greater focus on workers rather than management;
- increased role of ‘social partners’ in the employment relationship;
- higher levels of government intervention or support in many areas of human resource management.

Most of the above features, can be found to a greater or lesser extent in the companies examined which placed a strong emphasis on “high skill-level workers” as the backbone of the enterprise. An important role was also assigned to collective trade union representation and the influence of national government support frameworks, be they financial and/or advisory, could be seen in many cases. Although the European emphasis on creating macro-societal frameworks to promote social cohesion by means of government industrial and social regulations, including the importance of social partnership and the protection of individuals rights, were not explicitly discussed in any level of detail in the study, they are underlying the daily life of most of the companies examined.

Nevertheless, it is also clear that global free market competition is strongly challenging European (more specifically continental and Nordic) work-related values. In this regard, globalisation is pressuring all companies, that wish to compete in world markets - and all markets are becoming global more and more - to devise similar “state of the art” organisational structures based on the concepts of efficiency and flexibility, for example “world class manufacturing”. The development of flexible workers is, in many cases, a direct challenge to the notion of “profession” or “occupation” (giving people an “identity” or “role and characterised by traditions, standards, values and membership of a professional group) which is broader than and different to, the com-

***“(…) it is (…) clear that global free market competition is strongly challenging European (…) work-related values. In this regard, globalisation is pressuring all companies, that wish to compete in world markets - and all markets are becoming global more and more - to devise similar ‘state of the art’ organisational structures based on the concepts of efficiency and flexibility, for example ‘world class manufacturing’. The development of flexible workers is, in many cases, a direct challenge to the notion of ‘profession’ or ‘occupation’(…)”***



***“The challenge for European players (...) in the industrial, business and vocational education and training areas is to find a way to modernise companies so as they can compete in the global market while at the same time not lose sight of local, national and European “societal” values and goals which provide continuity and stability.”***

pany role. A short-term and too lopsided view of the business dimension noticeable in the competence profile of workers can have a negative impact on overall professionalism in the above sense.

In terms of competence profiles, the European way (professional/occupational identity approach), can be seen as situated midway between the *individualistic “job” orientation* of the USA (project-based and in line with a flexible unregulated labour market) and the *corporatist/company/job for life perspective* of Japan (in line with the notion of the clan, family or cohesive group and based on the internal flexibility of the company). The challenge for European players (social partners, enterprises and government) in the industrial, business and vocational education and training areas is to find a way to modernise companies so as they can compete in the global market while at the same time not lose sight of local, national and European “societal” values and goals which provide continuity and stability.

Some specific issues facing human competence and business development in Europe raised in this article and deserving of further study are as follows:

□ the creation of frameworks bringing together the human resource development (HRD) business orientation (in particular the humanistic HRD schools) with the

vocational education and training (VET) professional identity and personal development perspective;

□ building coherent “holistic” professional/occupational profiles (new professions/occupations) - including business and societal perspectives - which are flexible (broad enough and deep enough) to deal with globalisation and which have an in-built predisposition towards lifelong learning (employability);

□ designing learning strategies and curricula which can address the above;

□ designing accreditation systems which provide frameworks for interpreting the above competence profiles, incorporating the “personal knowledge” (Erault *op cit.*) or “core/key competences” acquired and so allowing for transferability to other contexts;

□ development of training professionals who can carry out their new roles as facilitators of learning within the context of learning organisations where the line management has responsibility for ensuring that learning takes place;

□ examining ways in which trade unions find their role in the new modernised organisation finding a balance between individual and collective representation methods.

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# Mobility as a learning process

**Mobility has been an issue on the agenda of European co-operation since the very beginning. The Treaty of Rome (1957) posits the free movement of persons as one of the cornerstones of European development. The aim being to bring about economic growth by creating a flexible workforce of "migrant workers" who could roam freely across Europe. However, the efforts invested into the creation of a workforce of migrant workers never paid off migratory movements remained consistently low throughout the 60s, 70s and 80s. With the new EU mobility programmes mobility is use not in a labour market/migration framework, but set in an education and training context as a pedagogical tool to foster the acquisition of a set of skills which have in the course of the last two decades come to be perceived as being of paramount importance.**

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## Introduction

"Mobility" is a frequently heard word in the debate about vocational education and training in Europe. All concerned parties - from the European Commission to the national governments and the social partners - are agreed on the need to promote mobility within the framework of EU education and training programmes, and this European consensus is also reflected at national level, where many Member States make strong efforts to integrate transnational mobility in their vocational education and training systems.

This article seeks to trace the development of mobility in the context of European co-operation and describe its function and try to give a picture of the present "state of the art" in the field.

## From "migration" to "mobility"

Mobility has been an issue on the agenda of European co-operation since the very beginning. The Treaty of Rome (1957) posits the free movement of persons as one of the cornerstones of European development, together with freedom of movement for goods, capital and services, and makes a number of concrete provisions, in Articles 49-51, for bringing this about, namely:

- the abolition of all technical barriers to the free movement of workers in Europe;
- the setting up of a European network of national labour market authorities to facilitate job search across borders; and

- the creation of a special exchange programme for young workers.

The free movement of persons is clearly inscribed in a labour market context, and the actual word used to designate this is "migration"; the aim being to bring about economic growth by creating a flexible workforce of "migrant workers" who could roam freely across Europe, much after the model of the USA. During the 60s and the 70s the actions proposed in the treaty were translated into action: legal and administrative barriers were dismantled, the SEDOC (now EURES) network for European job search was introduced, and as of 1964 the "Young Workers' Exchange Programme" (albeit on a modest scale) began shifting young workers across borders on placement projects to give them a taste of living and working in other Member States than their own.

With the advantage of hindsight, however, we can conclude that the efforts invested into the creation of a workforce of migrant workers never paid off, and the actual figures for the migratory movements remained consistently low throughout the 60s, 70s and 80s. There are other, more formidable barriers than the legal and administrative ones. Moreover, it became evident that the negative aspects of migration in terms of a "brain-drain" of already depressed areas and social and infrastructural problems in target areas may actually counterbalance its benefits. Most importantly, however, it was realised that migration was not even necessary after all as a regulatory mechanism for the economy and labour market. The free movement of goods and capital coupled with the technological development has made it much easier to move production to where the conditions (including skills and salary levels of the work force)



are the most favourable instead of the other way round. The development in the Republic of Ireland affords an apt illustration of this.

The "Young Workers' Exchange Programme" - in fact the first mobility programme - remains alone on the scene for nearly 25 years, until it was suddenly joined by a spate of mobility programmes from the late 80s and onwards. The name of these are by now almost household bywords on the European scene: Erasmus (1987), Comett (1989), Petra II (1992), Lingua (1990), Youth for Europe (1990), Leonardo (1995) and Socrates (1995). Even though the "Young Workers' Exchange Programme" was incorporated in these programmes (first as a part of Petra II, later as an action under the Leonardo-programme), there is no line of continuity between the old programme and the new generations. Given the limited importance now attached to labour market mobility, and given the rather poor results achieved in terms of actual migratory movements, it would make little sense to invest further in mobility programmes as a preparation for a later existence as a migrant worker. The new programmes represent a new line of thinking on mobility.

## Mobility as a learning process

What we see with the new EU mobility programmes and with a number of similar initiatives on national level is something different. Mobility is employed here not in a labour market/migration framework, but set in an education and training context as a pedagogical tool to foster the acquisition of a set of skills which have in the course of the last two decades come to be perceived as being of paramount importance. These are:

- foreign language skills
- intercultural (or "transcultural") skills
- transversal skills (or "key qualifications")

The need for these skills reflects a situation where the economies of Europe and indeed the world are converging and be-

coming inseparably intertwined; where import/export relations play a crucial role in nearly every sector of the economy; where enterprises become multinational and where transnational mergers, acquisitions, relocations and joint ventures are the order of the day. Workers need not migrate in search of work, but they must be "virtually mobile": even though they remain in their own country, the execution of their tasks will demand from them that they are able to communicate with people from other countries and cultures and to interact with them in a constructive and meaningful way despite differences in outlook and values. Moreover, the rapid development in technology and work organisation has created a situation where concrete, vocational skills may become obsolete almost overnight, and where the so called transversal skills - like adaptability, independence, creativity, the ability to take an initiative etc. - have come to assume an increasingly crucial role.

That these skills can be acquired in a mobility project is most easily explained for foreign language competence where it is obvious that a total immersion in a foreign language environment will bring so much more than any other form of learning; both in term of actual proficiency and motivation for further learning. The same goes for intercultural/transcultural skills, which we may define as the ability to interact constructively with people of a different cultural background on the basis of a perception of differences and similarities in values and attitudes. The American sociologist M. Meyer has described the learning process by defining 3 levels of cultural competency, starting at the base level ("monocultural"), where everything is seen and judged according to one's own background. The second level ("intercultural") is one where a person can identify and explain cultural differences because of a specific knowledge he has acquired, either through personal experience or from other sources. On the third level - which Meyer calls the "transcultural" level - the person has achieved an awareness of cultural differences and their implications that he can bring to bear on any situation and that is not tied to a specific knowledge of one or two cultures.

Concerning the transversal skills, the argumentation is a little more difficult to

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***“Several factors combine to determine the outcome of the learning process - or rather processes - in a mobility project. Firstly, of course, time plays an important role. (...) Secondly, the degree of interaction with the people and culture of the host country is significant. (...) Thirdly, some psychologists would argue that the age of the participant plays a role, as the nature of and the capacity for skills acquisition change with age.*”**

pursue “en bloc” since so many different competences are subsumed under this heading. Generally speaking, however, we may assume that the fact that a person is thrust into a foreign environment where he will have to cope more or less on his own with different ways of doing things will stimulate the development of such competences as independence, adaptability, creativity etc. Taken out of his normal education and training context, the person will to a greater or smaller extent have to be responsible for organising their own learning process, which in turn develops a capacity for self-evaluation, the ability to take initiatives etc.

To these three aspects of the learning process in a mobility project we may, of course, add a fourth which is concerned with the acquisition of “hard” skills and knowledge directly related to the vocational course the participant is pursuing: the cook may learn new dishes and ways of preparing food, the car mechanic may do a placement in the factory where the cars he is repairing are produced etc. There is a direct line from this to the times before the advent of the printed and audiovisual media, where the mobility of persons was the major vehicle for the transferral of technology. In medieval times, the guilds in many areas allowed no artisan to set himself up as a master craftsman inside his field until he had travelled and worked abroad (hence the term “journeyman”) for a prescribed period of time acquiring new skills and expertise that he could put to use in the community.

### **The organisation of the learning process**

Several factors combine to determine the outcome of the learning process - or rather processes - in a mobility project. Firstly, of course, *time* plays an important role. The longer the stay, the greater the outcome in terms of linguistic, cultural and transversal qualifications. *Secondly, the degree of interaction with the people and culture of the host country* is significant. If a participant is together with a group of his compatriots for most of the time during a placement, the learning process will obviously be less effective. Thirdly, some psychologists would argue that the

*age of the participant* plays a role, as the nature of and the capacity for skills acquisition change with age.

In any given vocational education and training context, these absolutes must necessarily be related to a reality where both the system and the composition of the target group as well as the available finances put limitations on what is practically feasible. Due to the differences in curriculum of training courses within Europe, most mobility projects in a vocational education and training context are organised as placements in enterprises. At the time of writing, Denmark is the only EU Member State where it is possible to recognise long-term (more than 3 months) placements abroad as an integral part of initial vocational training; in most other Member States the system allows for stays of a maximum duration of 3-4 weeks only, and any longer stay will have to be organised outside of the framework of the course. Further constraints are offered by the target group itself (not all young people are willing to or capable of embarking on a long-term individual placement project), and by financial and practical problems (lack of placements, accommodation etc.).

But above all the investment in terms of time and effort in a mobility project is determined by its value in relation to the overall framework in which it is placed; the training course and/or the career path the participant is following. A good mobility project is not a given thing; the quality depends on what goals have been set for the outcome of the learning process. In the case of the early exchanges under the “Young Workers’ Exchange programme” created under the Treaty of Rome, the main quality criteria was the very broad one of giving the participants a first-hand experience of living and working in another Member State. In the case of the young person doing an apprenticeship course as a forwarding and shipping agent who decides to do a 6-month placement in an enterprise abroad as an integrated part of their course, a set of very specific quality criteria must necessarily be set up, reflecting both the demands in terms of vocational training made by his course and the desired learning process in relation to linguistic, intercultural and transversal skills.



## The question of quality assurance

The quality assurance of the learning process in a mobility process has two dimensions. One is concerned with the individual participant and the preconditions for successful stay, the other with the actual learning process itself.

The personal aspects of the issue of quality assurance deals with the problems of ensuring that a participant is properly motivated, selected and prepared for the project. Motivation is especially important for the participants for whom the idea of a transnational experience does not come naturally. Selection is equally important as every mobility project risks to backfire and produce exactly the opposite results of those desired if the participant does not have what it takes to tackle the challenges in the concrete project and returns prematurely. Preparation is a more complex procedure which can be broken up into five basic components:

- linguistic preparation;
- cultural preparation;
- vocational preparation (differences and similarities between training courses and their application to the labour market in home and host country);
- practical preparation (social security, accommodation, dealing with authorities etc.); and
- personal (or psychological) preparation.

The personal psychological preparation is intended to help the participant cope with the crises that are experienced by nearly all participants in transnational mobility projects: feelings of loneliness, inadequacy, homesickness etc.

Quality assurance of the actual learning process is a more complicated task. In terms of the linguistic and intercultural learning process, this translates into ensuring the maximum exposure to the people and the culture of the host country that is possible within the framework of the project and that the participant can

cope with. In the case of the work placement, this means that participants are integrated in the work processes of the host company to the fullest extent possible and given challenging and worthwhile tasks - and not placed in a corner to fend for themselves with dull and uninspiring chores; or, even worse, restricted to hovering about in the periphery, peering over the shoulders of busy colleagues, anxious not to get in their way. This is rather a lot to demand of a host company which in the first place is under no legal obligation to provide a placement for a foreign apprentice/student/worker, and more often than not is busy enough as it is. Precise and adequate information to the host company on participants, their background, qualifications and the learning process they are expected to undergo in the course of the placement is therefore essential. Equally essential is precise information to the participant about the profile of the host company and the work processes they are expected to participate in. In the cases where there is a concrete and defined vocational aim with the placement - e.g. when it forms a recognised part of a vocational education and training course - the demands in terms of training must be meticulously described in a way that makes sense to the trainers - or those responsible for the training of the participant - in the host company, and provisions must be made to ensure that it is actually delivered.

Much of this may very well be described with reference to industrial quality assurance standards (ISO 9000, EFQM), but this is a procedure that is as yet almost wholly unexplored.

## The pedagogics of mobility

Mobility in the context of a learning process is not a new thing. In the examples of the "travelling journeymen" from medieval times and of exchanges of university students we find a tradition of transnational mobility in a learning context that is almost equally ancient. In both these traditions, however - and also in the one that was underlying the original "Young Workers' Exchange Programme" - the emphasis is different from the majority of

***"The quality assurance of the learning process in a mobility process has two dimensions. One is concerned with the individual participant and the preconditions for successful stay, the other with the actual learning process itself."***

***"Mobility in the context of a learning process is not a new thing. In the examples of the "travelling journeymen" from medieval times and of exchanges of university students we find a tradition of transnational mobility in a learning context that is almost equally ancient. In both these traditions, however (...)The acquisition of linguistic, intercultural and transversal skills was an "added value"; a circumstantial - if valuable - result of the experience. But what was previously peripheral has now moved to the centre of the issue, and this necessitates a different approach."***





the mobility projects undertaken now. For the university students and the travelling journeymen, the aim was the acquisition of a set of relatively well-defined academic or vocational skills that were different from those in the home country, and for the young workers of the 60s and 70s the success criteria were the mere experience of living and working in another Member State. The acquisition of linguistic, intercultural and transversal skills was an "added value"; a circumstantial - if valuable - result of the experience. But what was previously peripheral has now moved to the centre of the issue, and this necessitates a different approach.

Intercultural and transversal skills, so the experts agree, cannot be taught in the traditional way - they have to be learned by the individual in a special environment that is especially conducive to their acquisition - which could be a placement project in another country. The pedagogy implied in this is one where participants must assume responsibility for their own

learning process, but this is not the same as to say that it will happen by itself if only we manage to shift as many young people as possible across the borders and get them back alive again after a certain period of time. Unfortunately, the knowledge of how to organise the learning process in the framework of a mobility project - what we may call the pedagogics of mobility - is still scattered and unsystematic, and requires plenty of dedicated research and development. Especially the question of how we can extend this pedagogical tool to those groups to whom mobility holds no instant appeal needs to be further explored.

The task of developing and implementing this is one that involves cross-border co-operation as an absolute imperative. It cannot be solved by one Member State in isolation. There is both a sending and a receiving end in a mobility project, and both carry equal importance when it comes to ensuring a structured and coherent learning process.

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# Foreign language instruction, vocational training and location securing

## Language skills and vocational training

The heading to this paper manages very cleverly to bring together two favourite subjects of European decision makers. Improving communication skills in modern foreign languages has been described for many years by EU institutions, experts and political stakeholders in the Member States as a field for forward-looking action, and vocational training has attracted even greater attention. The institutions in Thessaloniki and Turin, a wide range of Community publications, the promotion of a diverse number of initiatives and, last but not least, the so-called 'European Year of Lifelong Learning' (1996)<sup>1</sup> all testify to the active interest shown in this area; something which cannot be said of every area of policy.

The fact that the linking of these two catch phrases - vocational training and language skills - makes sense is underlined in particular by arguments from the so-called location debate, hence from a series of experiences, considerations and future expectations concerning the global competitiveness of European providers. All the same, innumerable publications, conferences and fundamental statements cannot hide that the situation in respect of *the practical, concrete, usable, language skills* of European workers is by no means so rosy. In this paper we wish to examine the individual functions of language skills and their importance in connection with vocational training, particularly from the angle of quality-oriented human resources management. Furthermore, discussion will focus on which priorities

emerge particularly against the backdrop of the specific European problems.

In this context language skills are key skills in the sense of the famous definition by Dieter Mertens (1991): they are the foundation for other, more specific skills and competences and are relatively long-lasting educational baggage - they scarcely become outdated (Bunk, 1994; Hutmacher, 1997). Hence, in theory at least they take on enormous educational importance, a factor which is often mentioned in fundamental declarations and documents both at national and European level.

## The relevance of foreign language instruction in vocational training policy

### Language skills are key skills

Following the example of Mertens (1991, p.560) we wish to stress that the skills problem is very closely linked to the specific structure of modern societies and their labour markets. The complex and dynamic nature of these late or post-industrial societies calls for diversified learning in order for people to be able to develop their own personality whilst at the same time guaranteeing their occupational survival and participation in social life.

Organised education must, therefore, become a broader and more interlinked than it has been so far. At the same time, it must keep pace with the speed at which its subject contents become outdated. As a consequence not least of the disappear-

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**Language skills are the foundation for other more specific skills and competences and are relatively long-lasting educational baggage - they scarcely become outdated. Hence, in theory at least they take on enormous educational importance, a factor which is often mentioned in fundamental declarations and documents both on the national and on the European level. This article aims to encourage increased reflection on the vocational training and economic importance of language instruction.**

1) What should be stressed in this context is that education still comes under the responsibility of the Member States. According to the prevailing opinion, this is of particular importance when applying the principle of subsidiarity since the Maastricht Treaty. The Community will, therefore, only act in order to collect and distribute information, give advice, etc.



***“(...) Language skills (...) are (...) core skills of a very special kind (...)”***

ance of traditional occupations and life-long employment relationships but also as a consequence of technological progress, the aim is now to impart ‘key skills’ which are in demand for lengthy periods in many branches (Mertens, 1991, pp. 567-570):

□ **‘Basic skills’**: they permit the acquisition of other educational contents (key: learning to learn)

□ **‘Horizontal skills’**: they permit the efficient use of so-called information horizons

□ **‘Broadly based elements’**: they are *not* qualitatively different from other skills; what is special about them is that they are in demand in wide areas of the world of work

□ **‘Vintage factors’**: they help to overcome inter-generation educational differences (which arise as a consequence of the curriculum changing from generation to generation).

If we then use that list to examine what language skills are good for, the astonishing finding is that not only are they key skills but also key skills of a very special kind. When they are fully developed and widely applicable, they serve all four functions mentioned above. Mertens’ model is particularly interesting in a Europe which is growing together (or wishes to grow together) since the question of labour mobility is constantly under discussion, be it in general terms the mobility of university graduates (List, 1997) or that of a specific occupational group, e.g. social workers (Reimavuo, 1997). Furthermore, worker migration in border regions, including the so-called ‘Euregios’ such as greater region Saar-Lor-Lux-East Belgium (Magère et al., 1998) furnishes implicit evidence of the accuracy of the Mertens model.

### **Language ability is more than a skill - it constitutes a holistic competence**

Language ability and skills are not just competences of a special kind (or several competences at the same time). They are more than that since they enable the individual to undertake social action in a special way and hence they belong not

just to the cognitive but also to the social (and in some cases emotional) skills. They are extensive competences. In order to grasp the importance of this observation, we have to look to the past. Bunk (1994, pp. 9-11) distinguishes between the following paradigms of vocational training which follow in each other’s footsteps.

From the turn of the century up to the educational debate in the 1960s, discussion generally focused on **‘occupational ability’**: what was important was being able to carry out specific tasks. In the early 1970s the Deutsche Bildungsrat (German Education Council - the backbone of the education reform so to speak, J.K.) then introduced the concept of **‘skill’** which is based on integrated learning processes and a greater ability of the individual and has the same conceptual background as was the case with Dieter Mertens. The concept of **‘competence’** gradually came into use in the 1980s. The prerequisite is that self-determination and de-specialisation should prevail not only in the learning but also in the ensuing work phase since ‘work and production improvements can no longer be achieved in an optimum manner by management alone’ (op.cit., p.10).

