EXECUTIVE SUMMARY

As has the United States and other countries, the United Kingdom (U.K.) has been concerned about youth unemployment, skill shortages, and national competitiveness in international markets. Further, low skill levels among youth are believed to be slowing the adoption of more effective kinds of work organizations. Since the mid-1970's, the British government has introduced a number of programs for young people, many of which are designed to help ease the transition from school to work, some of which involve youth in work-based learning.[1]

Nations can often learn from each other by studying similar approaches to common social and economic problems. This background paper was undertaken to determine what the United States might learn by studying the United Kingdom's past experiences with youth training programs. The background paper was prepared as part of OTA's assessment of technology and work-based learning, the main report of which is Learning to Work: Making the Transition from School to Work (41).

This background paper discusses three types of initiatives, comprising eight major programs introduced in the U.K. over the last 30 years:

1. Implementation of youth training programs (Youth Opportunities Program, New Training Initiative, Youth Training Scheme, Youth Training Program, Youth Credits, Modern Apprenticeships);

[1] In this background paper, work-based learning refers to learning that results from work experience that is planned to contribute to the intellectual and career development of students. Work-based learning seeks to structure work experiences to develop knowledge, skills, and habits that might not develop from work experience alone, or might not develop as quickly, accurately, or thoroughly from experience alone. The work experience is to be supplemented with activities that apply, reinforce, refine, or extend the learning that occurs during work.

2. Efforts to increase the vocational content of what is taught in the classroom (the Technical and Vocational Education Initiative); and

3. Establishment of a national system of vocational qualifications (National Vocational Qualifications) to simplify the "jungle" of vocational qualifications that had existed in Britain for over a century.

In addition, education system initiatives that complemented or conflicted with youth training initiatives are described.

Key Findings

- The British case clearly illustrates that the U.S. is not alone in being stymied by problems of youth unemployment (figures 1 and 2) and perceptions of insufficient work skills among young people who do not go on to postsecondary education.

- One of the major dilemmas for Britain is properly implementing initiatives is supplying motivation to employers to provide high quality, high skill training. U.S. policymakers must contend with the same issue.

- Currently, the United Kingdom focuses on promoting and certifying skills (National Vocational Qualifications [NVQs]) which are transferable across employers and certain occupations. This model may not be well suited to economies, such as Britain's and the United States', where increases in labor mobility can reduce the incentives of firms to invest in training. So far, both employers and students have been reluctant to participate in the NVQ credentialling scheme.

- Part of the United Kingdom's current approach consists of providing training vouchers to youth. Because this approach has been suggested in the U.S., data on the effectiveness of the U.K. experience should be of interest to U.S. policymakers when the information becomes available.

- As in the United States, the United Kingdom faces the dilemma of developing high quality training programs for high skills versus expanding education opportunities for all youth. Two early programs suffered high attrition rates and evolved toward low skills due to the lack of incentives for employers to provide high levels of training and the negative stigma attached to the young people who ended up participating in this program. Two newer programs, Youth Credits and Modern Apprenticeships, explicitly stratify young people by academic achievement.

- The sheer number of initiatives implemented in Britain caused what is known as "initiative fatigue (table)." The initiatives are sometimes contradictory and, taken as a whole, leave gaps unattended. Departments overseeing the reforms compete for jurisdiction and resources. Instead of a complete, comprehensive reform effort system, there exist many little camps which do not come together to form a synergistic whole.

INTRODUCTION

In June 1994, the Senate Committee on Labor and Human Resources requested that the Office of Technology Assessment (OTA) conduct an assessment of technology and work-based learning. The request was endorsed by the House Committee on Education and Labor (now the House Committee on Economic and Educational Opportunities). The request asked OTA to focus on the concept of work-based learning in the school-to-work transition of young Americans. This

background paper responds in part to that request by examining the history of occupational training for young people in the United Kingdom and seeking to draw lessons for U.S. policy makers.