Although the paradigm of skill is still frequently used, the term ‘competence’ seems to have taken over. The fact that these terms are used in a highly synonymous manner in non-scientific debate, draws attention to a completely different problem: i.e. the terms have not undergone any major social dissemination. In particular the self-determination aspects of the term competence do not belong as a rule to the occupational daily life of most people. Soap-box lectures by the social partners, governments and Community bodies cannot change this any more than can analyses by academic circles.

The field of skills is a broad one, as demonstrated by Bunk (1994, p.11). He distinguishes between technical, methodological, social and co-determination skills which, when taken together, constitute a broadly based competence. As we could see in the discussion of the terms used by Mertens (1991), it becomes clear here too that language skills actually fit into all these categories.



### **Language ability as a European key skill**

In recent years there has been much speculation about which skills will be required on a large scale as a consequence of the actual integration of Europe in political, economic and human terms. Hutmacher (1997) has summed up, from a recent perspective, the most important thoughts, arguments and skill catalogues from current discussions.

With respect to Europe, the skills are spread over the spectrum of competences already mentioned above. Again it is clear, without requiring any previous knowledge, that languages figure amongst the particularly European relevant skills and competences. This fact has been stressed frequently enough by the official spokesmen.

### **Foreign language learning - a shortcoming of industrial nations**

#### **Pseudo-economic language minimalism and a low regard for general education**

Given the actual situation, any consideration of skills and competences must always distinguish between formal and material skills and competences. The fact that instruction is given, marks and certificates awarded is no guarantee that the trainees will then be able to apply what they have learned. According to traditional education theories still upheld today, **general education** aims (actually based on Greek antiquity) to improve, intensify and socialise the individual; the justification for this effort lies within the individual himself. **Special education** or vocational education, by contrast, aims to impart to the individual various, supposedly useful, skills which he can use when and if he finds himself in a production situation; the justification lies outside the individual.

This dichotomy is also known to foreign language didactics, as mentioned for example in the journal *Fachsprache*. However, many findings, e.g. from psycholinguistic research (catchword: learning a foreign language at an early age)

(Dondelinger & Wengler, 1995; Hawson, 1996; Pattanayak, 1995; Titone, 1989, 1997) indicate that the learning process can only be optimised if both aspects are taken into account at the same time: the individual aspect of general education, and the collective aspect of special education. This throws up major challenges for foreign language instruction and foreign language teacher training (Calliabetso-Coraca, 1996; Candelier, 1996; Zydatis, 1998a). Consequently, it makes no sense to focus on personal development and neglect learning oriented towards the labour market, nor does it make sense to push marketability at the expense of learning cultural elements of a general nature.

This is not exactly what happens in the European education system but it is not far from the truth: knowledge and skills relevant to the labour market have a higher status for employees, trainees, pupils and parents (only teachers and trainers seem in this context to sometimes go against the prevailing trend). General education is deemed to be comparatively uninteresting. However, our current state of knowledge belies the assumption that human intelligence can be increased through greater specialisation or the neglect of knowledge and skills alien to that specialisation. Around the turn of the century Sir Arthur Conan Doyle could have his arch positivist, Sherlock Holmes, whose knowledge of astronomy Dr Watson had just tried to improve, say that he would endeavour to forget what he had just learned as fast as possible. Holmes - who is mentioned here not as a scientist but as the literary manifestation of a *Zeitgeist* with a blind trust in natural science - firmly believed that any outside knowledge would impede his technical work<sup>2</sup>. But this opinion is even more misleading today both in human and economic terms than it was in the 19th century.

#### **Foreign language instruction and foreign language skills: Europe against the global backdrop**

It is an unpleasant but unavoidable truth: Europeans are not particularly good at speaking foreign languages. Although they are perhaps better than people in the USA and Japan, the normal yardstick

<sup>2</sup>) A Study in Scarlet, Part I, Chapter 2



***“It is an unpleasant but unavoidable truth: Europeans are not particularly good at speaking foreign languages.(...) The reason is, ironically, that Europe is made up of industrial nations.(...) In the industrialised world the collective efforts put into education tend to be considerable (...), however the individual skills acquired are rather limited. In developing countries the reverse is the case.”***

***“Multilingual people learn more easily, they are adaptable and flexible - all of them parameters which are important for employers.”***

for us, the gap between the very modest skills to be found in Europe and those in the so-called ‘Third World’ is very wide and Europe comes off worse. The reason is, ironically, that Europe is made up of industrial nations. This is a phenomenon which can be observed around the globe.

□ In the industrialised world the collective efforts put into education tend to be considerable (several years instruction, large financial investment, generous infrastructure including human resources), however the individual skills acquired are rather limited.

□ In the developing countries the reverse is the case. Here the comparison is relative: it does not necessarily mean that, taken as a whole, the education results there are more impressive than in the industrialised countries. Of course, it is often the case that they have far smaller educational systems, which means that the cost-benefit ratio looks much better. In fact, as far as foreign languages are concerned, the skills of people in developing countries are in some cases very good. However, this is often not due to formal, institutionalised learning.

Many developing countries, particularly in Africa, owe their high level of language skills to a large degree of social linguistic diversity, which people react to individually by learning foreign languages. According to Ouane (1995b, p.417) the principle of multi-lingualism implies giving priority to one or a few languages for communication purposes ‘without abandoning the others’<sup>3</sup>. No matter how difficult this principle is to implement, it is very important from the cultural-political angle and in terms of a quality-oriented human resources policy. Multilingual people learn more easily; they are adaptable and flexible - all of which are important criteria for employers. The economic value of (individual and collective) multi-lingualism is no less than the non-commercial value. People who live in bi-, tri- and multi-lingual regions constitute a special type of human potential. For example, the Grand Duchy of Luxembourg is home to a large number of international call centres since most people in the country and residents in the neighbouring areas speak several languages - really speak several languages because in multi-lingual

regions language skills are put to the test every day.

The average human being is quite capable of learning a number of languages. However, this fact is normally ignored in industrial nations. By way of comparison, people from African subsistence societies, who in some cases only partly use the written word - and therefore have to think through complicated work processes in their minds - have in many cases proved to be excellent programmers. They almost always come from multi-lingual regions. One could even postulate that the ability to speak several languages creates a certain type of employee.

Expert circles have long known that foreign language instruction is valuable not least in respect of the development of abstract thinking. Amongst the general public, by contrast, the reverse minimalist-economic maxim seems to prevail: as if it would make more sense in terms of human resources and economics to attune the human brain to only one language. There are enough examples, for instance the association ‘USA English’, and the numerous legislative initiatives in recent years on the US federal state level - the so-called ‘English only laws’ (King, 1997, p.64). However, for at least two reasons linguistic-economic minimalism is fundamentally wrong: firstly it does not correspond to human nature, and secondly it is based on a banal economic simplification: productivity is not increased by allowing human planning, production and marketing capital to degenerate by treating it in a trivial manner.

But let us first examine the reality in the world today since it shows that monolingualism is not the norm as stakeholders such as ‘USA English’ and many non-political people in daily life would have us believe. People seem to have forgotten that humans have a natural capacity for several languages since in 18th and 19th century Europe a handful of languages were raised to the status of so-called national languages. The prosperity of a State was logically linked to the dominance of one or a few languages. Since, however, private economic thinking patterns dominate politics more than national romantic ones, the argument has been reversed. The plea for language downsizing aims

3) ‘The choice of languages implies giving priority to some without rejecting the others.’



not to guarantee the survival of the nation but its competitiveness, or multi-lingualism in the education system is rejected or simply not taken seriously. The majority, unfortunately also amongst experts, tends towards minimalistic thinking. Even the renowned linguistic scientist, André Martinet, could be faulted on this by claiming, 'in Europe we strive for multi-lingualism whereas the people in Cameroon and elsewhere suffer from multi-lingualism'<sup>4</sup>.

Martinet's attitude has little to do with reality. The foundations of the EU are not particularly multi-lingual (the fact that the Community bodies are is not terribly relevant). Most Member States only have one official language and most people scarcely speak more than their native tongue despite all the language instruction given (cf. the figures in Spillner, 1996). On the other hand, it is somewhat risky to claim that the 'Third World' suffered from its multi-lingualism. The Indian educational expert, Nina Rao, is of a completely different opinion when she says of her own country, 'In the old days people didn't learn languages, but they communicated' (Kornbeck, 1997, p.393). As Batley et al. (1993, p.1) observed in their UNESCO report, in statistical terms multi-lingualism is the normal condition of the human race. Expressed in terms of political power in the accounts by Ouane (1995b, p.413)<sup>5</sup> and Pattanayak (1995, p.37)<sup>6</sup>, it means that specific political forces have imposed linguistic reduction on the general population. No matter how much we try to ward off simplifications of this kind, it is in essence correct that the speaking of a small number of languages, in industrial nations too, can be attributed to the political suppression of less influential languages and dialects.

### **Production and educational economic aspects**

In countries in the so-called 'Third World' multi-lingualism is often an accidental development. Nobody has introduced it. Surprisingly, however, millions of illiterate or semi-literate human beings learn several languages. Their learning potential is considerable and is sharpened even more by the fact that they are forced to learn foreign languages and may not rely on all the aids made available to people in industrialised countries. What is more, they

manage to do it largely without receiving any organised instruction. This should be borne in mind in the current debate in several EU Member States about the difficult situation in foreign language instruction and the training of foreign language teachers (Calliabetosou-Coraca, 1996; Zydatis, 1998a, 1998b). From the global perspective, the efforts of industrial nations are inefficient, expensive and unpopular. The major investment in instruction does not lead to any impressive results.

The minimalism already mentioned is often motivated by economic considerations which can be attributed rather to a lack of knowledge. In this connection we can reflect on whether the marginalism of the business sciences has trivialised our understanding of the creation of value and added value. A business science which only recognises economic parameters in the narrower sense and mainly focuses on economic limits, completely ignores the complex nature of social interaction. It cancels itself out since it automatically works with quantitatively and qualitatively limited material. Marcuse's famous theory (1964) of 'uni-dimensional human beings' states that the combination of democracy and capitalism in all areas of public life only leaves room for the economic dimension of an issue. This thought is particularly interesting when it is applied to the economy itself: a business science based on economics merely uses itself as the reference system and is, therefore, without meaning. An excellent example of this is the subject under discussion: a critique of multi-lingualism from the viewpoint of the economics of education. Gowen (1996, p.11) expresses this in a more radical manner, '[in the] post-industrial, lean and mean workplace (...) high performance, total quality and continuous quality improvement have replaced Taylorism and Fordism'.

## **Which occupational language policy for Europe?**

### **Interim consideration**

Against the backdrop of this education emergency it makes sense for language instruction to be intensified. On the one hand as cultural instruction (general edu-

***"From the global perspective, the efforts of industrial nations are inefficient, expensive and unpopular. The major investment in instruction does not lead to any impressive results."***

***"Against the backdrop of this education emergency it makes sense for language instruction to be intensified. On the one hand as cultural instruction (general education) and on the other in order to strengthen human capital (special education). What should not be forgotten here is the role of foreign language instruction in enhancing tolerance (...)"***

4) 'I, for myself, sometimes misused the term 'multilingualism' to talk about an education goal which all European countries should adopt. In an interview, for example, in the newspaper *Le Monde* of 27 April 1989 on the 'États Généraux des langues', which we organised in Paris. This prompted a very polite letter from Professor André Martinet who wished 'to draw [my] attention to a point of vocabulary of importance [to him]'. His fully justified criticism was summed up in one very convincing sentence, "In Europe, we aim for plurilingualism whereas in Cameroon they suffer from multilingualism".' (Girard, 1996, p. 12)

5) 'Multilingualism is the natural order of things whereas monolingualism corresponds to a political and educational construct imposed as the linguistic ideal. Countries are multilingual but in many cases politics is monolingual.'

6) 'The world is multilingual (...) but (...) the viability and efficiency of mother tongues are always challenged by the direction taken by the dominant countries.'



***“First it is a matter of training future language teachers in a different manner which is closer to practice and less academic.”***

***“(...) language barriers are of major importance particularly on the labour market because the meaning of a specific term is far more precise in technical language than in general language.(...) good language instruction (...) increases their mobility on the European labour market.”***

cation) and on the other in order to strengthen human capital (special education). What should not be forgotten here is the role of foreign language instruction in enhancing tolerance, which is well known and which is regularly mentioned.

All the same, it would be fatal to reduce the solution to the problem to making available more teachers, more hours and more funds. The problem facing Europe (and industrial nations as a whole) is not that no language instruction is given but far more that, as demonstrated above, the wrong instruction is given. For far too long this area has been governed by the motto ‘more of the same’ with very negative consequences. For that reason some proposals should be made as to how language instruction in Europe could be brought more into line with the needs of the labour market whilst at the same time adhering to the traditional, general educational orientation of these subjects.

#### **Reform of language instruction and language teacher training**

First it is a matter of training future language teachers in a different manner which is closer to practice and less academic. The discrepancies between a German State examination or a French *agrégation* on the one hand, and the reality of the teaching profession on the other, are unacceptably large. It is recognised at least in theory that country-specific aspects should be given an important place in teacher training. Calliabetou-Coraca (1996), however, calls for half of the curriculum of this type of course to be devoted to social and cultural subjects. This would only leave the other half for the traditional language and literature teacher training. What is even more sensitive is the claim of a think tank commissioned by three large associations that teacher training suffers not just from its contents (cf. Calliabetou) but also from its scientific form (Zydati, 1998a). This is explosive stuff, but it may perhaps remind us of a hypothesis by Mertens dating back 25 years (1991, p.654), who claims that the speed at which training contents became obsolete correlated in a positive manner with their own proximity to practice and negatively with their degree of abstraction.

Technical language research, which has been working very close to practice for a long time, offers inspiration for all areas of foreign language teaching, education and planning. And as demonstrated by Spillner (1996), the terms used in vocational training are so full of traps that the competent handling of this instruction can determine to a large degree the advantages and disadvantages of a business location (cf. Kasten).

#### **Strengthening the position of language instruction in vocational training**

As Spillner (1996) has demonstrated, language barriers are of major importance particularly on the labour market because the meaning of a specific term is far more precise in technical language than in general language. Hence, it is not merely the idea of a philologist that butcher apprentices should be given good language instruction. It increases, this is implicitly implied by Spillner’s examples, their mobility on the European labour market.

If any work has been done on this area at all, it is still in the teething stages. However, border regions, in which many people live in one country and work in another, have collected valuable experience. One special example is Luxembourg, whose labour market is of major importance for the neighbouring regions of North Lorraine (France) Gaume/Belgian-Luxembourg (Belgium) and Eifel-Mosel-Saar (Germany), which are structurally weak regions. The Grand Duchy of Luxembourg has three languages (Luxembourg, French and German). This explains why the excessive influx of foreigners particularly from French-speaking regions could actually jeopardise its own linguistic identity. A recent interesting study (Magère, et al. 1998) has examined the role of the French language and has shown that this has in fact not happened. Instead the status of the Luxembourg language has risen in the last 15 years while the far more highly regarded French has experienced a ‘democratisation’ since large echelons of the workforce today, in contrast to before, are native French speakers.

A few professional associations have undertaken Europe-related pioneer work





which endeavoured to obtain mutual recognition for their vocational training qualifications within the European Union. Little progress has in fact been made with this recognition, considering the progress made in the integration of economic and labour markets in Europe. In the case of university graduates, whose language skills (viewed as a group) are, in most countries, probably more developed than those of the average population, List observes (1997, p.13) amongst other things that, 'German companies cite as the greatest obstacle to the recruitment of foreign academics their own lack of knowledge about how to evaluate foreign qualifications. They often criticise the lack of language skills and the major induction efforts required, which are often disproportionate to the length of employment.' This example clearly demonstrates how closely the problem of language skills is linked to the other country-specific qualification elements, which again seems to support the main hypothesis of this article.

#### **Case study: specialised instruction, language instruction and (ERASMUS) exchange in the social sector**

An occupational group which has shown considerable interest in the mutual recognition of training in its field throughout Europe are social workers<sup>7</sup>. At this point it should, however, be mentioned that social services do not occupy an obvious position in the business location discussion. It is true that social security mechanisms are included among the advantages of a business location. However, its activities are not classified in the production but in the reproduction of a society. The fact that this case study was selected has less to do with its importance for the economy and more to do with it being an excellent example.

The commitment of this occupational group probably corresponds to its work ethos and professional tradition but is still somewhat surprising irrespective of its positive starting position. Social work, the social sciences and the social system are organised and recognised in very different ways in the countries of Europe (or not legally recognised in some cases) (for more details cf. Kornbeck, 1998), which means that the mutual recognition of qualifications is far more difficult in emo-

### **Overview: Interlingual technical nuances**

(according to Spillner, 1996)

#### **Chef's language**

German	French	English
Roastbeef	faux filet	roast beef
Falsches Filet	[partie de la cuisse/hanche]	[part of the leg]

#### **Legal language**

German	French	English
Vertrag (zivilrechtlich)	contrat	contract
Vertrag (öffentlich-rechtlich, international)	traité	treaty

'What are particularly dramatic are the different meat cuts of slaughter animals caused by the different ways of cutting the meat and the corresponding linguistic terms. This may even lead between languages to 'faux amis', to seemingly similar terms.'

(Spillner, 1996, p. 227)

tional, conceptual, practical and political terms than would be the case for some other occupations (which so far have not shown any interest of this kind).

Since the 1980s the International Federation of Social Workers, IFSW<sup>8</sup>, has had an EU liaison group which compares and analyses national training contents and occupational entry requirements. A new study, which addresses the trans-European occupational mobility of social workers (Reimavuo, 1997), stresses at least to some extent the importance of language skills. The subject of language instruction and mobility does not occupy a key position in that study, however its importance, sometimes explicit, sometimes implicit, is obvious from the results. In pedagogic and in technical language research we now face an interesting task. And the players in the field of occupational policy face or are in the midst of a demanding but promising process, the challenges of which can only be met through common, European-wide efforts.

The empirical social work research has provided considerable evidence of what international and plurilingual components can achieve in social worker training. Bradley (1997) reports on practical experience from ERASMUS exchange programmes between (polytechnics) universities which train social workers. Besides

7) In this context the reference is to 'social workers' whereby the occupational designation varies from country to country and some countries have several occupations in this category.

8) International Federation of Social Workers - Fédération Internationale des Assistants Sociaux et des Assistants Sociaux - Federación Internacional de Trabajadores Sociales



***“A social worker who was once an ERASMUS exchange student will probably be better trained in linguistic and cultural terms, but it is also likely that they will have increased insight into the situations and problems of their clients through their experience abroad.”***

***“Despite the relevance of language skills on the labour market, occupation-related language instruction should always be adapted to the occupation.”***

an overview of the (not very extensive) research literature she analyses a series of qualitative interviews conducted by her with students and comes not surprisingly to the conclusion that language skills play an important role in this context. Her work reaffirms the extent to which linguistic and non- or para-linguistic skills are inter-linked. Hence, she draws the interesting conclusion (Bradley, 1997, p.41) that ERASMUS experience can increase the technical commitment of social workers. The students already commence their studies with a large degree of commitment. Then, as exchange students, they are completely reliant on themselves and often experience a helplessness, normally alien to young adults, resulting from linguistic and other shortcomings. This experience is not always pleasant in the beginning and tackling it increases not only the linguistic and cultural but also the analytical skills of these future social workers. The culmination of these enhanced skills lies (perhaps) in the fact that they experience the emotional and cognitive problems that their clients will encounter. A social worker who was once an ERASMUS exchange student will probably be better trained in linguistic and cultural terms, but it is also likely that they will have increased insight into the situations and problems of their clients through their experience abroad.

It is true that here we are dealing with descriptions and analyses of pilot projects simply because until only very recently training, unlike courses of study at scientific universities which in many cases are part of a planned European university tradition, was completely national in character. By contrast, a description of the importance of language instruction and knowledge in the training of social workers, and in the occupational entrance requirements, on the basis of which people may begin to pursue this occupation in the Member States, does not seem to be available (Kornbeck, 1998). However a research project of this kind would appear to be promising since the work undertaken by social workers is communication in the truest sense of the word.

By way of summary it can be said that the following players can contribute in their own specific way to the creation of new synergies:

□ the professional associations by (in some cases as they already doing together with the European Commission) comparing national training and entrance requirements and reflecting on mutual recognition and furthermore by advancing the debate within their respective groups on subjects of this kind;

□ the national decision-makers by adapting the study, examination, entrance and professional requirements in such a way that the trans-European exchange of study places and mobility in working life between countries is facilitated, promoted and encouraged;

□ the (polytechnics) universities and training centres by internationalising their training contents and holding exchanges with corresponding institutions in other European countries (something that is already being done, cf. Bradley, 1997).

To each of the above points could be added: whilst constantly strengthening the linguistic elements.

## **Final assessment**

Despite the relevance of language skills on the labour market, occupation-related language instruction should always be adapted to the occupation. It is certainly important to give French instruction to a class of butchers. However, if instruction focuses more on the correct form of the past participle rather than on day-to-day language and technical language (and this is often the case in reality), then this unfortunately is tantamount to the compulsory imposition of a training area alien to the butcher. Hence, it can be assumed that trainees will have little interest in the curriculum and will write it off as useless general education.

First, it should be said that given the current distribution of competences, the questions addressed in this article can only be tackled by using instruments of the Member States themselves. Of course, the Community bodies and the decentralised institutions assigned to them are entitled to push for concrete solutions particularly with a view to the long-term ensuring that Europe remains a viable busi-



ness location. Our case study (social system), which is not directly involved in the business location debate, is of major importance in this context since it reveals the link between linguistic and non-linguistic skills in the context of activities (of the ERASMUS programme) which have been instigated and managed by the EU.

This article aims to provide arguments for a more differentiated approach to the problems presented here. No comprehensive answers are given to the questions raised here but there are proposals for further research. The recommendations given in Chapter 4 are also of a very general nature and indicate the areas in which there is a need for reform.

Nevertheless, the author hopes that he has encouraged increased reflection on the

importance of language instruction in terms of vocational training and economic policy. It is probably no surprise that the integration of Europe and the potential opportunities of the enormous European single labour market need to be matched with up-to-date language instruction.

It is precisely in this context that the hope may be expressed that Community institutions, national authorities and the various professional organisations will set up fruitful synergistic networks in order to raise the standard and foreign language instruction and its relevance to the labour market throughout Europe, to strengthen its position in the individual training courses and, wherever possible, to promote the trans-European exchange - be it of students, teachers, research scientists or even administrative officials.

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# Returning drop outs to school and work - the Nordic People's College

## Introduction<sup>1</sup>

The People's College (PC) is a Nordic innovation with its origin in the mid 19th century. The colleges were founded to compensate for insufficient standard public education. PCs - usually built on small campuses in rural areas - became local centres for education and culture all over Scandinavia. They not only offered a general liberal arts curriculum but also emphasized education in citizenship and participation in democratic processes. They also acted as fora for cultural exchange and development. This article focuses on the Swedish PCs

The important role once played by the PCs in providing talented young people - mainly from rural areas or working class conditions - with knowledge and a cultural capital for further engagement in working and social life has changed in recent years due to the democratization of Swedish society and the expansion of the public schooling system. Parents who once studied at PCs today send their children to the gymnasiums and universities.

PCs have faced this structural change with a reorientation of their activities along several paths. Although several PCs have had difficulties in forming their new roles, many of them have developed a high competence in educating people who, for one reason or another, have not found the normal public school system suitable. The cultural heritage of the PCs - favouring student's participation, dialogues and human development - seems to have favoured this reorientation.

One particular responsibility taken on by PCs has been to help drop-outs from the public school system to restore their self confidence and either re-enter the formal education system or return to the labour market equipped with tools which will increase their opportunities to participate in a lifelong learning process. During the early 90's, a period of rising youth unemployment in Sweden, those attending PCs have significantly decreased their unemployment rates and returned to school or work.

The education of drop-outs - which is not satisfactorily handled within the formal public schooling system in Sweden - is both a challenge and an opportunity for the PCs in Sweden, and for their students.

The international research and policy discussion on learning and training has been heavily focused on the formal educational systems. The analysis of the so called drop-out problem and the discussion on how to handle it has had a similar focus.

Beneath the standard educational and cultural institutions there are, however, differences between countries and regions. Looking behind the scenes of formal education may be important to understand how the problem of young people dropping out of school early should be tackled in a world which demands lifelong learning. The people's colleges (PC) of the Nordic countries may illustrate these exceptions from the mainstream in the institutionalization of educational systems in Europe. These colleges have taken on responsibilities not satisfactorily han-



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**The international research and policy discussion on learning and training has been heavily focused on the formal educational systems. The analysis of the so called drop-out problem and the discussion on how to handle it has had a similar focus. Looking behind the scenes of formal education may be important to understand how the problem of young people dropping out of school early should be tackled in a world which demands lifelong learning. The people's colleges (PC) of the Nordic countries may illustrate these exceptions from the mainstream in the institutionalization of educational systems in Europe. The aim of this article is to analyse the achievements of these PCs concerning "drop-outs" and how they achieve their results. It concentrates on the Swedish development of this complementary schooling system, its problems and its present and potential capacity to deal with the "drop-out" problem.**

1) This paper has improved thanks to some comments from the editors of this journal and many comments and corrections from prof. Gunnar Eliasson, KTH.



dled within the formal public education system, i.e. to help drop-outs to restore their self confidence and either reenter the formal education system or enter the labour market equipped with increased opportunities to participate in the necessary lifelong learning process.

The aim of this article is to analyse the achievements of these PCs concerning "drop-outs" and how they achieve their results.

There are similarities and differences in the development and present structure of the PCs between the various Nordic countries. This article concentrates on the Swedish development of this complementary schooling system, its problems and its present and potential capacity to deal with the "drop-out" problem.

### **The People's College - a brief history of a Nordic innovation**

In the mid 19th century the standard national system of higher education was, in reality, open for the higher classes only and had an urban profile. The relatively large rural middle class in northern Europe lacked good education facilities. Responding to their need the protestant churches and various philanthropic movements created the PCs as a cultural and institutional base for the development of education alternatives.

Inspired by the Danish priest and philosopher N.F.S. Grundtvig, the first people's college was founded in Denmark in 1844, soon to be followed by similar institutions in the other Nordic countries.<sup>2</sup>

The first people's colleges in Sweden - first labelled "farmer's schools" - were established in 1868. Originally oriented towards the rural population, mainly farmers, they soon became the tool for growing popular movements such as the labour, the free church and the temperance movements. Many schools were founded by county administrations to contribute to the cultural and educational development of small towns and rural areas. The number of PCs - still the largest category of free schools in Sweden - has grown

from 29 in 1900 to 147 now - an all time high. In addition, many schools have opened branches. Today about a third are run by counties and municipalities - the rest by various non governmental organizations (Folkbildningsrådet 1997).

Although there are people's colleges in the large city centres (all the new PCs are established there) the traditional PC is outside the urban area and has the character of a small campus; often beautifully situated. Many students - currently around 45% - live on the campuses (SOU 1990:65). Traditionally many of the teachers also live at, or very close to, the PCs and participate in cultural events taking place there.

During the academic year 1995/96 about 210 000 students attended PC courses. The overwhelming majority (173 000) attended shorter courses lasting less than 14 days, but 37 000 students followed longer courses, lasting from 15 weeks up to two or three years.<sup>3</sup> About 84% of the total study weeks took place in these longer courses (SCB 1997, p 12). Education (and learning) activities in the PCs accounts for about 10% of all work carried out in the upper-secondary school; in Sweden called the gymnasium (SCB 1995)<sup>4</sup>.

The present and potential role of the people's colleges can only be understood in relation to their original position and early development which stabilized at the beginning of this century.

By that time the schools had become a vehicle for the democratic ambitions in Swedish society in at least two ways: first their mere existence made it possible for talented young people from distant rural areas or from working class backgrounds to obtain a higher education than was otherwise available beyond compulsory schooling; and second many of the PCs emphasized education into citizenship and preparation for active participation in the democratic process.

The pedagogics were from the beginning characterized by the student participation in the planning and realization of the studies, by group orientation and non-hierarchy vis-a-vis the teacher. Human development rather than formal qualification was emphasized. There were no

2) These schools are today called "folkhögskola" in Sweden and have similar names in Denmark and Norway. It can be argued whether they should be translated to "folk high schools" or "people's colleges" in English. Contrary to their own self-understanding we prefer the latter, the connotation of which is closer to the campus atmosphere, the liberal arts approach, the age of the students and the cultural ambitions of many of the schools. Cf. the liberal arts colleges in the US.

3) Roughly 87% of the long course students study two terms or more. Around 47% study four terms or more.

4) This is a rough estimate based on the fact that 37 000 long course students attend education in PCs and 313 000 pupils study at the gymnasiums.



grades on completing the education provided, but rather a general statement of the social and learning capabilities of each student. To accomplish these general goals the boarding system - where teachers and students lived together - played an important role.

Education in basic subjects like Swedish, English and maths had similarities with that in the gymnasiums and also had a high priority. The PCs thus became the gateway, primarily in small villages, rural areas and district centres, to many lower-middle class positions like policemen, primary school teachers, nurses etc. Already in the 1920s it was observed that working class young people going to PCs did not return to their original positions but moved up the social ladder.

To a large extent PCs benefited from the large demand for education which could not be met by the established institutions. Thus they recruited many highly motivated students who went on to fill positions in Swedish public life such as politicians and authors. PCs thus became important institutions - among others - in the Swedish system for the formation of the social and cultural capital which opened parallel and alternative careers to the democratic institutions. The importance of phenomena like this has recently been analyzed in the well known study on democracy in Northern Italy by Putnam (1996).

The PCs developed into fora where broad categories of people could learn and take part in the national cultural heritage. The assembly halls and libraries of the PCs became centres of culture in rural areas and small towns. In this environment popular culture mixed and interacted with more classical cultural expressions. The Swedish "labour authors" - which have no equivalent of similar importance in any other European language area - have their origin in this cultural environment (Furuland, 1991 & Hägg, 1996).

## A changing role for the people's colleges

As the state system for secondary education was reformed during the 1960s, 1970s

and 1980s and the academic and other systems of higher education expanded, the people's colleges searched new roles and identities. Their old base for recruitment eroded as a consequence of the democratization of the Swedish society - a process to which they had contributed. On the one hand, the social recruitment at the higher end of the government school system was drastically broadened and, on the other, the school system entered educational fields earlier occupied by the PCs. Parents who had studied at the people's colleges sent their children to the gymnasiums (upper-secondary schools) and universities.

The popular movements furthermore (and in particular those with their roots in the early phases of industrialization) were challenged by the new realities of the advanced industrial - or the post-industrial - society and the deep changes in value systems which accompanied that transformation.<sup>5</sup> The ongoing uncertainty and reorientation within the old popular movements, which still run many colleges, also had implications for the role-seeking activities of their PCs.

Subsidies to the people's colleges are still based on the idea of *complementarity* to the established school-system, i.e. serving functions otherwise not attended to. The PCs thus have reoriented their activities to areas outside the established public education system (see SOU 1990:65). Basically the PCs (and their owners) and the Parliament have agreed on the role of playing on the ground left open by the public school system. It may be argued that this gives the people's colleges a *reactive* rather than *proactive* role in an education system under change (Laestadius 1991). At the same time large incentives are created - in other areas of the education system - for newly established private schools to *compete* with the established gymnasiums.

Although relatively weaker than was the case between the two world wars, today's people's colleges recruit more students than ever before. A detailed analysis of the statistics reveals the changing role for the PCs discussed above. Their activities today come under four categories, three types of long courses, and a short-course education.

***"Subsidies to the people's colleges are still based on the idea of complementarity to the established school-system, i.e. serving functions otherwise not attended to. The PCs thus have reoriented their activities to areas outside the established public education system (...). Basically the PCs (and their owners) and the Parliament have agreed on the role of playing on the ground left open by the public school system."***

<sup>5</sup> The classics in this field are, of course Bell (1973); Bell (1976); Inglehart (1977) and Inglehart (1990). More relevant for Sweden are Andersson et al (1993) and Pettersson (1988).



### ***The activities of the PCs come under four categories***

***- “(...) the long general courses have transformed towards taking care of young people who, in one way or another, experience difficulties integrating into the normal secondary school.(...)***

***- (...) special long courses (...) show similarities with those of the American liberal arts colleges. (...) The specialized courses in media, theatre, music and painting and writing attract many talented students . (...) The students are usually highly motivated and if some are drop-outs from the ordinary school system the reason may well be that they have found the people’s colleges a better alternative. (...)***

***- (...) labour market oriented education (...) for jobless and usually uneducated students.”***

***- (...) finally the people’s colleges provide short course education, mainly 1 to 3 days and usually in co-operation with an organization.”***

### **General long courses**

The first category is the general long courses attended by less than a third of the long course students (11 000). These courses once constituted the traditional backbone of the people’s colleges. They were dedicated to general school subjects in the humanities and social sciences together with the characteristic general PC-profiles of citizenship and culture as well as the local profiles reflecting the owner’s intentions.

The general courses have traditionally combined the freedom of deciding the content of the curriculum as well as the pedagogical process with the demand (from at least some of the students) to provide the general competences necessary to enter higher education.

During recent decades, however, these general long courses have been challenged from two, partly contradictory, directions. First of all, the recruitment base has changed. Originally recruiting students looking to be socially mobile, the long general courses have transformed towards taking care of young people who, in one way or another, experience difficulties integrating into the normal secondary school. This new structure of students in general courses is probably connected with a shift in their motives and ambitions; from a positive and proactive search process for education among motivated upwardly mobile young people towards a negative reactive selection among not-so-resourceful students. The other challenge to the general courses is the increased pressure from the government to normalize the curriculae of the PCs to the content and standards of the gymnasiums.

### **Special long courses**

The second area - special long courses (about 12 000 students) mainly in music, arts, photography, and other aesthetical fields - represents a move in another direction. The PC’s have established for themselves a niche that is not so well developed in the normal educational system and which reflects the increased demand among young people in post-materialist societies for cultural and aesthetic activities. There is a rich store of Swedish material available from interviews among

young people confirming these post-materialist tendencies (Andersson et al 1993). These courses show similarities with those of the American liberal arts colleges.

The specialized courses in media, theatre, music and painting and writing attract many talented students - mainly female - who have finished their gymnasium and have sometimes chosen this alternative before academic studies. These courses often function as a bridge between the gymnasium and the academies for arts, music etc. The students are usually highly motivated and if some are drop-outs from the ordinary school system the reason may well be that they have found the people’s colleges a better alternative. Partly they sharpen their talents and partly they develop their cultural (and human) capital during their stay at the college.

Many PCs offer special courses which are not only successful and attractive but also well known in the media as centres of excellence in their fields. However, there are many successful special courses directed towards social working and special categories of handicapped students which are less well known by the public but where many of the schools have developed unique competences.

### **Labour market oriented education**

Thirdly the PCs have responded to the recent demand (and money) for labour market oriented education and rapidly created new capacity for about 14 000 students. This category was introduced in 1992/93 as a consequence of the Parliament’s ambitions to handle the rapidly rising open unemployment figures hitherto unknown in the Swedish labour market.<sup>6</sup>

These labour market oriented schemes soon developed into the single most important activity at the PCs, reaching more than 30% of government funding and approximately the same of their education activities.

It may be argued that the people’s colleges have exhibited an enormous flexibility in rapidly increasing their capacity to produce meaningful education for jobless and usually uneducated students. There is, however, also an intense debate

6) From July 1997 this labour market oriented scheme is integrated into the larger national “Knowledge Improvement Scheme” (Kunskapslyftet).





within the schools whether this response to short-term labour market needs has occurred at the expense of the long-term goals of the schools (*Folkhögskolan*, various issues; Lindgren et al 1997). To get government money the PCs have to normalize their curriculae to government standards, primarily in line with the public upper-secondary system. The freedom to decide on their own curriculae and pedagogics is reduced.

People's colleges primarily attract female students. About 62% of the long course students are women. There is no significant difference between the three types of long courses. This high female ratio is in line with the general observation that women are more dedicated than men to join educational schemes in general and with a cultural and intellectual profile in particular. In a knowledge based post-industrial society this may in the long run make them more competitive.

As regards age people's college education is - and has always been - for adults or near adults. This observation is also supported by the statistics which report that about 41% are aged 18-24 and about 45% of the long course students are aged 25-45. There is also a significant group (11%) older than 45 years.

### Short course education

Fourthly and finally the people's colleges provide short course education, mainly 1 to 3 days and usually in co-operation with an organization. These courses have increased in volume during the 1990s and may reflect a de facto government financed subsidy of education for all those organizations (and sometimes community bodies) which usually co-operate with the PCs in the arrangements of these courses. There are also strong incentives for the PCs to offer these courses in combination with accomodation for two or three days and thus benefit from economies of scale in their education and boarding facilities.

### Returning "drop-outs" to life long learning

In adapting to the structural change of Swedish society, the people's colleges

have - more or less voluntarily - generally developed a competence to handle the problematic part of Swedish education.

The specialization in this field is shared with "Komvux" (kommunala vuxenutbildningen = municipal adult education) which is a larger player than the PCs, although the Komvux-system is dominated by part-time students and students attending single courses. Both systems, however, recruit "drop-outs" and immigrants. The PCs dominate the market - if that expression is allowed - for handicapped students.

The roles played by the Komvux and the PCs are nevertheless somewhat different. A large part of the students attending Komvux-courses do so either to receive higher grades on courses already passed in the gymnasiums (to make them more competitive), or to complement their gymnasium exams to qualify for a university course.<sup>7</sup> These, usually resourceful and highly motivated students, enter the same courses at the Komvux together with students who can appropriately be classified as "drop-outs". This is a challenge, but also a source of problems, in the classrooms in the Komvux.

There are also differences in the pedagogics between the Komvux and the PCs. In the former there are fewer lectures, the amount of individual homework is greater and the pensum to study is larger. Studies at the Komvux are mainly achievement oriented towards formal qualification and contrast with the social activities oriented towards human development which are important at the PCs.

Teachers at the people's colleges claim that they receive a large number of students who are "drop-outs" from the Komvux-courses. The statistical picture is not complete on this point however. Some 20% of those attending courses in basic adult education (compulsory school level) do not finish their courses (1993/94). The interruptions on the upper-secondary level of the Komvux-courses are around 16% but that figure probably hides a larger "drop-out" problem (SCB 1995b, p 133).<sup>8</sup> There are no statistics available however on the relation between these "secondary drop-outs" and the people's colleges.

***"(...) people's college education is - and has always been - for adults or near adults. (...) About 41% are aged 18-24 and about 45% of the long course students are aged 25-45. There is also a significant group (11%) older than 45 years."***

7) The available statistics are clear on this point. The motive for 68% of Komvux post secondary students in 1992 was explicitly to continue their studies compared to 34% for PC-students. Personal development on the other hand was the stated motive for 31% of PC-students and only for 12% of the Komvux students. Similarly 25% of PC-students gave labour market reasons compared to only 15% for Komvux students.

The unemployment rate for Komvux students was 13% compared to 20% for all PC-students and 25.5% for those commencing general long courses (SCB 1994 & SCB 1995a p 21f).

8) The denominator includes e.g. about 25% highly motivated students which want to qualify for selected academic training and are very unlikely to drop-out. The details on this have, however, not been studied in this case.



**Table 1:**  
**Effects of long courses at People's College -**  
**summary of findings (percent of studied population)**

		92:II	95:II
General (open) youth unemployment (20-24 ys)		10.7	15.6
Situation before and after studies at PC (commencing 1992):			
All long course students:	in work	30	27
	unemploy.	20	15
	studies	30	36
Male:	in work	30	28
	unemploy.	24	15
	studies	26	35
Excl. special course:	in work	26.9	21.3
	unemploy.	25.5	17.4
	studies	24.8	34.8

*Note:* the remainder either join labour market programmes or work in their own households.  
*Source:* SCB 1995a & SCB-ÅKU

ented courses at the people's colleges, may thus be classified as drop-outs!

Around 22% of the long course students are classified as handicapped. They also constitute 30% and 27% of the general courses and labour market oriented courses respectively. "Handicapped" in this context comprises 16 medical and social categories. The group "immigrants with language problems" constitute the single largest category (41.6%), and is particularly well represented at the labour market oriented courses (SCB 1997). Two thirds of the immigrants on these courses, however, have at least 11 to 13 years or more of (foreign) school attendance before they join these courses indicating a serious problem in the Swedish labour market rather than problems on the individual level (Lindgren et al 1997).

## Evaluation of the people's colleges

There are also "drop-outs" from the people's colleges. In fact 20% of the students who started a long course in the autumn 1992 did not complete their education (SCB 1995a, p 9 & 29).

Ten years ago the drop-out ratio from the PCs was 16%, supporting the impression that the people's colleges nowadays receive less motivated students (SCB 1988). This problem of successive dropping-out from the normal public school system, from the Komvux-courses and the PCs needs further research for a more definitive conclusion, however.

The share of drop-outs attending courses at people's colleges depends, of course, on the definition of a "drop-out". Defining drop-outs narrowly as a person who has not finished compulsory school gives a drop-out ratio among PC-students of 11%. A broader definition including those who have only compulsory schooling and those who have started but not finished the gymnasium adds another 30%. If the special courses (with highly motivated students) are excluded from the figures, the drop-out ratios, as defined above, become 13% and 51% (SCB 1997). Almost two thirds of the students (64%) attending the general and labour market ori-

Evaluating the results of the efforts from the people's colleges is not easy. One obvious reason is that the goals of the PCs are not easy to quantify. Evaluators thus cannot easily estimate their efficiency and productivity. As the goals differ - and obviously the recruitment of the students - from other systems like the Komvux, comparative analyses are also difficult. In addition, the polarization in strategies and recruitment within the PC-system makes even many detailed statistics unsuitable for valid and reliable conclusions.

Evaluations have been done, however, many of them based on large sets of interviews. In general these evaluations show a positive or very positive picture. A large inquiry among people having attended long PC-courses showed extremely high satisfaction among the interviewees (SOU 1995:141, p 43). Many of the students reported increased self confidence as an important effect of their long courses (SOU 1996:159; Lindgren, 1996). They do not necessarily get a job after finishing their course, but they identify that they need to learn more and to continue into more specialized education and training.

The tradition of PC selection mechanisms being different to the standard education



- the small groups, the cultural climate of recognizing each individual and the experience of communicating with people who earlier were neglected - seems to have positive effects.

There are also two recent sets of quantitative data available: one related to long course students commencing 1992 and one inquiry among those who followed the labour market oriented programme 1994/95.

The 1992 study was followed up in 1995. The interpretation of the results is complicated due to the fact that the situation on the Swedish labour market changed dramatically between 1992 and 1995. More or less during their education (from the second quarter 1992 to the second quarter 1995) - open unemployment for youths aged 20-24 years *increased* from 10.7 to 15.6% (SCB-AKU). Despite that, however, the 1992/95 study indicates that the unemployment rate for the PC-students declined from 20% (before) to 15% (after). In addition, those who declared their activity as studies increased from 30% (before) to 36% (after). The change was more pronounced for male students than for female: unemployment decreased from 24% to 15% and studies increased from 26% to 35% (SCB 1995a, p 7 & 21). This may indicate that men to a larger extent use the people's colleges to increase their worth while women attend them for personal and cultural reasons.