The United Kingdom has experienced many of the same youth employment and skills problems that are currently the focus of debate in the U.S. These include concerns about youth unemployment, employer complaints about a shortage of skilled workers in craft and semi-skilled jobs, the notion that the "forgotten half" of students are the root of the skills problem, low levels of employer-provided training compared to competitor nations,[2] and the belief that low skill levels are preventing the economy from adopting new, more effective systems of work organization (4). International comparisons have also raised concerns about skill levels in both countries.

While in the United States comparisons with other nations have tended to focus more on educational performance, they have also included some comparisons of production efficiency and work organization (43).

Many of the education and training initiatives currently under consideration in the United States, including a national system of vocational qualifications, training vouchers, the integration of vocational and academic education, and an apprenticeship system, have already been undertaken in the United Kingdom. Britain's experience with these programs may provide some valuable insights for U.S. policy makers about what mistakes to avoid as well as what positive lessons to draw.

Perhaps the greatest reason for looking to Britain for lessons is that Britain attempted to reform the education and training systems in order to achieve levels of success comparable to the

[2] For an earlier OTA study on worker training for workers of all ages, see U.S. Congress, Office of Technology Assessment, Worker Training; Competing in the New Global Economy (42).

German "Dual System" while remaining committed to free market economics, deregulation, and the disengagement of the central government from interference in business decision making.

Relative to Germany, the Scandinavian countries, or Japan, Britain has labor markets and employer hiring practices that are similar to the United States. Employee turnover is much closer to levels in the U.S., and employers frequently hire skilled workers away from each other. The sharp decline in union density (from 57 percent in the late 1970s to less than 37 percent at present), the rise of enterprise-based bargaining, and the legislative weakening of trade union power has substantially deregulated the labor market in terms of hiring practices and wages. Britain may in fact have the least regulated labor market in Europe as evidenced by its steadfast refusal to adopt the European Community's Social Charter and its protections for labor (4).

In Britain, comparative studies have consistently shown that British firms operate with lower skills and lower productivity compared to European competitors, especially Germany (34). These studies appear to have been influential in persuading Britain to look at the German apprenticeship model and to try to adapt useful German features to a different political climate (23).

This background paper presents the history of the U.K.'s training and education initiatives that were designed first to merely help youth obtain jobs and, later, to improve the skills that young people would bring to the workplace. The history begins with the first formal government involvement in youth training in the mid-1960s, when the baby-boomers began to leave U.K. secondary schools and youth unemployment climbed, and ends with the scaling up of two new initiatives in 1995. The historical overview includes summaries of published evaluations of several of the government-sponsored initiatives. It shows how each succeeding initiative was designed to be responsive to criticisms of past initiatives or changes in government. The overview suggests that Great Britain has not yet been able to implement the perfect antidote to the problems of youth unemployment and underdeveloped youth skills, although a great deal of optimism is placed in the

new combination of National Vocational Qualifications (skills certification), Youth Credits (training vouchers), and Modern Apprenticeships (use of training vouchers to train more academically able youth for occupations such as junior manager and technician). The background paper concludes with ways in which the U.K.'s experience may help inform U.S. policy, if only by showing that similar problems arise when similar approaches are taken to similar problems.

TRAINING AND EDUCATION INITIATIVES IN THE U.K.

The Industrial Training Act of 1964 and Industrial Training Boards

Fears about Britain's poor education and skill levels relative to competitor nations date back to Victorian times. For example, the Royal Commission on Technical Instruction reported in 1875 that Britain was falling behind other nations in science and technical training and that the decline would eventually hurt economic development (4). Until the early 1960s, however, training was almost solely the responsibility of individual industry and commerce enterprises. The state had only a limited role to play, primarily through the provision of vocational education in colleges of "further education."

Until the 1960s, the majority of British citizens left the educational system at 16 for jobs that offered no formal training. Those who did receive training were almost exclusively in apprenticeships, the majority of which were in heavy industry. Training in such apprenticeships was based on the existing system of work organization (i.e., narrow jobs based on scientific management). The apprenticeships typically lasted from five to seven years and progression up the apprenticeship hierarchy was based on time served, not skills acquired. A given union in a plant represented a very narrow set of jobs and fought to maintain the boundaries between jobs. Thus there was no point in teaching broad or general skills that went beyond what was needed for an individual's current task (4).