If the special courses (with highly motivated students) are excluded, the unemployment rate for the PC students commencing general long courses appears to decline from 25.5% to 17.4% (SCB 1995a, p 22). There is also - which probably is most important - a significant increase in the motivation for further studies in this group containing a large share of drop-outs: 35% of the general course students go on to study! (see table 1).

The inquiry on the students following labour market oriented education at people's colleges 1994/95 shows that the rate of full time employment has increased from 14% in 1994, to 21% in 1996, and that those going on to study increased from 29% to 35% and that the unemployment rate decreased from 39% to 27% (Lindgren et al 1997, p 59) (see table 2).

**Table 2:**  
**Effects of labour market oriented education at People's College - summary of findings (percent of studied population)**

	94:II	96:II
General (open) unemployment (20-24 ys)	15.9	14.9
General (open) unemployment (25-34ys) <sup>9</sup>	9.5	8.9
Situation before and after studies at PC (commencing 1994):		
Full time employment	14	21
Studies	29	35
Unemployment	39	27

Source: Lindgren et al (1997) & SCB-AKU

It seems, thus, possible to conclude that the Swedish people's colleges, in a period characterized by a dramatic deterioration of the labour market situation, manage to pass a significant amount of drop-outs - which, depending on the definition, make up for maybe two thirds of their students - either into further studies and vocational training or to employment. The qualitative evaluations as well as the statistics point in the same direction.<sup>10</sup>

The PCs manage to do this with a respect for the diversity of their clientele, including a large share of students with disabilities and from other countries. This values pluralism by adapting curriculae to personal needs.

These educational activities also, to a growing extent, take place in competition with the Komvux and with newly established private schools and educational institutes. The institutional pluralism and specialisation emerging out of this helps to respond to the cultural diversity of Sweden.

This transformation and competition is, however, also painful for the PCs. Due to their successful past, and the deep rooted relations to ageing popular movements, there are tendencies towards insularity in the sub-culture of people's education and colleges. The PCs thus face the need to balance developing the powerful parts of their cultural heritage on the one hand and to transform to the new needs of today's society on the other (SOU 1996:75; Lindgren 1997). In this situation some PCs

9) The creation of labour market oriented education programmes reduce by definition open unemployment figures. This reduction is of a magnitude of one per cent unit for the relevant ages during the period 1994-96.

10) Actually the panel based studies summarized in tables 1 & 2 may, although the time period is short, be influenced by the natural maturing process among those studied (as young people grow older they are more inclined to look for jobs). As no comparable panel data are available for drop-outs not following any educational programmes we cannot discriminate between the "maturing effect" and the "PC-effect" in the reported changes for the panel in (un)employment and participation in new educational programmes.

In addition it may be argued that the dramatic change during the 90s in the Swedish labour market significantly influences the pool of drop-outs and their behaviour and thus makes it difficult to discriminate between the "general impact" and the "crisis impact" of the PCs.

Finally, like in many other studies on the achievements of educational systems the statistics do not safely discriminate between the "filtering effects" (cf Arrow, 1973) of the recruitment process and the "education effects". If we, for example, assume that the process of becoming unemployed is more stochastic than the process of getting a new job it may well be that the most talented and ambitious among the newly jobless manage to enter a PC education.

These are the only data available however and no figures or qualitative results found contradict the conclusions drawn here. Technical details of the statistical work (performed by Statistics Sweden) are published by the sources mentioned in the tables.



- as firms and institutions do in periods of transition - concentrate on crying for protection of their special character. However, it seems that this special character provides them with a strong competitive

potential worth to utilizing and developing, namely educating the probably increasing number of drop-outs in modern society and that this Nordic innovation still has an important role to play.

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# Over- and under-education and the relation to vocational training<sup>1</sup>



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## Results on over- and under-education

The well-known Mincerian earnings function relates the log of earnings to years of schooling attained, experience and its square. This equation has been the basis for hundreds if not thousands of estimates of the rate of return to schooling. Estimated returns mostly fall between 5% to 15% on average for additional school years after elementary education. Duncan and Hoffman (1981) have started a literature by distinguishing between an individual's attained level of education and the education required in the job. From these two concepts they derived measures of over- and under-education, and they estimated returns to these years of mismatch, as well as returns to required years of education. Other authors have followed. One of the nice features of this literature is the attention to the demand side of the labour market.

The common characterisation of the demand side of the labour market is quite crude and neglects that jobs differ in many characteristics that affect productivity. These characteristics are often expressed as "job requirements", and one of them is indeed required schooling. It is only a single variable that necessarily compresses much information. Still, it's a step in the right direction.

In the literature on over-education (and under-education), required schooling has been measured in three different ways.

- *job analysis* (JA) by professional job analysts;
- *worker self-assessment* (WA), where the worker specifies the education required for the job;

□ *realised matches* (RM) where required education is derived from what workers in the respondent's job or occupation usually have attained.

Naturally, the incidence of mismatch depends on how we specify required schooling. Table 1 collects results from various studies. It's fairly common to find a proper match in about 60% of the cases, with a somewhat lower estimate for the United States and very low estimates for Portugal in some years.

The RM method usually finds symmetry in under- and over-education (see Netherlands 1983, Spain 1990, Portugal 1985 and the UK 1991, Portugal 1991 is an exception).

For the Netherlands, estimates from WA and JA methods can be compared for 1971, and 1974 respectively, and they are very similar. The difference is somewhat larger for the period 1977-1982.

A comparison of individual evaluations by WA and JA has been made for the Netherlands by Van der Velden and Van Smoorenburg (1997). Their observations are for workers one year after their graduation from secondary education or from higher vocational education. The correlation coefficient for the two estimates of required education is .66. If the WA measures are aggregated to occupation levels, to make them more comparable with the occupation-based JA measures, the correlation coefficient increases to .78.

Although the measures of over- and under-education are not very precise, the data invite comparisons over time (only the WA and the JA measures should be considered since the RM method, as a relative measure, is not suitable for this pur-

**The terminology of over- and under-education can be quite misleading. In relation to policies on vocational training it can even be treacherous. The terms have a normative connotation, suggesting poor allocation and inefficiencies in schooling. Some took the measured incidence of (rising) over-education as evidence that the schooling expansion had gone too far, and that these investments had been wasted. But the positive and substantial returns to years of over-education effectively falsify this view.**

1) This paper is based on a Keynote speech for the Conference of the Applied Econometrics Association, Maastricht May 15-16 1997. Full details are given in Hartog (1998a,b). JEL J24; J31



**Table 1**  
**Incidence of over- and under-education (percentages)**

country	year	over-education	proper match	under education	evaluation method
<b>Netherlands</b>	1960	7	58	36	JA
	1971	14	59	27	JA
	1971	15	55	30	JA
	1974	17	53	30	WA
	1977	26	54	21	JA
	1982	16	62	22	WA
	1983	16	68	16	RM
	1995	24	63	12	WA
<b>Spain</b>	1985	17	60	23	WA
	1985	26	58	17	WA
	1990	28	61	11	WA
	1990	15	69	15	RM
<b>Portugal</b>	1985	18	63	19	RM
	1991	26	58	17	RM
	1985	26	30	43	JA
	1991	33	29	38	JA
	1982	24	29	48	JA
	1986	26	30	45	JA
	1992	33	29	38	JA
<b>UK</b>	1986	31	52	17	WA
	1991	13	70	17	RM
<b>US</b>	1969	35			WA
	1973	27			WA
	1977	32			WA
	1976	42	46	12	WA
	1976/78	41	43	16	WA
	1976	33	47	20	WA

Sources: see Hartog (1998a,b)

development in the United States appears different. While over-education may have followed a U-shaped pattern between 1969 and 1977, there is evidence that it decreased in the subsequent period, until 1984. Between 1978 and 1984, the extent of under-education appears to have diminished. This points to a trend opposite to that in the three European countries.

The literature on over- and under-education has used an earnings function that is a generalisation of the standard Mincer equation and that may be called the "over-required and under-education (ORU) - specification"<sup>2</sup>.

A survey of results for ORU earnings functions from five countries, from different sources for different years, amounting to a set of 45 regression results, supports the conclusions that:

- the returns to required schooling are higher than the returns to actual education;
- returns to over-education are positive, but smaller than to required schooling;
- returns to under-education are negative;
- these three conclusions are not sensitive to the measure of required schooling.

The penalty for under-education is always smaller than the returns to required schooling. It is usually also smaller than the returns to over-education, but here exceptions occur.

We can use the results to make two comparisons. First, in a given job, with a given level of required education, earnings for under-educated workers are lower and earnings for over-educated workers are higher, compared to workers who bring just the required education to the job.

Second, workers with a given education who get a job requiring more education than they have, have higher earnings than those in a job just matching their education (over-education has a positive return), but lower earnings than workers who have the required education for that

2) for Over-, Required, and Under-education:

$$\ln W = Xb + grSr + goSo + guSu + h$$

where  $Sr$  is the schooling years required in the job,  $So$  is the number of years of over-schooling (individual's attained education minus required education in the job if positive; otherwise,  $So$  is zero) and  $Su$  is under-education years (required minus attained schooling years if positive, zero otherwise).  $X$  contains other explanatory variables,  $h$  is a random error term. The standard Mincer equation is included as the special case where the  $g$ 's are identical.

pose.) We may conclude that for three of the European countries that we have observations on, the incidence of over-education has increased, that of under-education has decreased. This holds for the Netherlands 1960-1995, for Spain 1985-1990 and for Portugal 1982-1992. It suggests that the strong expansion of participation in education has outpaced the increase in the demanded levels of education. In the Netherlands, the observed trend will also have been influenced by the high exit rates of older workers with low levels of schooling. The



job: over-education has lower returns than required schooling.

It would obviously be highly informative if we knew the effect of over- and under-education on productivity, rather than on wages. Several studies have established a negative effect of over-education on job satisfaction (Tsang et al, 1991). Tsang (1987) has estimated that reductions in aggregated job satisfaction reduce plant output, thus implying that over-education reduces worker productivity. According to this estimate, work reorganisation that raises job requirements would increase output by 8% for a year reduction in each worker's over-education. It is regrettable that this is the only study to focus on productivity effects. It leaves the puzzle that over-education should *reduce* wages rather than increase them.

## The relation with vocational training

There are three candidates for an interpretation of the results on over- and under-education:

- searching for the good match in an environment of imperfect information,
- a human capital interpretation, and
- the hedonic/assignment interpretation.

The interpretations are not mutually exclusive. The hedonic or assignment model is a general model for matching heterogeneous workers to heterogeneous jobs. A discussion of that model would be rather technical and will not be presented here.

### Searching and matching

"Mismatch" can be a temporary status in a worker's career development, resulting from imperfect information and adjusted by deliberate search.

There is indeed evidence that mismatch is related to an individual's experience in the labour market, and in that sense a temporary situation. It is clear that the incidence of over-education falls with increasing age and experience, and that the incidence of under-education at the same

time decreases. The effect of job tenure however, is not unambiguous and there is certainly no unequivocal support for tenure to have the same monotonic effect as experience. In fact, these results precisely support the interpretation of mismatch as originating in imperfect information coupled with a search for higher job levels during an individual's career. Suppose we ignore involuntary mobility due to lay-offs, etc. Let us suppose also that workers with a given level of education seek to improve the required education level of their job: they aim for the highest possible job level, in part because with this comes higher earnings. Experience can then only bring an increase in job level. Individuals only move if their job level increases, for a job level decrease they will not leave their present job.

The case is different for job tenure however. Job levels are indeed found to increase with experience, while the effect of tenure has been found to be positive, negative or absent<sup>3</sup>. Surely, the imperfect information-search story goes a long way in explaining the observations we have, but we should note that the search story is consistent with many views of the labour market and does not settle any dispute. Note also that we only allowed for voluntary mobility when deriving the relations with experience and tenure

### Human capital

Human capital theory has two arguments to accommodate the observations: deliberate investment and the effects of omitted human capital components.

In the human capital perspective, over-education may result from a deliberate choice because the low-level job is a good investment opportunity. Under-education now will bring future benefits, because of the valuable experience in the job. Sicherman (1991) tests the prediction that over-schooled workers are more likely to move to higher level occupations. The prediction is borne out, but the same result of increased likelihood of upward occupational mobility is found for under-schooled workers. Alba-Ramirez (1993) finds that over-educated workers are more likely to change occupation when moving firm and that under-educated workers are more likely to move to a different

***"(...) in a given job, with a given level of required education, earnings for under-educated workers are lower and earnings for over-educated workers are higher, compared to workers who bring just the required education to the job."***

***"It is clear that the incidence of over-education falls with increasing age and experience, and that the incidence of under-education at the same time decreases."***

3) If job offers to individuals arrive randomly, independent of job level already obtained. If the workers' present job has resulted from a particularly high offer, they will remain. Long tenure will then be associated with a high job level. However, workers who get a good offer will leave their present job, and in the new job they will combine short tenure with high job level. In a survey we observe a cross-section of these events, and the balance of the positive and the negative forces may go either way. Hence, the empirical findings thus fit in with the random search view.



job in the same occupation. He explains this from the choice for investment in general human capital in the former case, and specific human capital in the latter. But search processes, or temporary excess supply in a market, could also explain this. With some education type in excess supply, young graduates could easily start with over-education in their own line, and then decide to move to a different occupation.

More specific evidence is needed to demonstrate superior explanatory power of this hypothesis. One such piece of evidence is given by Kiker *et al.* (forthcoming): the over-educated have faster earnings growth with tenure. These authors test two competing hypotheses on over- and under-education. One hypothesis is the substitution view: other investments, other human capital can substitute for schooling. The over-educated have good qualifications and are likely to move on to a better matching job. Present employers have no interest to invest additionally in the over-educated, and their earnings growth in relation to tenure should be low, relative to individuals who are not over-educated. Similarly, there would be nothing wrong with the under-educated: they have reached their position due to other forms of human capital, investment will flow to other workers, with deficiencies, and the earnings growth of the under-educated will lag behind: the penalty for under-education falls with experience and tenure. These results are not corroborated for Portugal. Instead, the authors claim support for the technology hypothesis. Technology constantly leads to higher required levels of education in given jobs. The under-educated are those with obsolete skills, in which employers will not invest: they will seek to replace them by better-educated people. Thus, their earnings growth should fall with experience and tenure. The over-educated are the workers who possess the latest skills, they are the ones in which employers put their trust and their investment money, leading to faster earnings growth with tenure. These predicted earnings effects are indeed found, and the authors conclude that over-education and under-education signal situations where skill-biased technological developments identify workers in which employers want to invest, with on-the-

job training, etc., and workers in which they don't want to invest. It's worth pointing out however, that the investments themselves are not observed, as there are no good data on this in Portugal, in spite of the massive support from the European Union for training programmes. Note also, that the substitution hypothesis can also explain faster earnings growth with experience for the over-educated: they are qualified for a better job, and more likely to move on to the better matching and better paying job.

Incomplete measurement of the worker's human capital has strong *a priori* support. Experience and training may indeed be thought to compensate for "under-education". But as noted above, a positive effect of experience on job level (and a negative effect on over-education) may also result from search under incomplete information. And with training, the problem is that the empirical studies often do not measure actual training, but training as required for the job, irrespective of whether the worker got it or not. Required training in fact points to the job level, and more required training for under-educated workers is almost tautological: if you are under-educated, you are in a high level job, which requires more training. Beneito *et al.* (1996) use training as "once engaged in specific training for the job held", and this indeed would seem to be the proper specification. Years under-educated in the present job significantly increase the probability of having had training specific to the present job, years over-educated significantly reduce it. Groot (1997) also uses a measure of actual training: "did you receive on-the-job training at the current firm?". This training measure significantly increases the likelihood of being under-educated, but has no effect on the likelihood of over-education. If the training was for the present job, it is likely that the causality was from match quality to training, but it is also possible that the training was given for an earlier job and that from there, the worker has been promoted into under-education.

There is also some evidence that other worker qualities are related to under- and over-education. Hartog and Jonker (1996) find that under-education at age 43 is weakly positively related to childhood IQ, although at age 53 the effect has become





insignificant. Hartog, Houtkoop and Oosterbeek (1997) find that both for men and women, the likelihood of under-schooling significantly increases with quantitative literacy, while the likelihood of over-schooling is not significantly affected. Thus, within their group, the under-schooled are the more able (controlling for education and experience). Quantitative literacy is measured as the skill in dealing with information, a measure developed for the IALS project (OECD/Statistics Canada, 1995).

Overlooking the findings from the ORU research, an interesting hypothesis can be tentatively formulated. It seems that some asymmetry is shaping up. Under-education is less severely punished than over-education is rewarded. Some studies find that mobility is more stimulated by under-education than by over-education. Among the under-educated, we find the more able individuals, while the over-educated are not characterised by a deviant distribution in terms of ability and skill. The under-educated have more training, the over-educated have not less. This suggests a process in which the workers arrive, searching, at some job of a particular job level. Then, in a sort of creaming process, the abler workers move up, and they may float upwards to a job level that makes them under-educated. But the other individuals that remain enjoy some protection: they are not kicked out of their job, their salary is not reduced. It's like a model where there is some insurance of a minimum level based on initially assessed quality, where the best move up, but the less able are not systematically pushed down.

## Conclusion

The terminology of over- and under-education can be quite misleading. In relation to policies on vocational training it can even be treacherous. The terms have a normative connotation, suggesting poor allocation and inefficiencies in schooling. Some took the measured incidence of (rising) over-education as evidence that the schooling expansion had gone too far, and that these investments had been wasted. But the positive and substantial returns to years of over-education effectively falsify this view.

The term of under-education easily suggests that some individuals lack the human capital necessary for their job, and therefore should receive compensating on-the-job training. Such a conclusion would be drawn prematurely. If other forms of human capital make up for the deficiency, there is no need for policy intervention. On the relation between under-education and job-related training there certainly is no conclusive evidence yet. One problem here is the immense heterogeneity of training programmes. They may range from an afternoon seminar to fully developed training programmes for specific jobs. For formal schooling programmes, there is a good classification system, by school types and by length in years. Conceptually, it is easy to design a similar system for adult and on-the-job training, but the statistical registration systems do not apply such uniform systems. Implementing a standard system across countries would be a great step forward.

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# Diplomas and the labour market: Results and questions<sup>1</sup>

## Explaining the enormous growth in people with diplomas over the last 30 years in Europe

Generally speaking, there is a high level of education in Europe. This is shown by longer periods of training for young people which is spreading to the rest of the working population by means of a kind of demographic process since each generation is "better trained" (trained for longer) than the preceding one. The shift towards higher level diplomas is just one measure of this phenomenon.

The most widespread idea amongst research staff, politicians and the social partners is that the training system must develop in line with the expected needs of companies (the manpower approach). The number of jobs in different occupations and sectors of the economy and the content of these jobs are changing rapidly and the training system must anticipate or prepare for these developments both in quantitative and qualitative terms.

All countries have taken considerable steps to improve their education policies. The declared goal was, more or less implicitly, to contribute towards economic developments, to adapt the workforce to rapid technological progress to be better equipped to deal with the new conditions of national or international competition. By means of these improvements in competitive positions, the battle against unemployment, particularly amongst young people, is often presented as the ultimate justification for these policies.

The lack of success achieved at least in terms of unemployment and the fundamental changes in the characteristics of the workforce resulting from these devel-

opments led to a need for comparative reflection on the long-term effects of the policies pursued, effects on the functioning of the labour market, the mechanisms giving access to jobs and, beyond that, on more general questions such as the efficiency of our economies and the foundations of social mobility.

These questions are all the more important because they have to be addressed in all countries in Europe. Of course, the level of education in the different countries varies depending on the different infrastructure, time-frames, and rhythms which, in turn, are shaped by the history of the education systems and, more generally, by the history of the respective societies. The labour markets and the economies which absorb this increase in human resources also have very obvious special features. The analysis of the national or social components of this phenomenon is of major interest when it comes to building Europe.

The retrospective study, which will introduce the debate, will show that an increase in the level of training can be attributed to causes and consequences which are far more difficult to interpret than the prevailing opinion would seem to imply. At the very least, however, it does provide some tools in order to address this problem from a different angle. In so doing it presents to the different players some questions about the foundations of apparent consensus.

## The study - the questions raised and the results obtained

This study was co-produced by CEDEFOP and a European research network<sup>2</sup>. Its central subject is the macro-economic or



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## Debate

**The most widespread idea amongst research staff, politicians and the social partners is that the training system must develop in line with the expected needs of companies. The number of jobs in different occupations and sectors of the economy and the content of these jobs are changing rapidly and the training system must anticipate or prepare for these developments both in quantitative and qualitative terms. However, an increase in the level of training can be attributed to causes and consequences which are far more difficult to interpret than the prevailing opinion would seem to imply.**

1) The following articles in this "debate" are based upon papers presented at a seminar of the Agora-Thessaloniki organised by CEDEFOP and held on 30 June 1997. The seminar was called "Raising the level of diplomas and their distribution on the labour market: the lessons of the past and prospects for the future". The seminar was organised by Jordi Planas. A full report of the seminar, also prepared by Jordi, is available in English, French, German and Spanish from CEDEFOP.

2) The project was co-ordinated by Louis Mallet, LIRHE, France, and the network was co-ordinated by Frédérique Rychener and later Jordi Planas, CEDEFOP.



***“The shifts observed in the initial structures indicate a general and relatively homogenous increase in the average level of training as well as a move towards upper-qualification levels (...) in the different occupations. This means that all occupations have benefited from an increase in the level of education and not, as might have been expected, just a few occupations which were subject to considerable technological or organisational changes.”***

***“Everything would seem to indicate that the different occupations take from the labour market what they find and not what they require in terms of their specific needs.”***

## Debate

macro-social analysis of the consequences of investment in education on the labour market and on the assignment of human resources to the productive system. It offers some elements of a reply to a broad question: How is the increasing number of qualified people being distributed amongst the production system? The question could just as easily be phrased in a different manner: How can a labour system, which is constantly changing, absorb a workforce which has an increasingly high level of training?

The answers to these questions can be sought in different types of study. The limited choice of the European Research Network “Qualifications and the Labour Market” involved analysing the development of structures in the different occupations on the basis of the diplomas and the age of the employees involved and compared these structures at different times.

This analysis is not complete. The distribution of former trainees in the economy was examined on the basis of occupations whereas other analytic categories could be used (for example, sectors of activity, types of companies). Moreover, training people in employment has been assessed on the basis of two very global criteria: their level of diploma and their age, viewed here as a first approximation of their work experience.

It is the interim evaluation of two years work by six national teams which is the basis for this article<sup>3</sup>. This study was carried out in line with a common method developed by LIHRE (CNRS Toulouse-France) in six countries (France, Germany, United Kingdom, Netherlands, Italy, Spain) and at different times between 1975 and 1995.

This evaluation helped to establish common results and identify specific national features.

### **Similar results for the six countries**

The structures broken down according to the diplomas and ages of people in the different occupations are very inflexible: for a time scale of ten years, the correlation between initial structure and final structure is somewhere between 63 % and

85 % depending on the respective country. This inflexibility can only be partly explained by the stability of individuals since there is considerable movement of the workforce between occupations even amongst those who are not new to the occupation. This means that companies have basically reproduced their choices of recruitment or promotion and are continuing to combine the recruitment of young people (with a higher level of education) and the promotion of the workforce of all ages (basically those with a lower level of training) in the different occupations. The lack of a major break in the behaviour of companies and their slowness in substituting qualified for unqualified staff are the main results. This “historical summary” which constitutes the starting point, therefore, plays a considerable role in the development of occupational structures.

The shifts observed in the initial structures indicate a general and relatively homogenous increase in the average level of training as well as a move towards upper-qualification levels which are also relatively homogenous in the different occupations. This means that all occupations have benefited from an increase in the level of education and not, as might have been expected, just a few occupations which were subject to considerable technological or organisational changes.

The availability of young people with a higher level of education and training, generation after generation, who enter the working population leads to changes in the structure of qualifications in the occupations by means of a simple knock-on effect. Everything would seem to indicate that the different occupations take from the labour market what they find and not what they require in terms of their specific needs. The development in the levels of diploma in each occupation can be explained by the general development in diplomas rather than by special recruitment behaviour within each occupation. This development could have been expected given for example the increase in the numbers in an occupation or the speed of change in the requirements for the different occupations.

If this effect of availability is the major phenomenon, the occupations are mov-

3) A summary article of the study was published in the European Journal for Vocational Training, issue No. 12/1997.



ing away from this general model. Some “over-consume” qualified people, others “under-consume” them. These residual effects probably have to do with phenomena linked to the training requirements of the occupations. They are secondary vis-à-vis the effect of availability but they also help to bring about another result: more recently it is mainly the unskilled occupations which have taken on a larger number of qualified people.

The general trend, obvious in all countries, towards a relatively homogeneous distribution of diploma-holders amongst the different occupations, cannot necessarily be interpreted on the basis of a single explanatory analysis. The statistical categories, the quality and the level of aggregation of information, which depend on each country, may conceal very different phenomena.

Moreover, in connection with this general trend, countries and periods show “unexplained” elements which call for more in-depth analysis. The structures of training, the legitimisation of diplomas and the training periods in each country have to be re-examined in order to explain the differences.

However, the overall result is somewhat troubling in respect of the general ideas behind education policies. The widespread idea, according to which the development of initial training is the response to developments in the requirements of companies or at least that this development is used by occupations in accordance with their own dynamics, is not really compatible with the homogeneity observed in the distribution of qualified individuals throughout all occupations.

All these results have to be confirmed and analysed country by country. Two major considerations have already emerged:

- the distribution of qualified people amongst the different occupations cannot be initially explained by the different needs of those occupations but by the presence on the labour market of an increasingly large number of qualified individuals;
- will training activities, the effects of which on the labour market have still for

the most part to be identified, have the same consequences? If our results are accurate and reliable, this question raises the need for forecasts from a new angle.

## Questions and (some) answers

It is very important to correctly interpret the results. Fuelling forward reflection raises different types of questions which have to be examined in a general manner for Europe as a whole and in a specific manner for each country.

The questions to which this study has provided some elements of a reply

### ***Does the increase in the level of training stem from the demands of companies or is it based on a social demand for exogenous education?***

Given our results we would tend rather towards the second theory except for saying that the demands of companies are general and undifferentiated for the occupations. This is by no means unlikely.

### ***Is a diploma increasingly becoming a necessary precondition for obtaining a job?***

In general terms, yes and this also applies to the low levels of qualification. The availability of qualified people is an essential variable in the development of structures for access to an occupation. For a long time, diplomas which were not held by many people were a relative advantage for those who had them. Today, the abundance of diplomas means not having one can lead to exclusion.

### ***Does the abundance of qualified people run the risk of acting as an obstacle to people's career development and thus to social mobility?***

Yes, since not only is the number of people with a diploma on the increase but the structure of levels is changing which gives more direct access to jobs which were traditionally filled by means of internal promotion. However, since there is considerable inertia in the structure of skills in occupations, this substitution phe-

***“the overall result is somewhat troubling in respect of the general ideas behind education policies. The widespread idea, according to which the development of initial training is the response to developments in the requirements of companies or at least that this development is used by occupations in accordance with their own dynamics, is not really compatible with the homogeneity observed in the distribution of qualified individuals throughout all occupations.”***



nomenon is very slow. This is a problem for tomorrow.

***Is the link weakening between a diploma and a salary?***

Yes, because qualified people are no longer finding jobs on their level and are taking on jobs on a lower level. This “cascade” effect penalises the lowest levels of qualification, by increasing their vulnerability to unemployment.

Questions to which the study has not supplied any or only limited answers.

***Is the distribution of qualified people linked to changes in job contents?***

We cannot answer the question because the nomenclatures used are too aggregated and do not reflect the developments in contents. Our results would only seem to support the idea that similar changes have taken place in all occupations.

***Is the increase in the level of training a solution to short-term unemployment?***

Various studies show that in the short term and at times of high unemployment, training only provides a solution for limited shortages. In global terms, it merely leads to a rearrangement of the people in the queues. Our results simply say that the structure of unemployment based on the level of qualification has increased more quickly than the structure in the majority of occupations. Not only do the unemployed have more diplomas than before but the “density” of diplomas amongst the unemployed has increased more quickly than in most occupations.

***Does the increase in the level of training help to raise productivity and, beyond that, from the angle of various macro-economic theories, does it lead to the creation and maintenance of new jobs?***

This study does not permit an answer. The widespread distribution of a larger number of trained people to the different occupations is very likely to increase the global productivity of that system. In other words, it is likely that training efforts have contributed to the enormous increase in

the productivity of our economies. However, these results come from other studies. Our study does not comment on what is obviously a very important point.

***Have we had too much education in Europe in the last 20 years?***

This questions touches on the other ones. None of our results indicates that training efforts have been useless or inefficient. They fully support the idea that more training would have been useful. We cannot answer this question without having a standard (point of reference), i.e. without knowing how many people have to be trained and on what level. The results of the study seem to indicate that a standard based on differentiated demands according to the occupations is not the one which guides the developments in our systems.

## Conclusion

This debate could be extended. If our societies have made considerable efforts to finance initial training, it is because the different players involved in this issue have reached some sort of consensus.

Three players are involved in the increase in the level of education: the state, companies and the young people themselves along with their families. Each player has two possible strategies: to encourage the increase in the length of training or not. The problem is raised in identical terms for the six countries under review even if the forms of extending schooling are shaped by the national contexts and characteristics of the training systems.

Up to now, these players were all interested in extending the length of study: all together for specific reasons and each separately for their own reasons, some of which may be contradictory.

All these players are at least implicitly convinced that the development in training is desirable both for the individual and for the national economy even if it is based on a vague and intuitive consensus. Few people would argue that undergoing study was not desirable in terms of culture, social progress and work produc-



tivity in a society in which technical progress and international competition seem to guarantee prosperity.

But separately, the players base their beliefs in this consensus on less convergent reasons.

The heads of companies see in this opportunities for accessing more competent employees and for increasing the global efficiency of production and this all the more so since a wealth of skills directs pressure towards those at the bottom of the salary scale.

Given the current level of unemployment and the low marginal costs of training, young people - supported by their families - should be interested in obtaining the highest possible diploma in order to acquire the highest level of skill. Their training wishes are still linked to the prospect of social advancement and the idea of equal opportunities in education continues to argue in the same direction.

The state responds to the social demands of households, to the economic demands of companies and to the demands of educational lobbyists. In periods of high unemployment, keeping young people for longer periods in the education system may be one way of keeping them busy and of preventing a swell in the number of people looking for jobs.

The question is whether the foundations for consensus are going to last. Without taking up each individual argument, we would like to stress six possible points of fracture.

□ **The limits on public budgets.** Almost everywhere, public spending is viewed as having reached its limits including expenditure on education. Any extension of the length of education costs money. If the state cannot foot the bill, will there be efforts to privatise education? Will this change behaviour?

□ **Social exclusion.** Equal opportunities by means of education is a bit of a lame duck. The major development in training leaves people behind. The education systems increasingly have the reputation of promoting exclusion. In a context of limited resources, should money be allocated

to extending the length of studies for some or to helping others to catch up who haven't benefited from this?

□ **The return on education.** In a public system but even more so in private systems, households have to bear the costs of education. If a diploma no longer guarantees the expected salary and does not protect from unemployment, withdrawal behaviour will spread.

□ **Social mobility.** The average increase in the length of study will be accompanied by an increase in the range of levels of diploma. Competition between young diploma holders and the more experienced but not-so-young could impede opportunities for career advancement. If the distribution of social positions is done in a premature and definitive manner by the education system, we cannot rule out reactions from older workers and their organisations. This development raises the problem of the resources allocated to training during working life which are on a very low level compared to the resources allocated to initial training.

□ **Challenging the education-productivity link.** This is the theory of over-education: companies do not need people with so many diplomas. The extension of the length of studies costs more than it has to offer in terms of benefits. It merely increases expectations (in terms of jobs and salaries) which cannot be met by our economy. In its strictest version, this theory sides with the theories on voluntary unemployment.

□ **The weakening of the link between diplomas and skills.** In an environment in which jobs and organisations develop quickly, skills confirmed and validated by diplomas obtained on completion of initial training quickly become obsolete. Occupational competences are first developed either in companies or during continuing training. The real problem of companies and the social partners has to do with handling this new training process in an efficient manner and rethinking the certification arrangements in line with this new situation.

All these different arguments advanced by the different partners are likely to seriously jeopardise the consensus on which

***"If our societies have made considerable efforts to finance initial training, it is because the different players involved in this issue have reached some sort of consensus. Three players are involved in the increase in the level of education: the state, companies and the young people themselves along with their families. (...) All these players are at least implicitly convinced that the development in training is desirable both for the individual and for the national economy even if it is based on a vague and intuitive consensus. (...) The question is whether the foundations for consensus are going to last."***



# Debate

the secular and extraordinary development of education in Europe has been based since the war. The scale of and the limits to each of these theories must be carefully studied. If they do not funda-

mentally challenge the foundations for investment in training, they do still offer strong encouragement to examine the possibilities for the future.





# Shift in skill demand

## Introduction

Supply-side factors have played a significant role as a driving force of educational expansion. Specifically, the quest for more social equity and equal access to education, namely between the sexes, have had a strong impact on observable improvements in the educational attainment levels of the labour force in all countries under consideration. However, this does not mean that the expansion has not to a significant degree been driven by demand-side factors. But there are some reservations regarding the conclusions drawn from the evidence documented in the preceding article, "Diplomas and the Labour Market: Results and Questions". These reservations are substantiated below.

## Some reservations

A first reservation relates to a *methodological* issue and is of a theoretical nature. The analyses cover a long period stretching from the 1950s all the way to the early 1990s, during which the formal educational credentials have been obtained by the different labour market cohorts under observation. In most macro-research, the education system is treated as a "black box" over the whole period, assuming a stable production function of the education system in the sense that the formal education credentials produced in the 1960s and 1970s are equivalent in terms of acquired competences to the same formal credentials produced in the 1980s and 1990s.

This implicit assumption is at odds with the widely shared notion that the competences expressed by one and the same formal education credential (and even more so by one and the same formal educational attainment level) have undergone significant changes. Put differently: there are good reasons to believe that the quality of the output of educa-

tion systems has changed not only in terms of the number and proportion of persons graduating from different education tracks, but also in terms of the competences that the graduates of a given education track (or educational attainment level) possess. Such changes in the competences of graduates with identical education credentials in part reflect shifts in the initial distribution of talent on the *input side* of education tracks. For instance, whereas in the 1950s and 1960s no more than 30 % of an age cohort entered post-compulsory education, this share has reached levels around 80 % in the 1990s in most highly industrialized countries; and whereas in Germany, for example, only some 10 % of a cohort of school-leavers in the 1960s subsequently enrolled in higher education at a college or university, this share has since risen to almost 40%.

These changes in the talent distribution and ensuing increasing heterogeneity on the input side must, *ceteris paribus*, have had noticeable effects on the quality of the *output* of education systems, even assuming a stable production function of the latter. Moreover, the past three to four decades have also witnessed substantial changes in the internal differentiation and functioning of education systems (that is, the production function of education systems).

In fact, in a number of countries the educational expansion was accomplished not only through the widening of access to the traditional tracks of upper-secondary and higher education, but to a large extent also through the creation of new pathways leading to higher educational attainment levels, specifically the creation of vocational education tracks and the integration of pre-existing vocational or 'polytechnic' education tracks (for example, at industry schools) into the body of higher education.

All this indicates that the type and quality of competences acquired under the

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Debate

**Supply-side factors have played a significant role as a driving force of educational expansion. However, this does not mean that the expansion has not to a significant degree been driven by demand-side factors.**



***“It is commonly acknowledged that the strongest impacts of technological change (...) have resulted both from the large-scale diffusion of new base technologies, (...) as well as, in more recent years, from far-reaching organizational changes such as lean production and outsourcing.”***

***“A common characteristic of these changes is that they have not only created completely new occupations or increased the number of people employed in certain occupations, but have pervasively changed the skill requirements throughout the occupational hierarchy, from operative all the way to managerial jobs (...).”***

***“The very fact that there is the same trend towards a rapid absorption of higher diplomas by the employment system in many countries (...) changes on the demand-side of the labour market, would account for a much larger share of the shift in educational attainment levels (...) than the supply-side interpretation would indicate.”***

## Debate

heading of a given formal education credential or educational attainment level can be expected to differ substantially according to whether the credential was acquired in the 1960s or in the 1990s, casting doubt on the implicit notion of equivalency underlying the analysis.

Another methodological reservation focuses on the central *demand side* variable, *occupation*, and the implied assumption that changes in the demand for skills would show up in a shifting occupational structure of the employed labour force.

When using broad occupational categories, the analysis is likely to grossly underestimate the role of shifts in skill requirements within occupational categories. Thus Abramovitz (1993), using relatively detailed occupation data, was able to show for the US that close to 75 % of the increase in educational attainment levels could in fact be explained by mere changes in the occupational structure.

One can raise more fundamental doubts as to whether occupation, as contained in population surveys, is a good measure for technological change and hence for demand-side driven changes in skill and education requirements. Such doubts rest on notions about the specific nature of technological change prevailing in highly industrialized countries over the past two decades.

It is commonly acknowledged that the strongest impacts of technological change during that period have resulted both from the large-scale diffusion of new base technologies, (primarily, but not only information technology), as well as, in more recent years, from far-reaching organizational changes such as lean production and outsourcing. Both have led to task integration and a growing emphasis on cognitive as well as communication skills in the work place. A common characteristic of these changes is that they have not only created completely new occupations or increased the number of people employed in certain occupations, but have pervasively changed the skill requirements throughout the occupational hierarchy, from operative all the way to managerial jobs, thus rendering occupation a relatively poor indicator for shifts in skills demand.

Thus it is not conclusive, but certainly arguable, that training supply has a determining effect in explaining the internal transformations within occupations.

### Arguments for the demand-side

It has been put forward, in an interesting and very original concept, that within occupations different generations compete on the basis of education credentials versus experience. However, the underlying assumption of equivalency between skills and knowledge acquired through formal schooling on the one hand and learning through experience on the other is open to question.

This equivalency notion is standard in human capital theory. However, skills acquired in school settings and those acquired through mere work experience tend to be fundamentally different in nature and, therefore, can hardly be substitutes although they can be complementary.

With the prevailing direction of technological change, specifically its inherent bias towards abstract-cognitive skill requirements and the devaluation of concrete tangible skills, competences acquired in school-based learning settings have been gaining in importance vis-à-vis competences acquired through experience-based learning, thus, in fact, reducing the substitutability between the two. This would seem to have far-reaching consequences with regard to the competitive position of better educated labour market entrants vis-à-vis their experienced peers and in fact explain the rapid absorption of the younger cohorts with higher formal educational attainment levels. The very fact that there is the same trend towards a rapid absorption of higher diplomas by the employment system in many countries, despite their highly different institutional infrastructure, *would seem to indicate that* technological and organizational changes, namely changes on the *demand-side* of the labour market, would account for a much larger share of the shift in educational attainment levels of the working age population than the supply-side interpretation would indicate.



A further indication of the importance of demand-side forces in explaining observable shifts in employment patterns is provided by information on relative *wages* of highly educated workers. However, contrary to the supply-side interpretation, there is little evidence of declining wage premia for higher education graduates. On the contrary, most available data for the 1980s and early 1990s show a high degree of stability in skill-specific wage differentials (for example Germany) or even rising wage premia for higher education graduates, indicating that demand for highly educated workers may have outpaced the supply of such workers. A substitution of better educated for less educated workers, which would be consistent with a supply-side interpretation, would imply declining wage premia for highly trained workers.

The evidence, however, shows that in most OECD countries real wages have declined primarily at the lower end of the wage distribution. If these trends in labour compensation did not reflect changes in labour demand, but rather rigidities in wage setting mechanisms, then one would expect a disproportionate increase in unemployment rates for higher education graduates and better educated workers. However, the opposite has been the case in most OECD countries.

Rather, the evidence would seem to indicate the existence of demand-induced skill bottlenecks in the first half of the 1980s which would explain the rapid absorption of the growing number of higher education graduates and the rising wage premia for highly educated workers during the observation period. To test the validity of the proposed supply-side interpretation, data on education-specific unemployment and wage data also need to be analysed, together with direct evidence of the degree to which higher education graduates are actually employed in jobs that commonly require a college degree.

Finally, for several reasons, it is also worth examining the United States. First and foremost, the USA differs from most European countries by the fact that higher education is not provided free of charge, but in most cases involves tuition fees that

have increased significantly over the past 10 years. As a consequence, the United States can be characterized as a setting in which market signals (costs of education and expected future returns on human capital investments) play a larger role in individual education decisions and schooling behaviour.

Secondly, possibly as a response to the above, higher education enrollments in the US have shown a distinctly different pattern over the past 15 years from those observed in most European countries. Whereas enrollments increased noticeably during the 1970s, this increase came to a halt in the early 1980s, reflecting declining wage premia for higher education graduates in the second half of the 1970s. Over the 1980s then, wage premia for college-educated workers rose significantly, indicating a high degree of responsiveness of the market for higher skills that marks a contrast to the situation in most European countries.

However, the US experience also shows that education decisions and behaviour respond to demand changes only with a considerable time lag. This would seem to suggest the developments in the market for college skills need to be studied over a long period of time.

### A shift in the costs

The trends analysed in the study discussed in the previous article imply a shifting of the *costs* of producing skills from the private sector (where the production of experience-based skills takes place) towards the public and towards individuals, with the former financing the higher education sector and the latter bearing, if not direct costs (for example tuition fees), so at least the *opportunity costs* of staying on longer in the education system. Several authors have convincingly argued that these opportunity costs of staying on in school are significantly reduced in the presence of high unemployment. This fact may be one important reason for the “consensus-based coalition” between policy makers (eager to keep unemployment levels low), individuals (consuming education provided free of charge), and employers (reaping the benefits/efficiency gains from higher skills that are provided free by the state).

***“(...) evidence would seem to indicate the existence of demand-induced skill bottlenecks in the first half of the 1980s which would explain the rapid absorption of the growing number of higher education graduates and the rising wage premia for highly educated workers (...)”***

***“The trends analysed (...) imply a shifting of the costs of producing skills from the private sector (where the production of experience-based skills takes place) towards the public and towards individuals (...)”***



## Debate

However, there is reason to believe that this consensus may become more fragile: for employers, specifically, the essential question is whether wage levels are attached to formal education credentials (and not to job requirements). Whereas employers may welcome a weakening of the nexus between wages and formal education credentials (particularly so in

a situation of an excess supply of college educated workers), such a weakening of the credential-pay nexus would negatively affect the position of insiders and their representatives (unions) since they would have to fear downward pressure on their wages from (or, in the worst case, a substitution by) new highly-skilled labour market entrants.