The government's policy of non-intervention in training matters was subject to new economic and demographic pressures during the early 1960s. The baby boom that followed World War II dramatically increased the number of 15 year-olds, prompting media concern about the fate of these young people when they entered the labor market. This came at a time when the country was facing relatively low levels of economic growth, particularly in comparison with its European competitors. The sluggish performance of the U.K. economy was increasingly linked by the government and independent analysts to persistent skill shortages.

The combination of these pressures, and an apparent failure on the part of employers to undertake change sufficiently rapidly on a voluntary basis, led to the Conservative government's 1962 White Paper on industrial training. In turn, the White Paper led to the succeeding Labour government's 1964 Industrial Training Act. The three main aims of the Industrial Training Act were:

1. To ensure an adequate supply of properly trained men and women at all levels in industry;

2. To secure an improvement in the quality and efficiency of industrial training; and

3. To share the cost of training more evenly among firms.

The Act established a network of industrial training boards under the coordination of a new Central Training Council. Both the Central Training Council and the industrial training boards were composed of employer, union and government officials, and some education representatives. The Central Training Council and industrial training boards were part of the British experiment with corporatism, a policy favored by the two main political parties in the early 1960s.

The first industrial training board was established in June, 1964, for the wool and flax industry. It was followed shortly by boards in engineering, iron, and steel. By 1969, there were 27

industrial training boards covering the major industrial sectors and 15.5 million of Britain's then 25.5 million workers. The boards concentrated their efforts on identifying skill shortages and fostering relevant training by employers. Training grants to employers were financed from a levy system, which placed a training tax on all of the companies within an industry and then distributed the funds to those firms that were training to an acceptable standard, as defined by each board. The levy/grant system was the boards' main means for overcoming potential poaching problems. The Central Training Council was to coordinate the work of the industrial training boards, stimulate policy debate and encourage attempts to deal with cross-sectoral skills. The new system did not require direct financial support from the state, and control of training remained in the hands of employers and unions. The state's role was essentially that of a catalyst.

At the beginning of the 1970s, at which point the majority of industrial training boards had only been in operation for five years, the government undertook a review of their performance. The review responded primarily to the growing chorus of complaints about the operation of the levy/grant system (1). Complaints came from those on the political left who wanted training to be funded by tax revenues, and more vocally from those on the right who characterized the industrial training boards as bureaucratic and inherently wasteful. In addition, several economists attacked the industrial training boards for distorting the operation of training and labor markets (23).

The resulting report, published by the Employment Department as Training for the Future, A Plan for Discussion, credited the boards with increasing the overall volume of training and providing an effective remedy to the poaching problem (11). Nevertheless, the boards were subject to considerable criticism. They were judged as ineffective in dealing with training issues that straddled several industries and were also accused of excessive bureaucracy. The levy rates were viewed as quite high, and companies that had an established history of training were forced to spend a substantial amount of time and effort reclaiming money from industrial training boards.

The report also concluded that very little progress was made on the long-standing problems of apprenticeship age entry restrictions and provision of training to adults. The report advocated, among other things, the abolition of the levy and the transfer of all Industrial Training Board staff to a national training agency (11).

The Employment and Training Act of 1973

The Heath Government's 1973 Employment and Training Act addressed many of the criticisms that had been directed at the structure of the Industrial Training Boards. It transformed the levy/grant into a levy/exemption scheme, removed many small companies from the jurisdiction of the industrial training industrial boards, and absolved larger employers who were already providing adequate training from the burden of paying the levy and having to claim it back. The act also replaced the Central Training Council with the Manpower Services Commission (MSC), a "quango" (quasi-non-governmental organization) that reported to the Department of Employment. The MSC retained the Council's structure, while increasing the staff and resources devoted to manpower planning. One of the MSC's divisions oversaw the Industrial Training Boards.

As unemployment grew, the role of the MSC evolved from that of making public services more efficient to being the main generator of programs for unemployed people, including youth. As described below, before its elimination in 1988, the MSC was responsible for the creation of several efforts to provide youth with training and employment opportunities, and also directed a major reform of education in the U.K. The MSC was credited with bureaucratic efficiency and some successes in terms of reductions in youth participation and unemployment. The MSC had its failures and critics as well (table 1).

One of the most striking features of the MSC was the remarkable speed with which it could deliver programs. The MSC's capacity for rapid reform has been attributed in part to the inclusion of all the industrial partners in the policy design process. Another factor in the success of the MSC was that its employment and training mandate was so broad that no additional legislation was required when the MSC sought to introduce a new program. The MSC had a much smaller bureaucracy than rival departments, and strong management, increasing the speed with which it could implement a program. The MSC also had the capacity to target funds to particular initiatives. The MSC's institutional capacity for the rapid design and delivery of new programs allowed the organization to triumph over the Department of Education and Science in a bureaucratic struggle over the right to administer the government's largest school-leaver initiative of this period, the Youth Opportunities Program (YOP) (19). With the creation of the MSC, the British government for the first time had the capacity to pursue an active labor market policy for youth.

The Youth Opportunities Program (YOP)

A report, Young People and Work, written by future MSC director Geoffrey Holland and issued by the MSC, attacked the lack of coordination and planning in the government's existing provisions for unemployed young people (26).[3] It criticized the different training programs for their variation in quality and allowances, gaps in provision and the absence of progression routes between schemes. To remedy these shortcomings, the report proposed the creation of the Youth Opportunities Program (YOP), which would consolidate the majority of the MSC's existing programs for the 16- to 18-year-old age group. YOP, however, was more than a mere

[3] These included the Work Experience Programme, the Job Creation Programme, and parts of the Training Opportunities Scheme

consolidation of existing programs. Modeled on a Canadian scheme of the same name, YOP was designed to offer work experience and preparation to all young people who were unable to find a job six months after leaving school.

Theoretically open to all unemployed young people, YOP actually targeted "the unqualified and least able" youth (26). The MSC did not attempt to deliver YOP itself; rather, it laid out the broad criteria and funding arrangements for the scheme and then asked local groups (i.e.. voluntary organizations, employers associations, local education authorities) to bid for places. About 162,000 young people participated in YOP during the first year. Four years after its inception, YOP swelled to a total of more than 500,000 participants. As the numbers grew, however, so too did the criticisms of falling job placement rates and poor quality training.

The heart of YOP's problems lay in the fact that it basically paid employers to give participants temporary jobs but had no incentives encouraging or mandates requiring the provision of training. Participants were thereby implicitly encouraged to leave the scheme as soon as they got a permanent job offer; as a result, little training occurred (4). Moreover, the program was not designed to accommodate the number of young people that would eventually try to use it; all of the tentative projections of future youth unemployment had assumed that the number of young people out of work would decline by the early 1980s (26). In spite of all of its failings, YOP was considered an important milestone in the history of training in Britain in that it was the "first attempt to escape from rapidly-developed temporary schemes and to begin to build a permanent bridge into employment" (31).

Education's Role in Preparation for Work: The Great Debate of the Early 1970s

An economic crisis in the 1970s not only forced the government to play a more active role in training, but also to reevaluate the state of the country's educational system.

As in the United States, technical and work-related subjects in the British system suffered from a low status. For the most part, a student's success was defined by his or her performance in academic examinations which were designed for those in the top 20 percent of the achievement range. The curriculum was biased towards traditional academic subjects, and continuation in and school past age 16 was seen as the only appropriate and worthwhile course for the academically able.[4] Finegold and Soskice argue that the academic bias of the secondary school system was reinforced by the powerful influence of private schools, which, while catering to less than 6 percent of the students, produced 73 percent of the directors of industrial corporations, as well as the majority of "Oxbridge" (Oxford or Cambridge Universities) graduates, Members of Parliament and top education officials. Thus, a large percentage of those charged with formulating education and training policy, both for government and industry, had no personal experience in state-funded education, much less in technical or vocational courses (20).