# Diplomas versus skills



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## Introduction

The research carried out by Professor Mallet, outlined in the earlier article "Diplomas and the Labour Market: Results and Questions" and his collaborators is provocative and shocking in the best possible way. It causes us to think and re-evaluate the extent to which education and training structures and processes are responding to the changing skill requirements of the economy. Schools and universities are producing increasingly large numbers of highly-qualified young people. The problem highlighted by the research is the apparent very great regularity across different occupations of the rate of absorption by the economy of the more highly-qualified members of the labour force.

The question raised is whether this growing consumption of the highly qualified by firms is really driven by skill needs. Are firms employing more highly qualified individuals merely "because they are there"? This, in turn, raises the question as to whether resources devoted to education and training are being misdirected, in fact whether the great effort of public investment in the expansion of higher education that we have seen in Europe has been really necessary?

One of the problems of commenting on the issues raised is that it makes us realise how difficult it is to make well-founded general statements about how and why firms' skill needs have changed over the last ten years. It is much easier to study the supply of qualified people on the labour market than to it is to study changes in the demand for skills in the economy. Professor Mallet's interpretation of the reasons for the observed changing demand for skills is one way of explaining the observed regularities but there are other possible explanations.

## The changing of job content

Professor Mallet's research focuses on a period of time when considerable change has taken place in what and how our economies produce. Many jobs have changed over this period out of all recognition and the consensus is that the pace of change, far from slowing down, will continue or even speed up. While economists still debate the relative roles of the different factors producing these changes, there is now much convincing evidence for the widely-held "common-sense" view that the following factors are important.

First, the more efficient exploitation of information and control technology based on the microchip has helped to reduce the demand for much routine unskilled work. Second, national competitive pressures in both the non-traded and traded sectors of the economy to improve variety and quality of goods and services and to do so more rapidly account for much of the increased demand for more highly educated workers. In the traded sectors of the economy competitive pressures have increased as a result of the great increase in world trade. These pressures force companies to become more efficient in order to compete internationally and to ensure that they recruit the skills they need and use those skills to full effect.

But considerable changes have taken place in the non-traded mainly service sectors of the economy also. Privatisation of public monopolies and the introduction of internal markets have also placed pressures on parts of the service sector to improve performance. In short, the ten year period examined in the study has been a period of harsh competitive pressures for firms. Can we imagine that they have been hiring for example, more graduates - and paying a graduate wage premium for fun, or out of ignorance or

## Debate

**Schools and universities are producing increasingly large numbers of highly-qualified young people. The question raised is whether this growing consumption of the highly qualified by firms is really driven by skill needs. Are firms employing more highly qualified individuals merely "because they are there"? But employers generally continue to employ more people with higher qualifications and to pay them more than individuals with lower qualifications. We must believe that this is a rational choice and our task now must be to try to understand better the reasons for that choice.**



***“It is important to recall that - even though the supply of highly educated individuals has grown tremendously over the last 10-15 years - on average graduates can still command a wage premium over non-graduates.”***

## Debate

absent-mindedness? It is important to recall that - even though the *supply* of highly educated individuals has grown tremendously over the last 10-15 years - on average graduates can still command a wage premium over non-graduates.

### **Examples of falling demand for low-skilled workers**

It's worth looking at some examples of the sorts of changes listed above and how they have affected employees, their job content and the skills required to do their jobs. These examples are taken from visits to companies made over the past two or three years in Sweden and in England and from a study published by the NIESR in 1995 examining the jobs taken by graduates in England following the recent very considerable expansion in graduate supply (Mason 1995).

An illustration of the way in which organisational and technological change has reduced demand for the low-skilled can be found in the English Water Company. The water industry in England was privatised in the late 1980's and might well be considered one little affected by technological and organisational change. In fact the reverse is the case.

There can be no doubt that privatisation hastened a trend which had been gathering momentum only slowly before privatisation. In that era, in the 1950s and 1960s, the industry had a work force which was, with the exception of managers, without any school qualifications and which was employed in essentially manual tasks.

In the 1990s, a number of factors combined to change the skills required to work in the water industry. These changes meant that employees without the capacity to learn and upgrade their skills were obliged to retire from the industry and that future recruits were tested for basic literacy and numeracy. The first of the factors was much higher water quality standards introduced by the European Commission. The second was a much more advanced standard of control technology involving the use of micro-computers to monitor and provide information on every stage of the water purification process.

Since privatisation the workforce engaged in water supply in this company has been halved from 10,000 to 5000, while both the quality and quantity of water has been increased. The aim is to retrain the whole of the remaining workforce to a recognised standard of vocational competence. The Water Company illustrates the requirement for a higher minimum threshold of literacy and numeracy and a degree of trainability. Much of what has been observed concerning operator skills in the water industry applies equally to process manufacturing in general and findings in, for example, the paper-making industry in the late 1980s.

The most fundamental change in skill requirements in the water industry is that operator literacy is now a necessary condition of employment. Furthermore, it is not just a requirement of the company but part of the conditions of the company's operating licence.

Operators no longer observe or taste the water flowing through the plant but interpret information in alpha numerical format relayed from automated test equipment to operators' monitors. Operators must not only be able to read the information from the screen and check it against paper documentation but interpret it correctly and decide on appropriate action where necessary. Instead of interpreting physical phenomena using primary senses, they work from the abstract representation of phenomena. Before privatisation, customers had to be fairly tolerant of changes in pressure and even in the colour of their water and operators were required to do no more than ensure that a fairly wholesome liquid flowed through the pipes most of the time.

Now, with regulatory authorities requiring companies to consistently reach high quality standards, the operator must react immediately to unpredictable physical changes monitored and represented in abstract form and take appropriate remedial action. At this basic operator level of employment the skills required are defined to be straightforward and predictable with the control technology adapted to prevent the operator taking any but the most routine action - all other contingencies to be referred up to the next level of supervision. Even so, learning costs are

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high. All employees in water processing have been or are being trained to national skill standards for the industry requiring between six weeks and three months on the job training. Furthermore, future re-training is a certainty because the technology currently in use is already dated and will be progressively replaced. So capacity to learn quickly is important to the company's balance sheet even at this fairly basic level.

At the intermediate skill level, increases in uncertainty, unpredictability and the ability to quickly produce correct solutions were also singled out by the manager of a company visited in Sweden repairing a well-known brand of PC and associated equipment. In the deep recession of the early 1990s this company had no longer been able to keep afloat repairing the products of its parent company and had chosen to accept to carry out repairs for a wide range of electronic communications equipment from different manufacturers. Technicians had previously followed fairly routine standardised work practices. When a repair needed to be carried out they consulted the appropriate manual and acted according to the instructions they found there. When the company started to repair equipment from other manufacturers, technicians were faced with repairing machines for which they had no manuals and little guidance on how to obtain the information needed.

Previously, the company required the more routine skills of working from manuals and using set procedures. Now, however, the company needs employees who can search for solutions to problems they have not previously encountered. The company now needs employees to develop skills of judgement, the ability to search independently for a solution and to use their own initiative.

These findings were echoed in a study of the graduate supply shock in Britain (Mason *op.cit.*). This study was prompted by the enormous increase in participation in higher education since the late 1980s. The proportion of the age group entering higher education in 1992 in the UK was twice as high (at 30 per cent) as it had been in 1982. The aim of the study was to find out more about the sorts of jobs

that this greatly increased supply of graduates were doing. The study presents evidence that:

- in manufacturing, higher value-added products and new technology required graduate level skills where these had not previously been needed;
- in large companies in the service sector (financial services) the refocusing of banks on sales of a much wider range of financial services had created a demand for the ability to absorb and process and apply a wide range of rapidly changing information in a retail environment;
- some graduates were entering non-graduate jobs, in some cases at higher pay rates and in others at the same pay rate as non-graduates. But Mason's study suggests that there are cases of graduates recruited to non-graduate positions where supply was reshaping demand. One manager explained:

*"Putting a higher grade of people in low-level jobs [such as on telephone help lines] gets a better standard of performance... They [graduates] are more articulate, they understand some aspects of the job better [e.g. cross-selling of different products]..."*

Many young women leave school and enter employment as secretaries. In this field also, change in the skills required has been considerable. Secretaries are of particular interest because, from being in the past a group primarily recruited with little further training or study, recruitment is increasingly from longer courses of general and in particular vocational education and training.

The work of secretaries has always been less routine and more unpredictable than many similar clerical and administrative occupations. However, in recent years their work has been transformed by the three major forces shaping the demand for skills, new information technology, increased internationalisation of business and increased competition between companies on quality of service. This new climate means that managers now frequently share secretaries, managers are more frequently on the road but continuing to work out of the office by means of new tools of communication – the mobile telephone, the modem and the Internet.

***"(...) some graduates were entering non-graduate jobs, in some cases at higher pay rates and in others at the same pay rate as non-graduates. But (...) there are cases of graduates recruited to non-graduate positions where supply was reshaping demand."***



***“Employers in a number of European countries, notably France, Sweden and Britain are finding that the foundations provided by initial schooling and training are not those needed to equip all employees to learn fast enough and often enough to keep up with technological and organisational change. (...) This learning, whether it takes place on-or off-the-job constitutes an increasing cost for companies. Replacing employees having lower level qualifications with those qualified to higher levels might be seen as part of a strategy to reduce such costs.”***

***“Employers may be interpreting qualifications as signals about learning ability rather than simply about knowledge acquired.”***

## Debate

Varying combinations of competitive pressures and rapid technological innovation put a premium on the ability to learn swiftly - while doing. Secretaries are expected to function efficiently but also to update swiftly on new technology, use new technology to its full potential, manage time and retrieve information efficiently, and take some decisions independently of managers.

A recurrent theme that can be identified from these examples is that at every level of skill those who are active on the labour market are being required to learn and update their knowledge almost continuously - and certainly more frequently than in the immediate past.

Employers in a number of European countries, notably France, Sweden and Britain are finding that the foundations provided by initial schooling and training are not those needed to equip all employees to learn fast enough and often enough to keep up with technological and organisational change. Once these capacities have become essential for the survival of a company, employees without the ability to learn both on and off the job become a financial liability. This learning, whether it takes place on-or off-the-job constitutes an increasing cost for companies. Replacing employees having lower level qualifications with those qualified to higher levels might be seen as part of a strategy to reduce such costs. A highly-educated employee might be expected to learn faster than one with only limited further study experience. In the short and medium term the higher graduate premium would be more than offset by a saving in learning costs. Employers may be interpreting qualifications as signals about learning ability rather than simply about knowledge acquired.

How might we expect such a situation to affect employees. This might occur in three ways which can all fit the data in the study. First those employees who showed low capacity for flexibility and autonomy would be let go through natural wastage or early retirement. This would be followed by the recruitment at a higher level or upgrading of existing employees to a higher level. This was a strategy followed by the English Water Company.

Second, new employees might simply be recruited at the next highest educational level and the more routine tasks would then be reserved for the lower qualified employees as happened in the Swedish company. Third, the recruitment strategy could be quite drastically reformulated and skilled craft employees could be replaced by graduates with similar job descriptions e.g. production manager but with very differing responsibilities - this was the situation described in Mason (*op.cit.*) and this was also occurring in Britain in the case of some secretaries.

The requirement for flexibility and autonomy in the face of uncertainty (with regard to technological and organizational change) has been shown to be widespread and not confined to a few leading manufacturing sectors but across a variety of service sector occupations (Employment Institute, Sussex). Therefore, the findings of Professor Mallet's study could be interpreted in the light of research showing a rising requirement for learning skills across many sectors.

### Why pay more?

Does this mean that all is well with the output of the education and training systems of the countries concerned? Well, of course, it says nothing of the sort. Employer and employee representatives in most European countries have very little possibility to influence what goes on in schools and colleges where most of these skills are produced. And employer and employee representatives in a number of European countries including the UK have recently made clear that the output of the schools does not meet changing skill requirements in a number of ways. The study itself shows that employers continue to value experience in older employees as well as higher levels of qualification in young people. So there is no cause for complacency. But employers generally make choices which they believe will benefit the profitability of their enterprise. They continue to employ more people with higher qualifications and to pay them more than individuals with lower qualifications. We must believe that this is a rational choice and our task now must be to try to understand better the reasons for that choice.





# Diplomas, labour market signalling and the allocation of competence on jobs



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## Introduction

Knowledge is the dominant input in production. Knowledge leverages up the productivity of all other factors of production like labour hours and machines (Eliasson 1989). Can an hour of labour input generate any economic value without a significant dose of embodied competence? Hardly.

From this observation follows four conclusions:

□ The allocation of competence is the great concern of the labour market, which should most appropriately be labelled the *market for competence* (Eliasson 1994a). Hence, economic performance at all levels depends significantly on the capacity of the labour market to allocate competence.

□ Competence is embodied in human beings and largely *tacit* and difficult to communicate. But how can a market allocate a quality the content of which is largely unknown? Such a market will be afflicted with all kinds of deficiencies. For instance, it will be in the interest of those with less competence to withhold that same information (Akerlof 1970).

□ There will be a concern among employers about making the tacit competences of job candidates more explicit for example, through certification.

□ There will also be a demand among the highly qualified competence holders

to have their qualifications explicitly recognized in *diplomas*, a labelling to enhance their standing in the labour market.

The outcome of a more widespread use of signalling devices like diplomas could be either a more informed, or a misinformed and socially divisive labour market process.

Certification of human capital characteristics, therefore, has been a technical and controversial issue for years. To what extent can diplomas realistically reflect the demanded qualities of labour? To what extent does the increase in qualified people across the European labour markets in the last 30 years (Mallet 1997, see also article on page 53) reflect a new supply and demand situation for diplomas, as distinct from the corresponding demand and supply situation for useful human capital?

## Diplomas or skills?

Mallet observes that while there has been a pronounced increase in the level of education as reflected in diplomas and certification across Europe, notably in the low skill occupations, continuing education beyond formal schooling (as measured) appears to have played a relatively insignificant role during the same period (roughly the 1980s, beginning in some countries before 1980 and stretching in some countries well into the 1990s). The countries covered are France, Germany, Holland, Italy, Spain and UK.

## Debate

**The capacity for intellectual retooling on the job has been in steadily increasing demand in the labour market, notably in production industries subject to intense competition and rapid technological development. To the extent that diplomas reflect such intellectual capacities. This is a positive underlying industrial development that has already been documented in the US and that should be supported, not disputed.**



***“The problem of making tacit qualities embodied in human beings visible has, however, been a concern among educators for years (...). It is, however, controversial as to social consequences and there is hardly a consensus among experts as to the value of tests, grades and certificates as reliable proxies for human qualities.”***

## Debate

### Trading in tacit competences

In order to answer these difficult questions, a theory is needed. But there are several, partly inconsistent and partly overlapping theoretical models to choose from, and bits and pieces from them all fit the facts.

Trading in tacit competences, the content of which is largely unknown to the buyer, poses singularly difficult problems. During the last couple of decades “labour market signalling” has become a central theme in labour market and educational economics (Stiglitz 1972, Arrow 1973, Spence 1974). This so called filter theory, representing a phenomenon, was well known to educators long before it was discussed by the economists. It was partly formulated to undermine the extreme conclusions emerging from the then (and still) dominant human capital theory (Becker 1964, Mincer 1958) that had been subjected to and supported by numerous econometric “tests”, implicitly assuming that there was no filter at work. One recognition associated with the filter theory has been that the labour market, as the market for used cars, exhibits typical “lemons” properties (Greenwald 1986).

The problem of making tacit qualities embodied in human beings visible has, however, been a concern among educators for years and there is a large literature on testing and certification that addresses this problem. It is, however, controversial as to social consequences and there is hardly a consensus among experts as to the value of tests, grades and certificates as reliable proxies for human qualities. Above all, the validity of any grading of such an extremely heterogeneous entity as human capital can easily be disputed. Mallet also opts for a less well defined institutional version of the two theories in which exogenous factors strongly influence supply and demand in the labour market. He refers to the multifunctional and conflicting nature of education, the mismatch between education and employment and the pronounced political elements of school and concludes that “education and training cannot be reduced to a problem of mere economics”. This, according to Mal-

let points to an - at least partial - exogenous explanation of educational and training demand. This more comprehensive approach sets the explanation apart from the human capital and filter theories, as well as the manpower approach of the 1960s, when planners attempted to forecast the vacancies and adjust educational supplies to meet the computed needs.

### An enormous expansion of people with diplomas

How then can the enormous expansion of people with diplomas over the last 30 years in all European countries be explained? Have the competence level, and the educational level been raised to the same extent? And if so, has there been a correspondingly increased demand for the same formal competence supply? Or, are we simply observing a case of misguided signalling in the labour market?

The Mallet et al. approach to an answer to the first question is ambitious, to say the least. Ambitious studies addressing relevant economic problems of society are, however, very rare, so this is a positive remark. But large ambitious projects should be very careful in selecting appropriate prior theory to support the interpretation of facts.

The approach of Mallet is to organize data sets for the six countries for roughly the same ten year period covering occupational, educational and age (read experience) characteristics of individuals.

The research first studies the distribution of the increasing number of differently qualified people over the job categories of the production systems of the six countries. They find that formal qualification levels have generally increased in each job category, and notably so in the low skill categories. They also observe that the increasing presence of diplomas in the selection process may have blocked access to the job market and further on-the-job training opportunities for the less formally qualified part of the labour force. Introducing the assumption that production may not need so much formal education compared to vocational training,



they ask whether we are observing an instance of over-education across Europe, and an artificially lowered demand for unskilled people.

This hypothesis would be very interesting if it can be demonstrated that an increased use of formal diplomas is not an efficient device for allocating competence in the labour market. Suppose diplomas do not reflect competences needed for the job but instead favour people with high grading and handicap competent people without grading at recruitment, generating an inflation in investment in unnecessary diplomas. This does, however, not appear to be what the researchers have in mind. Anyhow, if the hypothesis could be demonstrated to be empirically credible it would provide an explanation to the high and persistent unemployment levels in Europe, notably among those with no diplomas, and the rapidly widening income distributions across Europe. This pattern would also reflect the undesirable kind of inter-generation competition in Europe that Mallet discusses, benefiting the young and not necessarily more competent with better diplomas compared to the uncertified but experienced earlier generation in the recruitment process. Hence, we would find an over-representation of middle-aged but not necessarily less competent people among the unemployed. This would generate social exclusion as suggested by Mallet. This is a perfectly reasonable hypothesis that deserves to be investigated. But it is not a third kind of institutional explanation, as Mallet argues. It is a clear case of adverse selection under the filter hypothesis.

It might help to prolong education for some, for example, the less-talented, but for entirely different reasons than those proposed. Rather than raising the certified competences of the less able employees and so countering social exclusion, under the over-education hypothesis such a method will serve to devalue the diploma system as an indicator or signal of ability. This would certainly be a misuse of the education system and of public resources even though efforts to demonstrate education-productivity links do not hold up empirically. If so, there is much to be learned by following Buechtemann's (see page 59) advice to also examine the United States.

## Jobs demand more competent holders

Steedman (see page 63) has reservations on the over-education story. A number of studies, notably case studies have demonstrated the increased demand for highly (formally) qualified people both for jobs previously occupied by unskilled people, and for new jobs. This increased demand for more highly qualified people stems from privatization and increased competition in markets that pay a premium on a few qualified people replacing many unqualified people. The US story with little evidence of declining wage premia for the highly graded people reported by Buechtemann certainly supports this hypothesis. But are the European economies generating a sufficient increase in advanced production to require highly educated and qualified labour?

Buechtemann's comments rather reflect the US labour market experience and research tradition. He points out that European researchers should be careful to include the US in their inquiries since the US experience is very different, notably in terms of its privately financed higher education system and a functioning (as a market) labour market enforcing strong economic rationality on the individual in his or her education and job search decisions. Above all we would expect the US education system to promote certification that generates high and persistently high wage premia. But we would also expect the functioning US labour markets to enforce certification that proxies skills and competences better than a labour market with less competition. The overall outcome might be a wider income distribution matching the corresponding competence distribution better, but not social exclusion as described by Mallet. Europe would see the social exclusion because the absence of diplomas at the low end might erroneously signal low ability. This probably explains the especially strong increase in diplomas reported in low skill occupations.

The educational problem certainly is replete with political elements, and economic theory certainly is needed to sort them out. As we all know, the more variation in the data sets, the better we can discriminate between different explanations. Including

## Debate

***“This pattern would (...) reflect the undesirable kind of inter-generation competition in Europe (...) benefiting the young and not necessarily more competent with better diplomas compared to the uncertified but experienced earlier generation in the recruitment process. Hence, we would find an over-representation of middle-aged but not necessarily less competent people among the unemployed. This would generate social exclusion (...). But it is not a third kind of institutional explanation (...). It is a clear case of adverse selection under the filter hypothesis.”***



***“The capacity of diplomas or their grades to signal the true competences of the individual to carry out particular tasks, therefore, is very important both for the individual’s economic value in the labour market and for the efficiency of the labour market itself in allocating (real) competences embodied in the right person for the job.”***

## Debate

US data in the analysis would increase variation. And there definitely are more theoretical possibilities, or at least variations to discuss before we can close the books on theory in the context of this important and ambitious research project.

Before attempting a somewhat different interpretation, however, it is important to say a few words about the nature of competence as supplied by and demanded in the labour market.

### The nature of competence capital

Competence capital is one of the many inputs in production, but it is the most important one. It distinguishes itself by being the dominant input, determining the productivity characteristics of all the other factor inputs in production (Eliasson 1989). Competence is embodied in individuals or teams. One adequate definition of a firm, in fact, is as a *competent team* (Eliasson 1990). Hence, trade in competence occurs in labour markets (both internal and external) and in the markets for mergers and acquisitions (M&A, Eliasson 1991). The latter trade in human capital has become increasingly important in the last couple of decades seeing the emergence of small high tech and highly competence-intensive firms. Besides being the dominant characteristic, human embodied competence distinguishes itself from other forms of capital only by degree. The four, particularly important, principal characteristics of competence capital are that it is:

- heterogeneous;
- redundant in each application;
- valuable according to and depending on its allocation;
- relative (Eliasson, 1994a).