Prime Minister James Callaghan's famous speech at Ruskin College, Oxford, in October 1976 is widely cited as a turning point in British educational policy (3). In this speech, Ruskin blamed the country's economic problems in large part on the educational system. Education, the Prime Minister contended, was failing to provide young people with the skills required to enter the modern world of work. The "Green Paper" that followed Callaghan's speech declared that a wide

[4] The age of 16 has been a traditional transition point in British education. Until the late 1980s, the majority of British youth left full time education at age 16 to enter full-time employment. Historically, the British youth labor market had been dominated by full-time jobs in a relatively wide range of occupations, many offering relatively high pay. Entering the labor market at age 16 was an attractive alternative to continued schooling, not only in the short term but in the long term as well, because many training and career opportunities were effectively restricted to those who had left school by age 16 or 17 (35).

gap existed between the worlds of education and work. The Green Paper went on to criticize teachers for failing to teach young people about the importance of industry to society.

While the speech and the subsequent Green Paper ignited what is now known as "The Great Debate" over British educational policy, they failed to produce any concrete reform proposals.[5] The major effort to make the world of education more relevant to the world of work would come in the early 1980s under Prime Minister Margaret Thatcher.

Government's Role in Youth Training for Employment Reduced

A new Conservative government came to power in 1979 strongly believing in the superiority of markets over state planning and intervention, a stance that directly influenced new Prime Minister Thatcher's education and training policies during first years in office.[6] Thatcher rejected the consensus approach that had underpinned organizations such as the MSC. Consensus was viewed as "the process of abandoning all beliefs, principles, values and policies" (21).

When Thatcher first took office in 1979, the government's primary focus was the deteriorating economic situation. Following a "winter of discontent," the Conservatives' top priority was reducing inflation, which stood at 21.9 percent in May 1980. Thatcher's solution to the inflation crisis, and the philosophy that would guide her for her first three years in power, was the economic doctrine of "monetarism." Relying on the work of Milton Freidman, monetarists argue that inflation is caused by growth in the money supply; therefore, governments can control price

[5] Finegold attributes this failure to the dearth of financial resources and to the time-consuming nature of the Department of Education and Science consultative process (19).

[6] Thatcher believed in the following principles: that it was up to managers, not government, to determine the demand for skills; public expenditure on education and training should be tightly controlled; and, where the state did provide education and training, it should strive to create a market-like environment (19). Thatcher wanted to remove obstacles, such as trade unions and wage-rigidities, that were perceived to be hindering the proper functioning of the labor market.

increases simply by regulating the flow of money into the economy. Thatcher saw monetarism as a means of controlling the economy which did not entail bargaining with trade unions. The Thatcher government believed that by announcing monetary targets in advance and then sticking to them, they could compel unions to demonstrate restraint in wage negotiations while denying them a role in policy formation.

Monetarism had two other important implications for Thatcher's approach to education and training. First, raising education and training levels was not part of the economic strategy because state intervention in the supply-side of the economy was not considered necessary to achieve primary economic goals. Second, the resources were not available for significant new investment in higher-skill levels because of the spending limits imposed by the Treasury to keep the government close to its tight budget targets (19). The relatively minor importance attached to education and training during the initial years of the Thatcher government was exemplified by the ministers placed in charge of this policy and the lack of attention given to these issues in the Cabinet; Thatcher's members of inner circle were placed in key economic posts, while those from the rival moderate wing of the party (i.e.. non-monetarists) were put in charge of the Department of Education and Science and the Department of Employment.

A month after taking office, the Thatcher government announced its intention to reduce educational expenditures by 3.5 percent. Shortly thereafter it announced cuts of 172 million pounds sterling in the MSC's budget, followed by another reduction of 114 million pounds later in the year.

The Industrial Training Boards were also targeted for cuts on ideological and fiscal grounds. The Industrial Training Boards were viewed as an unwarranted government intervention into company affairs and the 51 million pounds that would be saved by abolishing them appealed to the country's fiscal conservatives.