While a machine is normally specialized for one task, or at most a few, the knowledge of a human being is known for its immense *heterogeneity*, and hence constant *redundancy* in all its applications. A human being can perform numerous tasks. At each task, he or she, however, only employs a fraction of his or her full endowment of competences, leaving all others redundant in relation to that task. This defines the flexibility of human capital. But

it has also been documented that human capital normally only gets compensated for the services performed in each particular task, essentially making the maintenance of flexibility (dual or multiple competences) the financial responsibility of the individual. One should observe in this context that the dual skills of the German worker to a large extent has been financed by the worker himself through the very low wages earned during the apprentice period (Eliasson 1994b). Take an extreme case: A welder that can play the violin expertly only gets paid for his capacity to weld when welding and his talent with the violin when playing. Mallet (1997) makes a similar observation pointing out that while the level of formal qualification might serve as a screening criterion in the recruitment decisions, wages are determined by the characteristics of the job, hence (in Mallet’s own words) “devaluing human capital” in the work place. The two ways of expressing the same phenomenon are in fact very different in terms of the implicit theories on which they build, and in fact are mutually exclusive when it comes to the implications for policy.

From this follows several conclusions. The economic value of human capital depends on its allocation. This makes the ability of the labour market to allocate human capital effectively a prime concern for the individual. The economic value of human capital, furthermore, is relative. It depends on the supply of the same competences in the market.

These same conclusions apply to diplomas. The capacity of diplomas, or their grades, to signal the true competences of the individual to carry out particular tasks, therefore, is very important both for the individual’s economic value in the labour market and for the efficiency of the labour market itself in allocating (real) competences embodied in the right person for the job. Mallet, hence, could hardly have addressed a more important economic problem.

### The grading of competences

The extreme heterogeneity of human capital, of course, makes a fair grading, or a



complete specification of human capital content impossible. The more well-rounded the individual the more unfairly he or she will be treated in a market singularly concerned with grades and formal qualifications. But the unqualified, without diplomas, will be unfairly treated. The greater the degree of unfairness, the less well the grading will serve as a signal for the particular competence characteristics it is supposed to reveal. Similarly, only very simple jobs can be characterized by a list of specific competences or educational grades achieved.

Human beings are thus *inspection* (Hirschleifer 1973) or *experience* (Nelson 1970) goods, the competence characteristics of whom will only be revealed after observation of performance on a job. However, it should be noted that even then the content of competence remains unknown and tacit. Functional performance on a job can be graded with reference to the job experience path without identifying how the job has been done with reference to the various competences put to use. Notably, a background of broad based education and experience can be revealed by the range of new difficulties and circumstances a successful job career has covered. This is also the typical “history of grades” head hunters are looking for when helping firms to fill high-level positions. We can, therefore, observe for the future, and in reference to the results reported by Mallet, that the steadily increasing vagueness of job specification in terms of competence requirements is making the labour market process of inspection and job change increasingly important for the evaluation (and grading and fair compensation) of the competence capital of the individual. And perhaps even more important will be the individual’s ability to adapt his competence to the job and to retool intellectually (reflecting flexibility) whenever needed.

## The competence platform for effective life-long learning

This suggests looking at another (in addition to those introduced by Mallet) theoretical explanation to the job market phenomena observed across Europe.

It has to be recognized that employers look for competence, notably talent when recruiting, and the talent dimension becomes increasingly important the further up the recruiting ladder. Talent on the job is conventionally thought to be positively correlated with the level of education, in the US even as far up as the doctorate level (Eliasson 1996). Under that presumption, which may even be correct, it is easy to understand that there will be an inflation in diplomas once the number of people with diplomas has become sufficiently large. Such a phenomenon should, however, not be labelled “over-education”. One should rather discuss the possibility of organising a less resource demanding “labelling system” than employing the entire education system of the country for that purpose. This takes us back to the observation of Mallet that while the number of people with diplomas has proliferated across the European labour market, the number of people with additional vocational training beyond formal schooling has not.

Early formal education in difficult “academic subjects” like mathematics, languages, computer science and also natural sciences has been shown (Eliasson, 1994b) to provide a *platform* for efficient further formal education and on-the-job learning, systematic experience accumulation and intellectual retooling for new jobs (Eliasson, 1998). The capacity for intellectual retooling on the job (the platform) has been in steadily increasing demand in the labour market, and notably in production industries subject to intense competition and rapid technological development. To the extent that diplomas reflect such intellectual capacities, and there is a strong a priori case for it, the observations made by Mallet reflect a positive underlying industrial development that has already been documented in the US and that should be supported, not disputed. In its pure form it has very little to do with the European unemployment problem, except that the job market is developing in a direction that makes it increasingly difficult for individuals with low level “educational and learning platforms” to obtain well-paid jobs without the support of tax-payers money.

This proposition can only be refuted in favour of the institutional, over-education

## Debate

***“(...) employers look for competence, notably talent when recruiting, and the talent dimension becomes increasingly important the further up the recruiting ladder. Talent on the job is conventionally thought to be positively correlated with the level of education, (...). Under that presumption, which may even be correct, it is easy to understand that there will be an inflation in diplomas once the number of people with diplomas has become sufficiently large. Such a phenomenon should, however, not be labelled “over-education”. One should rather discuss the possibility of organising a less resource demanding “labelling system” (...).***



explanation suggested by Mallet by demonstrating that formal education, as reflected in diplomas, has little to do with the intellectual and learning platform I have just discussed. If so, the case for a fresh and unprejudiced (Eliasson 1994b)

look at the role of the formal education system would be long overdue. It would be very interesting and important, to have this issue clarified empirically in the Mallet study as it enters its next phase.

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## Europe - International

### Information, comparative studies

#### **Vocational education and training - the European research field: back- ground report, volume 1.**

European Centre for the Development of Vocational Training, CEDEFOP  
Luxembourg: EUR-OP, 1998, 352 p.  
(reference document)  
ISBN 92-828-3613-4 (v.1), en  
ISBN 92-828-3612-6 (v.1 + v.2), en  
Cat. no.: HX-13-98-001-EN-C  
EN

This is the first volume of the background report that complements the synthesis report on reviews of European current research in the field of vocational education and training (VET). The contributions are grouped into five main fields of research: institutional and political background; socio-economic framework; the processes of training, continuing training and integration to work; curricula and learning; and aspects of comparison, mobility and recognition of skills in a European perspective. The first parts deal with institutional forms of cooperation and coordination between different actors at different levels of VET policy. The second part is devoted to the socio-economic framework: labour markets, technologies, the costs and benefits of training and future of work and skills. The third part deals with training processes, transitions to work, continuing training and the problems of target groups. The fourth part presents research on curricula, learning formats and non-formal learning. Part five is devoted to some "overarching" aspects in the European context: comparisons, mobility and recognition of skills.

#### **Vocational education and training - the European research field: background report, volume 2.**

European Centre for the Development of Vocational Training, CEDEFOP  
Luxembourg: EUR-OP, 1998, 321 p.  
(reference document)  
ISBN 92-828-3614-2, en

Cat. no.: HX-13-98-002-EN-C  
EN

Given the persistence of a very high degree of heterogeneity in the problems, definitions and methods used to analyze transition, this report has been prepared with a two-fold goal: firstly to clarify the situation by recording progress and difficulties in research undertaken on the issue of transition and, secondly, to suggest possible areas of reflection concerning opportunities to undertake more in-depth research from a comparative European perspective. It is divided into three parts. Part 1 documents French experience in the development and interpretations up to now of the problems of organizing occupational transition. Part 2 looks at the role of vocational training systems in the transition of individuals to work. Part 3 uses European comparisons to examine the different approaches to transition which are encountered and which could serve as points of reference for developing the analysis of the organization of transition towards the world of work in areas such as national monographs and or transnational comparisons.

#### **Human resource accounting - inter- ests and conflicts: a discussion paper.**

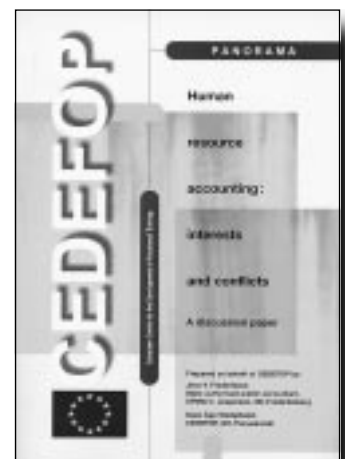
FREDERIKSEN J V; WESTPHALEN S A  
European Centre for the Development of Vocational Training, CEDEFOP  
Luxembourg: EUR-OP, 1998, 55 p.  
(Panorama, 85)  
ISBN 92-828-3334-8, en  
Cat. no.: HX-18-98-445-EN-C  
EN

Human resource accounting is about measuring the value of human resources in enterprises, which can include figure and non-figure reporting on such issues as costs and benefits of training, staff turnover, absenteeism, the value of employees' knowledge, etc. This report contains the following three elements: 1) a presentation and definition of the main terms used in human resource accounting; 2) identification and discussion of the main stakeholders - governments, social

### Reading selection

*This section has been prepared by  
**Martina  
Ní Cheallaigh,**  
and the Documentation Service with the help of members of the national documentation network*

*This section lists the most important and recent publications on developments in training and qualifications at an international and European level. Giving preference to comparative works, it also lists national studies carried out as part of international and European programmes, analyses of the impact of Community action on the Member States and national studies seen from an external perspective.*





partners, enterprises and employees - and their positions on human resource accounting; and 3) five case studies on reporting on human resources which include public and private enterprises/organizations as well as production, retail and service enterprises.

**Mobility and migration of labour in the European Union and their specific implications for young people.**

TASSINOPOULOS A; WERNER H;  
KRISTENSEN S

European Centre for the Development of Vocational Training, CEDEFOP

Luxembourg: EUR-OP, 1998, 126 p.  
(CEDEFOP Document)

ISBN 92-828-4143-X, en

Cat. no.: HX-16-98-053-EN-C

EN FR DE ES

The establishment of the right to freedom of movement for European citizens plays both a practical and symbolic role in the process of the construction of the European Union. This report commissioned by CEDEFOP within the framework of the medium-term priorities (1997-2000) on "serving European mobility and exchanges" shows that in spite of a legal and political environment which encourages the free movement of persons, and in spite of the Commission programmes to promote mobility and eliminate obstacles, there is still little transnational mobility among EU countries and it is highly concentrated on special groups.

**Certificates, skills and job markets in Europe: a summary report of a comparative study conducted in Germany, Spain, France, Italy, Netherlands, United Kingdom.**

Université des Sciences Sociales de Toulouse, LIHRE et al.; European Centre for the Development of Vocational Training, CEDEFOP

Luxembourg: EUR-OP, 1998, 31 p.

(CEDEFOP Document)

ISBN 92-828-3549-9, en

Cat. no.: HX-13-98-653-EN-C

EN FR

This study commissioned by CEDEFOP has as its central subject the macro-economic or macro-social analysis of the consequences of investments in education on

the job market, and on the distribution of the workforce in the production system. It gives some answers to a very large question: how is the increasing number of people with qualifications being distributed over the production infrastructure? It concludes that the widespread idea according to which the development of initial training reflects developments in demands by companies, or at least that this development is used by occupations in line with their own dynamics, is not very compatible with the homogeneity observed in the distribution of diploma holders in all occupations.

*The documents mentioned above may be obtained from EU national sales offices - <http://eur-op.eu.int/fr/general/s-ad.htm>. Requests for free publications should be addressed to the representations of the European Commission in the Member States or the delegations of the European Commission in other countries - [http://europa.eu.int/comm/represent\\_en.htm](http://europa.eu.int/comm/represent_en.htm)*

**Skill needs: linking labour market analysis and vocational training.**

European Training Foundation, ETF

Luxembourg: EUR-OP, 1998, 135 p.

ISBN 92-9157-161-X, en

ETF

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Cat. no.: AF-12-98-093-EN-C

EN

This document is the follow-up to a two and a half day workshop which took place in Turin, Italy, on 20-22 November 1997. In the past, in the centrally planned economies of the partner countries, there was an inherently close link between production and training systems. Following the abolition of this centrally planned system, this close link, and the interrelated link between skill users and skill producers was broken. The growing private sector, emerging from the privatization of large state enterprises and the setting up of SME's, does not as yet communicate directly and effectively with vocational education and training institutions and decision makers. As a consequence, vocational education and training decision makers in the partner countries are now







facing a serious information gap between the skills required by society and the economy to proceed to a structural adaptation of their system and to design appropriate training programmes. The assumption behind the workshop was that information on the demand and supply of skills is a prerequisite for vocational education and training decision makers to allow them to adapt their systems to the needs of a changing socio-economic environment.

URL: <http://www.etf.it/etfweb.nsf/pages/vetreport3>

**Enhancing the role of social partner organizations in the area of vocational education and training in the candidate countries of Central and Eastern Europe: institutional arrangements.**

European Training Foundation, ETF  
Luxembourg: EUR-OP, 1998, 29 p.  
ISBN 92-828-4385-8, en  
ETF

*Villa Gualino,  
Viale Settimio Severo 65,  
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Cat. no.: AF-16-98-683-EN-C  
EN

This publication is part of a pilot project on the role of the social partners in VET launched by the European Training Foundation in 1997 along the lines of the recommendations of its Advisory Forum. The overall aims of the project are: 1) to support the promotion of a social dialogue culture on VET in the candidate countries of Central and Eastern Europe; 2) to contribute to the further development of networking and exchange of experience between social partners from these countries and their counterparts from EU Member States; and 3) to assist in the reinforcement of the institutional capacities of social partners in the candidate countries for developing effective practices of social dialogue in VET. It is divided into two parts. Part 1 comprises a comparative overview of the main trends and challenges with regard to the involvement of social partners in VET across the ten candidate countries of Central and Eastern Europe and part 2 contains country summaries offering a brief outline of the most important features of the respective national developments.

**Tertiary professional and vocational education in central and eastern Europe.**

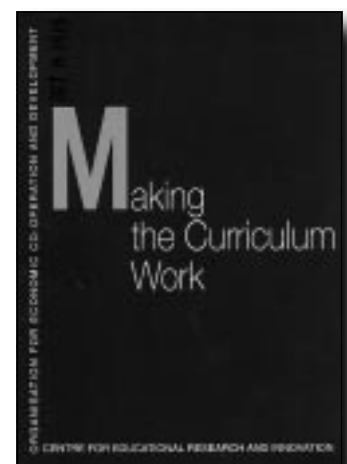
HENNESSEY M A  
European Training Foundation, ETF;  
Council of Europe  
Strasbourg: Council of Europe Publishing,  
1997, 131 p.  
*Council of Europe Publishing,  
B.P. 431 R6,  
F-67006 Strasbourg Cedex,  
publishing@coe.fr*  
EN

The countries of Central and Eastern Europe are societies in transformation. Increasing numbers of students seek access to post-secondary or higher education; the social and economic changes demand a new preparedness for the world of work and new skills to support the reform process. The need to introduce, or reinforce, educational opportunities beyond secondary education as an alternative to university education has become a priority. This survey is an attempt to map the emergence of the sector of tertiary professional and post-secondary vocational education.

**Making the curriculum work.**

Organisation for Economic Co-operation and Development, OECD  
Paris: OECD, 1998, 123 p.  
OECD,  
*2 rue André-Pascal,  
F-75775 Paris Cedex 16,  
oecd@oecd.org*  
ISBN 92-64-16141-4, en  
EN FR

How can curriculum content be adjusted to tomorrow's needs? Can student assessment help make curricula more relevant? How can further training for teachers make their teaching more effective? These questions lie at the heart of curriculum reform, which is unanimously ranked among the top priorities in education, but often approached too narrowly. To be truly effective, curricula must be fully consistent with both teaching practice and education policy. They must also equip students for the challenge of lifelong learning. This report approaches these interlinked imperatives via detailed analysis of the most recent experience and innovation in a number of countries, throwing new light on the curriculum issue.





### **Overcoming failure at school.**

Organization for Economic Co-operation and Development, OECD  
Paris: OECD, 1998, 97 p.  
*OECD,*  
*2 rue André-Pascal,*  
*F-75775 Paris Cedex 16,*  
*oecd@oecd.org*  
ISBN: 92-64-16151-1, en  
EN FR

Failure at school: an old problem in a new context? In most OECD countries, there is some reluctance to acknowledge the problem of failure at school. And when the problem is acknowledged, it is not always easy to find effective means for combating it or, even, to agree on indicators of failure that would demonstrate its scale. What are the different manifestations of educational failure today? And what are the policies needed to address them? This report aims to develop a deeper understanding of the nature of failure at school in OECD countries. It restates the problem as it confronts policy-makers today and presents new findings. It proposes a set of national and international indicators of failure and compares various forms of intervention aimed at improving student achievement in Australia, Belgium, Canada, Japan, New Zealand, Spain and the United Kingdom.

### **Qualifications with a dual orientation towards employment and higher education: a collaborative investigation of selected issues in seven European countries: INTEQUAL report II.**

MANNING S (ed.)  
Wissenschaftsforum Bildung und Gesellschaft, Berlin  
Berlin: WIFO, 1997, 238 p. + bibl.  
ISBN 3-929869-09-8  
EN

This report of the INTEQUAL Project contains the countries' final reports and compares selected training policy and pedagogical aspects of dual qualification training programmes in the individual countries. The report deals with the following issues: All partner countries want to take advantage of dual qualification training programmes in order to achieve parity between vocational and general education. Basic skills are intended to help in coming to grips with technological and social

transformations. The integration of general and vocational curricula requires the implementation of new learning methods (for example, response-oriented learning). Each final report contains a section with conclusions for that particular country written in the corresponding national language. The countries studied are: Austria, France, the Netherlands, Norway, Sweden, Great Britain and Germany.

### **Points of departure: Some European dimensions in teacher education.**

ROUSI H; SKYTTÄ R (eds.)  
Vocational Teacher Education College of Jyväskylä  
Jyväskylä: Vocational Teacher Education College of Jyväskylä, 1997, 118 p.  
(Papers and reports from the Vocational Teacher Education College of Jyväskylä, 11)  
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*Vocational Teacher Education College,*  
*Rajakatu 35,*  
*40200 Jyväskylä, Finland*  
FI

The present publication is based on co-operation between the Vocational Teacher Education College of Jyväskylä and its European colleagues. The College has organized an opening seminar on the topic of European dimension. The publication contains 10 papers written by Finnish, Swedish and Irish partners and co-operators. The papers discuss the European dimension in teacher education and adult education, with reference to issues such as entrepreneurship, educational reform and curriculum reform.

### **Open and distance learning: Occupational safety and health education of vocational teachers: An investigation into the Member States.**

HAGBERG BATEL E  
National Institute for Working Life, Department of occupational medicine  
Solna: National Institute for Working Life, 1998, 55 p.  
(Arbetslivsrapport, 98(17))  
ISSN 1401-2928  
*Arbetslivsinstitutet,*  
*Förlagstjänst,*  
*S-171 84 Solna, Sweden*  
SV



This study examines the training of teachers in the European Union in the subject occupational safety and health as part of an open and distance learning programme. The main tools for data collection were a number of well established databases, and questionnaires to training institutions, as well as to the Ministries of Education in the Member States. 44 per cent of the responding institutions declare an interest in a distance taught course in occupational safety designed for vocational teachers. Very little training has been found that is directed towards the target audience of the study.

### **Modern financing of VET systems.**

GASSKOW V et al.

Netherlands Economic Institute, NEI

Rotterdam: NEI, 1996, 62 p.

NEI,

PO Box 4175,

3006 AD Rotterdam

EN

At the request of the European Training Foundation, the NEI carried out a pilot-project in which the situation of VET finance reform in Azerbaijan was evaluated and assessed, in order to lay the foundations for such assessments in other partner countries, in particular CIS states. This report is the result of a four-day seminar in Turin where four contributions need to be noted. The first paper gives an overview of more general issues in the financing of VET, like financing concepts, structures and management of funding schemes, and types of funding schemes. The second paper concerns issues relating to so-called external efficiency of VET, in particular initial vocational education and its relation with the labour market. The third contribution focuses on labour market training and employer training: sources of funds, involvement of social partners, role for government and possibilities to stimulate employee training. Finally, the fourth paper deals with planning, financing and control in VET schools.

### **Formation professionnelle initiale et continue en Europe: visa pour l'avenir: une étude CEREQ-Elf Aquitaine.**

AVENTUR F; MOBUS M; VERGNE JL (eds.)

Centre d'études et de recherches sur les

qualifications, CEREQ; Elf Aquitaine, Direction des Ressources humaines  
Paris: Magnard Vuibert Multimédia, 1998,  
376 p.

ISBN 2-8434-8031-0

FR

This is a study conducted in the eleven countries in which Elf Aquitaine is located. The first part analyses, in each country, the place of continuing vocational training in the national VET system on the basis of a description of the latter. The second part presents a cross-disciplinary reading of the information contained in national documents. It successively covers the organisation of and the players in initial vocational training, the dynamics of these systems (evolution of demand, reform policies and job integration), the training level of persons in employment and continuing vocational training (practices and methods of regulating employee training).

### **Public finance solutions to the European Unemployment problem?**

SORENSEN P B

Economic Policy Research Unit - Copenhagen Business School, EPRU

Copenhagen: EPRU Copenhagen Business School, 1997, 266 p.