The government instructed the MSC to establish a task force to review the 1973 Employment and Training Act. When its report, "Outlook on Training," proved inconclusive, the MSC was ordered to conduct a sector-by-sector review of the Industrial Training Boards. As a result of this review, the MSC concluded that seven of the industrial training boards needed to be retained and warned that the government's proposal to replace the other industrial training boards with non-statutory training organizations would result in lower training levels. The new Secretary of State for Employment, Norman Tebbit, ignored the warning and abolished all but seven of the industrial training boards.

The abolition of 17 of 24 industrial training boards coincided with the near collapse of the apprenticeship system. As the recession worsened, companies cut back drastically on the recruitment of new trainees and on existing training programs. The government refused to increase existing apprenticeship subsidies or too impose any requirement on employers to offer training, arguing that the apprenticeship system helped to reinforce trade unions' restrictive practices.[7]

The New Training Initiative of 1981

A dramatic shift in Thatcher's educational and training policy occurred in 1981. Over the next five years, the Prime Minister, who had come into office committed to reducing state spending and intervention, introduced the most ambitious curriculum initiative ever attempted in Britain and the first "permanent" training scheme for young people not pursuing postsecondary education (know as "school leavers").

[7] According to Finegold, the elimination of traditional apprenticeships, combined with the weakening of trade unions through changes in employment laws and loss of membership, meant that when the state finally choose to reform training within companies there was only minimal resistance from organized labor (19).

The government was impelled to re-examine its approach to training in 1981, because of a sharp rise in unemployment brought about by a deepening recession. Between 1979 and 1981 the unemployment rate had more than doubled from 1.33 million to 2.73 million (11.3 percent of the workforce), a level unprecedented in the post-war era. Young people were hit hardest, with those under 25 accounting for close to half of all the unemployed in 1980.

The MSC's May 1981 publication "A New Training Initiative (NTI)," called for a shift from temporary schemes to a more permanent training program. The three stated aims of the NTI were:

1. To reform apprenticeships by removing age-of-entry and time-served requirements and establishing nationally recognized standards;

2. To provide all young people under the age of 18 with the opportunity to participate in full-time education, training or a work experience program; and

3. To open up widespread opportunities for adults, whether employed or unemployed, to improve their skills (27).

The MSC's NTI proposals were immediately dismissed by the Chancellor of the Exchequer (equivalent to the Secretary of the Treasury, in the U.S. government) as too expensive. The pressure on the government, however, intensified in the summer of 1981 when the high rate of youth joblessness was linked to an outbreak of inner city riots. With opinion polls consistently showing that youth unemployment had surpassed inflation as the number one concern of voters, the government was forced to take decisive action to alleviate a crisis. Days after the July riots, the Prime Minster announced a 500 million pound package of new measures for unemployed people. This was followed by the Cabinet's approval of a number of NTI proposals in December (19).

The Youth Training Scheme of 1983

In 1983, the first permanent national training program for Britain's 16- and 17-year-olds school leavers was introduced. The Youth Training Scheme (YTS) replaced YOP and offered all unemployed 16- and 17-year-olds one year of work experience with training. In addition, YTS provided 13 weeks of off-the-job training. YTS was developed in consultation with, and received the approval of, employer and trade union representatives on the MSC. The new scheme had an annual budget of over 1 billion pounds.

Under the YTS, the government assumed the costs of the trainees' allowance, which averaged about a third of the pay rates in regular youth employment. This allowed firms to employ trainees without incurring additional payroll costs. The delivery of YTS was contracted to managing agents who could be employers (individually or in consortia), private trainers, voluntary organizations, or "further education" colleges. Managing agents in turn could use other employers, colleges or trainers to supply work experience or off-the-job training. Schemes were required to satisfy certain criteria, including a minimum period of off-the-job training. Firms could, however, place their own young employees on YTS, and in effect receive a subsidy for their in-company training.