(EPRU, 15)

ISSN 0908-7753

EPRU,

Nansengade 19,5

DK-1366 Copenhagen K,

Fax: 45-3815-2665,

mark/eco@cbs.dk

EN

Unemployment in Europe is heavily concentrated among low-skilled workers. It is often argued that the high rates of joblessness among the low-skilled workers are partly due to the income support programmes of the welfare state, since unemployment benefits and social assistance benefits establish a floor for the wages of low wage earners, inducing them to price themselves out of the labour market. Most economists agree that a general cut in benefit levels would tend to stimulate employment by lowering reservation wages. However, although some countries with generous benefit systems may have scope for pursuing such a policy, most European governments remain unwilling to implement major benefit cuts, since this





would compromise the fundamental equity goals of the welfare state. This document discusses both sides of the argument.

## European Union: policies, programmes, participants

### Combating exclusion from the world of work: ESF project examples.

European Commission - DG V  
Luxembourg: EUR-OP, 1998, 52 p.  
(Employment and European Social Fund)  
ISBN 92-828-2961-8, en  
*EUR-OP, L-2985 Luxembourg,*  
*or from its national sales offices*  
Cat. no.: CE-12-98-700-EN-C  
EN FR DE

All must share in Europe's future prosperity. This means taking urgent action to combat long-term unemployment and social exclusion across the Union. This brochure illustrates how the European Social Fund is helping to provide, through Objective 3 and the Employment Community Initiative, new opportunities for some of the most disadvantaged people in our society.

### Helping young people along the path from school to work: ESF project examples.

European Commission - DG V  
Luxembourg: EUR-OP, 1998, 52 p.  
(Employment and European Social Fund)  
ISBN 92-828-2961-8, en  
*EUR-OP, L-2985 Luxembourg,*  
*or from its national sales offices*  
EN FR DE

Investing in young people is an investment in the future of our economies. The Employment-Youthstart Community Initiative European Social Fund (Objective 3) has done much to help Member States deliver the education and training needed to give young people the right start in the labour market. This brochure presents the actions taken to combat youth unemployment by enhancing youth training and promoting job opportunities in order to allow more young people to find work, especially those who do not have basic qualifications or training.

### Promoting equal opportunities for men and women: ESF project examples.

European Commission - DG V  
Luxembourg: EUR-OP, 1998, 48 p.  
(Employment and European Social Fund)  
ISBN 92-828-2964-2, en  
*EUR-OP, L-2985 Luxembourg,*  
*or from its national sales offices*  
Cat. no.: CE-12-98-683-EN-C  
EN FR DE

The Amsterdam Treaty confirmed that building Europe means building greater equality of opportunity, with the new Article 3 committing the European Union to work to eliminate inequality and promote equality. This brochure shows specific actions under Objective 3, which are funded by the European Social Fund to help women into areas of work in which they are under-represented, and especially it targets women who do not have vocational qualifications or who are returning to the labour market after a period of absence. Employment-Now complements efforts in tackling joblessness among women and strongly promotes women's entrepreneurship.

### Leonardo da Vinci - Impact Compendium.

European Commission - DG XXII  
Brussels: Leonardo da Vinci - Technical Assistance Office, TAO, 1998, 106 p.  
*Leonardo da Vinci - TAO,*  
*9 rue de l'Astronomie,*  
*B - 1210 Brussels,*  
*Fax: +32.2.227.01.01,*  
*e-mail: 101363.461@compuserve.com*  
EN FR DE

This Impact Compendium is the first tentative attempt to describe the type of transnational cooperation between different vocational training actors in Europe. It shows the likely results, as set out in the Council Decision: to improve vocational training actions aimed particularly at companies, and their workers; to support the development of linguistic skills; as well as the knowledge and dissemination of innovations achieved in all of these areas. It looks at the reality of the impact of the programme by examining and explaining the results of 47 projects financed in 1996 and 1997.

URL: <http://europa.eu.int/en/comm/dg22/leonardo/impactcomp/index.html>,



**EMPLOYMENT/ADAPT midterm evaluation: midterm evaluation of the EMPLOYMENT and ADAPT community initiatives in the programme period 1995-1999.**

KAAKINEN J et al.

Työministeriö

Helsinki: Ministry of Labour, 1998, 36 p.

(ESF Publications, 33/98)

ISSN 1455-4534

ISBN 951-735-337-5

*Ministry of Labour,*

*P.O. Box 524,*

*00101 Helsinki, Finland*

EN

The publication evaluates the outcome of two EC programmes: 1) the Community Initiative Employment in Finland, and 2) the ADAPT Community Initiative in Finland. First, the realisation of the objectives of the Employment programme is evaluated. The evaluation covers 30 projects. The evaluation is based on inquiries and interviews of project workers, clients and experts, as well as documents, databases, and statistics. Second, the implementation of the ADAPT programme is evaluated. ADAPT is an EU initiative which aims to assist employees in adapting to structural change and to the changing needs of the labour market.

**Formen arbeitsintegrierten Lernens: Möglichkeiten und Grenzen der Erfassbarkeit informeller Formen der betrieblichen Weiterbildung.**

GRÜNEWALD U et al.

Arbeitsgemeinschaft Quem

Berlin: Arbeitsgemeinschaft Quem,

1998, 271 p.

(Quem-Report, Schriften zur Weiterbildung, 53)

ISSN 0944-4092

DE

The structures and costs of in-plant continuing vocational training were studied from 1991-1996 in the context of the FORCE programme. The volume describes a project in which 17 enterprise case studies were carried out. The following main themes were addressed: criteria for defining training and learning forms for continuing on-the-job training; structuring criteria; continuing on-the-job training and work process; continuing vocational training in the context of outsourcing; delimitability and multiple definitions of continuing on-the-job training - quantitative and cost assessment; benefits for participants.

**A mobilidade transnacional e a formação profissional (de nível não superior).**

Lisbon: Leonardo da Vinci - Instância Nacional de Coordenação, 1998,

Leonardo da Vinci Info (Lisbon) 7/8, 1998, 44 p.

*Leonardo da Vinci -*

*Instância Nacional de Coordenação,*

*Rua Jacinta Marto 8-2º F,*

*P-1150 Lisbon*

PT

This article deals with transnational mobility as a support instrument to improve the quality of vocational education/training at non-university level. It describes the projects dealing with practical training and international exchanges within the framework of the Leonardo da Vinci programme by presenting quantitative data (description of the trainees, duration of practical training, etc.) and direct reports from those most directly involved in them (learners, practical training tutors, bodies sending and receiving the trainees).



## From the Member States

### **D** Arbeit und Lernen 2000: berufliche Bildung zwischen Aufklärungsanspruch und Verwer- tungsinteressen an der Schwelle zum dritten Jahrtausend: Band 2: Bildungs- theorie und Bildungspolitik.

DREES G; ILSE F (eds.)

Bielefeld: Bertelsmann, 1998, 213 p. +  
bibl.

(Wissenschaft - Praxis - Dialog berufliche  
Bildung, 6)

ISBN 3-7639-0101-9

DE

The authors make predictions about the future of work and vocational training in the context of changes in the organizational and technical parameters of work and a situation of economic crisis. Prospects for vocational training and further training are identified and discussed. Particular attention is given to efforts to formulate a theoretical basis for training and the creation of the requisite political framework.

### **Berufsbildung in der Entwicklung.**

Bundesinstitut für Berufsbildung, BIBB

Berlin [etc.]: BIBB, 1998, 120 p.

(Ergebnisse, Veröffentlichungen und  
Materialien aus dem BIBB)

*BIBB,*

*Fehrbelliner Platz 3,*

*D-10707 Berlin*

DE

71 training regulations were formulated and passed by the German government from 1996-1997. 17 involved new occupations. 30 new training regulations went into effect in 1998 and eleven of these concern new occupations. The publication addresses new occupations paying particular attention to issues such as structural change, service orientation, modularization and the early recognition of training needs.

### **DK** Kvalitet i uddannelsessystemet.

Undervisningsministeriet et al.

Albertslund: Schultz Information, 1998,

288 p.

ISBN 87-7856-187-6

*Schultz,*

*Herstedvang 10-12,*

*DK-2620 Albertslund*

DA

The Danish government has carried out an analysis of the general quality level of Danish education measured primarily in relation to its impact on the economy. This report presents the results of the analysis and identifies a number of areas where it is possible to improve the quality and efficiency of the educational system. Chapters contain important and succinct information and analyses on the structure of the educational system and young people's path through the system, why education and training is important for the individual and for society and which demands must be placed on the system, how the use of resources might be improved, how the yields of education correspond to the input of resources, and how educational organization and incentives might be improved to increase relevance and quality.

### **F** La formación profesional específica y la garantía social.

BARTIVAS CERREZO S M; GUTIERREZ  
GARCIA J M

Ministerio de Educación y Cultura

Cáceres: Ministerio de Educación y  
Cultura, 1998, 225 p.

ISBN 84-369-3089-4

ES

This publication includes the structure of the vocational training system introduced by LOGSE (the law governing education in Spain), which is divided as follows: basic vocational training; specific vocational training (intermediate level and higher level); social guarantee or elementary vocational training aimed at people between 16 and 21 years of age who do not possess any vocational training qualification, as well as the training of students with special educational needs; the modules of vocational training and guidance and of vocational training in the work-



place. The modules for each training cycle are presented according to the area of specialization with their curricula (indicating the number of hours, space and coverage) and access to university studies indicated in each Royal Decree for the creation of the certificates; and, finally, the teaching of Fine Arts and of Design. Diagrams of the educational system and of the training cycles with the number of hours of teaching are included.

**F Formation, régulation, institution: un dispositif de formation continue: le groupe d'analyse de pratique des formateurs.**

MOYNE A

Paris: Presses Universitaires de France (PUF), 1998, 199 p.

(Education et formation)

ISBN 2-13-049149-9

FR

This work presents a scheme which followed a group of trainers of adults throughout their practical work for five years. The reports on the meetings where they spoke of their experience reveal the difficulties these trainers encountered with their groups, their trainees, the officials in establishments and the other trainers with whom they worked. Specific questions relating to methodology, pedagogical issues and relational aspects were raised. It is seen how a procedure, based on a collection of practices with a later analysis of these practices following the techniques of the Balint groups, plus the intervention of an outside mediator, gradually gives these trainers more insights into themselves and their actions.

**La formation à distance: enjeux, perspectives et limites de l'individualisation.**

JEZEGOU A

Paris: L'Harmattan, 1998, 183 p.

(Défi formation)

ISBN 2-7384-6497-1

FR

The first part of this work presents the challenges of personalised distance learning. The next part proposes important items of literature on this subject, both at the level of research and of field experiments. The third part describes the cur-

rent status of personalisation in distance learning on the basis of its political and socio-economic context and the structure of its most representative provisions. The last part contains some recommendations which can optimise the coherence of such measures.

**Construire la qualité de la formation: réflexion théorique et guide pratique.**

LAURENS P et al.

Toulouse: Eres, 1998, 92 p.

ISBN 2-86586-558-4

FR

After reviewing various quality initiatives in the field of training, the authors, researchers and consultants propose a five-stage procedure to steer quality in a training process. The annex contains a list of questions based on the quality criteria and indicators identified in each of the stages of the training process.

**FIN Näin syntyi vaihtoehtoinen ammattikoulu osaksi uudistuvaa koulutusjärjestelmää.**

AHTI H

Vankeinhoidon koulutuskeskus (Training Centre of Correctional Treatment of Prisoners)

Vantaa: Vankeinhoidon koulutuskeskus, 1998, 167 p.

ISSN 0785-3106

ISBN 951-885-150-6

*Vankeinhoidon koulutuskeskus,*

*Vernissakatu 2 A,*

*P.O. Box 41,*

*01301 Vantaa, Finland*

FI

The publication presents the 10-year history of experimental activity which aims to save young people who are in danger of becoming social dropouts. These young people have failed at school and committed various crimes. The book contains descriptions of a number of projects which have been set up to help these youngsters re-enter society by offering them a chance to train themselves in areas that they are interested in, outside of the formal school system, often in the form of apprenticeship training.



## **GR** **Anagkes katartisis palaion T.E.I. se technologia CAD**

PAPATHEDOSIOU TH;FRAGKOPOULOS S  
Institouto Technologikis Ekpaidefsis, ITE  
Athens: ITE, 1998, 70 p  
ISBN 960-7121-06-6  
*ITE,  
56 Sygrou Ave.,  
GR-11742/Athens*  
EL

This book includes a study based on a research project carried out by the Institute of Technological Education (ITE). The study – entitled “Training needs of former TEI graduates in CAD technology” – was submitted to the Ministry of Labour (within the framework of EUROFORM programme) in order to get approval for the financing of training courses addressed to former graduates of the Technological Educational Institutions (TEI) - non-university higher education institutions. The courses would provide the trainees with the theoretical knowledge and the respective skills of computer aided design (CAD) methodology. The book also includes the curriculum implemented in the courses.

## **I** **Reviews of national policies for education: Italy.**

Organisation for Economic Co-operation and Development, OECD  
Paris: OECD, 1998, 117 p.  
ISBN 92-64-16112-0, en  
*OECD,  
2 rue André-Pascal,  
F-75775 Paris Cedex 16,  
oecd@oecd.org*  
EN FR

A major reform of the entire Italian education and training system is in progress, aiming at the improvement and integration of learning in schools, universities and regional training institutions in order to respond to changing social and economic demands for knowledge, skills and qualifications. Fundamental changes will include the decentralization of administrative responsibilities and increased school autonomy enabling the grassroots actors in education and training to respond more flexibly to the diversity of individuals, local and enterprise needs and to utilize more effectively available

funds and technologies. Central elements in the reform will also provide evaluation and increased accountability across the system.

## **Integrazione tra politiche formative, sociali e occupazionali nell'area dello svantaggio: Proposta di un modello istituzionale.**

MONTEDORO C; ROSSI M F (eds)  
Istituto per lo Sviluppo della Formazione  
Professionale dei Lavoratori, ISFOL  
Rome: Isfol, 1998, 51 p.  
*Isfol,  
Via G.B. Morgagni 33,  
I-00161 Roma*  
IT

This is an ISFOL research project regarding innovative training paths and models for disadvantaged people. The authors offer some points for reflection on the present state of occupational integration of marginalised individuals. They examine the laws in force, including more specifically the law on compulsory job placement, and consider the various bodies and services involved at their respective levels. An important aspect is the identification of the quality criteria for projects addressed to disadvantaged people, such as illegal immigrants. The authors suggest a possible link between the training paths and methods of job insertion and examine the key factors for judging the efficiency of the models proposed. The quality criteria are backed up by a specific glossary.

## **IRL** **Adult education in an era of lifelong learning: green paper on adult education.**

Department of Education and Science;  
Dublin: Stationery Office, 1998, 130 p. ;  
bibl.  
ISBN 0-7076-6175-7  
*Government Publications Sale Office,  
Postal Trade Section,  
Sun Alliance House,  
Molesworth Street,  
IRL-Dublin 2.*  
EN

The priority for the Government, as stated in this first Green Paper on adult education, is the implementation of a national adult literacy programme. A recent OECD





report found low levels of adult literacy and of adult education and training in Ireland. Other measures proposed in the paper include:- the development of a "back to education" initiative for adults who have not completed upper second level education through the expansion of a number of existing programmes; the establishment of a National Adult Learning Council to promote a co-ordinated strategy among the various providers; the establishment of local adult education boards representing key interests at local level to establish area needs and integrated area plans; the development of services such as childcare and guidance to support access to adult education; the establishment of a working group on future recognition of staff qualifications. establishment of a working group on future recognition of staff qualifications.

#### **Guidance in adult and continuing education.**

McNamara G

National Centre for Guidance in Education

Dublin: The Centre, 1998, 33 p. ; bibl.

*National Centre for Guidance in Education,*

*189 Parnell Street,*

*IRL-Dublin 1.*

EN

It is estimated that there are about 130,000 adult learners in education in Ireland at present. Current provision outside the education system is fragmented and the need for policy development on adult learning has recently been addressed in the Green Paper on Adult Education for which purpose this paper was commissioned. The study considers (1) current policy in Ireland as regards guidance for adults in education (2) recent literature in the area and the difference between guidance needs of adults and those of young people (3) a broad outline of policy in the UK (4) the findings of a study of the present position and future needs as regards guidance for adult students in schools and third level colleges and (5) issues for consideration in the development of policy and practice in the area.

#### **SE Cross-cultural training of non-Swedish managers: Case studies of Atlas Copco and Avesta Sheffield AB.**

SANDSTRÖM Å; MATTSSON M

Luleå University of Technology, Department of Business Administration and Social Sciences

Luleå: Luleå Tekniska Universitet, 1998, 39 p. + annexes

(International Business and Economics Programme, 98(080 EKO))

ISSN 1402-1579

*Luleå Tekniska Universitet,*

*S-971 87 Luleå, Sweden*

EN

The great complexity of managing international operations motivates high-quality management training. In this thesis, cross-cultural training offered by Atlas Copco and Avesta Sheffield AB to their foreign managers in Sweden has been studied. The theories selected, deal with effective international management training, different methods of training the foreign manager, and cross-cultural entry. The conclusions show that the companies studied have understood the importance of training their foreign managers. Even if they do not perform the training as theory suggests, both firms offer language and cross-cultural training.

#### **Electronic communication and English language learning: a case study.**

JONSSON E

Luleå University of Technology, Department of Communication and Languages

Luleå: Luleå university of Technology, 1997, 35 p.

(Luleå University of Technology, 97(07))

ISSN 1402-1773

*Luleå Tekniska Universitet,*

*S-971 87 Luleå, Sweden*

EN

Curricular reforms promoting information technology in Swedish schools have triggered an interest in how electronic communication can be used to improve and enhance second language education. This study investigates to what extent IT can be said to enhance students motivation towards learning a second language. The project studied is "the learning bridge" connecting Swedish senior high schools in Stockholm to a number of schools in



the USA. The results of the study show that the Swedish students' motivation to use and learn English is indeed enhanced, but that their acquisition is not affected to a notable degree.

### **UK Keeping IT together: skills for information technologists.**

Institute of Employment Studies, IES  
Brighton: IES, 1998,  
*IES,  
Mantell Building,  
University of Sussex, Falmer,  
Brighton BN1 9RF, England*  
EN

Reports on a survey which investigated the skills needs of professionals in information technology. It found that: IT specialists need an increasing range of technical skills; they are increasingly required to have an understanding of business needs; jobs requiring only IT technical skills are increasingly rare. There is an increasing demand for IT specialists and recruitment difficulties are beginning to emerge. Companies surveyed made major investments in training but some had difficulty in meeting all training needs. Companies were devoting attention to training in additional skills as well as technical skills.

### **Longer term outcomes of the pre-vocational pilots.**

ATKINSON J; KERSLEY B  
Department for Education and Employment, DfEE  
Sheffield: DfEE, 1998  
ISBN 0-85522-8393  
*DfEE Publications,  
P.O. Box 5050, Sudbury,  
Suffolk CO10 6ZQ, England*  
EN

Pre-vocational pilots aimed to help people with multiple disadvantages in the labour market access training and support that will enable them to benefit from mainstream training programmes and subsequently move into sustainable employment. This research investigated the extent to which PVP has been successful in achieving these aims.

### **Structure and agency in youth transitions: students experiences of vocational further education.**

RUDD P; EVANS K  
Journal of Youth Studies (Abingdon) 1(1), 1998, p. 39-62  
ISSN 1367-6261  
EN

The school-to-work transition of two samples of 16-19-year-old college students in the UK are examined in terms of their vocational preparation and expectations of labour market entry. Current processes of vocational preparation are evaluated primarily from the perspectives of the young people themselves. The aims are to explore influences of structure and agency in young people's lives in the light of their perceptions of the 'new vocationalism' and to assess how much control they feel they have over the further education phase of the school-to-work transition. A multi-method approach involving a structured questionnaire and a series of semi-structured group interviews is used to try to discover something of the 'lived realities' of these young people. An important finding is that young people in a 'depressed' labour market appear to be at least as optimistic about finding employment, and also experience similar levels of independence and control, as a similar sample in a more 'buoyant' labour market.





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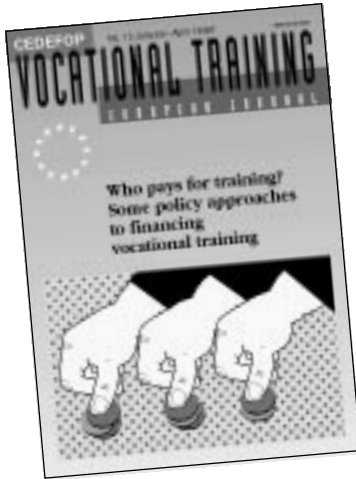
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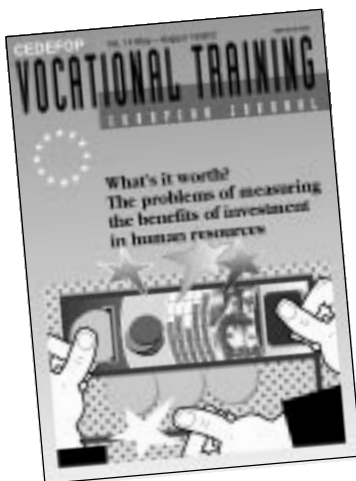
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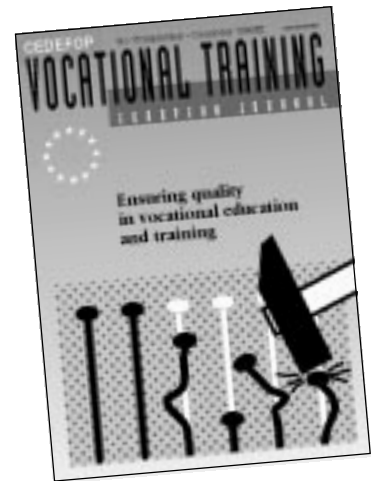
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