The move from YOP to YTS was particularly significant, according to Raffe, because it marked an abrupt shift in stated objectives from the alleviation of youth unemployment to the promotion of youth training (35). The scheme got off to a difficult start, nevertheless, with a national surplus of close to 100,000 places, as school leavers proved reluctant to enter the program. In response, the YTS was lengthened from one to two years, with off-the-job training extended to 20 weeks. All 16- and 17-year-olds, not just those who were unemployed, were made eligible. Monitoring and evaluation were stepped up by requiring all training providers to attain Approved Training Organization (ATO) status.

In 1988, the government declared YTS a "resounding success "they cited as evidence the 2 million YTS participants and the fact that 74 percent of young people leaving YTS entered employment, further education or training. The government also maintained that the training provided was of good quality (8a). Before YTS, youth unemployment among 16- to 19-year-olds had averaged almost twice that among 20- to 24-year-olds. By 1988, the fifth year of YTS, youth unemployment among the 16-19 group (toward whom YTS was targeted had actually fallen below that of the 20-24 age group, 10.3 percent v. 12.9 percent, respectively. The only other Organization for Economic Cooperation and Development (OECD) country with lower unemployment among 16- to 19-year olds than 20- to 24-year-olds had been Germany (32).[8]

The dramatic drops in youth unemployment were at least partially credited to the fact that participation in YTS was required for receiving any state welfare benefits from 1987 onwards.

The government's favorable assessment of YTS was to a limited extent supported by Marsden and Ryan. They found that a number of YTS schemes, particularly those sponsored by large firms, local authorities, charities and industrial training boards, provided high quality training. Apprenticeships for construction, engineering and electrical crafts were widely converted to YTS schemes without a loss of quality. In addition, systematic training for young people was introduced into many service sector occupations where it had been unknown previously (30).

As described in Box 1, however, others have criticized YTS for its high attrition rates, poor quality training, apparent lack of impacts on theoretical human resource needs and the way the work is organized, and its emphasis on occupational rather than "internal" labor markets.

[8] In Germany, the 1989 unemployment rate for 15- to 19-year-olds was about 5 percent, and for 20- to 24-year-olds, about 7 percent (32).

BOX 1: Youth Training Scheme: Evaluation Findings

Attrition

From a program perspective, attrition rates in YTS were extraordinarily high, with only one-seventh (37) to one-fifth of those leaving the scheme in 1988 having completed training (30). The attrition rate and the failure to achieve credentials have been attributed to the way employers used YTS (for those trainees who got jobs with their training employers) and to poor quality training (for those who left the program).

Capelli writes that, while credentials signaled competencies, the current employer already knew what the trainee could do. Thus, credentials merely indicated competencies to competitors and prompted competitors to hire the trainees away. Employers, therefore, pulled the desirable participants out of YTS and into jobs in order to keep them. Moreover, because training employers were removing the participants they wanted to hire from YTS, the fact that a trainee actually completed YTS and then looked for a job implied that the training employer did not want them. YTS credentials, therefore, could actually harm a young person's employment prospects (4).

The YTS design was to blame for the mismatch between employers and trainees in part because of its focus on “occupational” vs. “internal” labor markets (4). YTS was intended to train young people for a broad range of skills within an occupation; however, when skills were taught, they tended to be specific to the employer (4).

Poor quality training

The poor quality of training in most YTS programs also contributed to attrition from the program. Quality problems included lack of educational content, lack of relevance to work experience, and poor work experiences. Problems with quality were found to stem from putting a priority on quantity over quality, insufficient funding, and a lack of incentives for employers to provide training.

An Essex University team found widespread tendencies for non-work-based training to lack either educational content or relevance to work experience (30). Likewise, they found that the work experience provided by small employers generally failed to meet YTS training objectives and often consisted of long periods of inactivity or hard repetitive work. At the national level, low quality in work experience and training topped the list of complaints among those who left the program.

Keep argues that the poor quality of training was in many ways the inevitable result of the speed with which YTS was assembled, and the priority placed on the number of training places over training quality. The scheme relied on employers to create the placements and to do so virtually immediately. In response, the employers, through the Confederation of British Industry, basically demanded that there be no interference with or regulation of the work experience. Thus, quality control, from the government standpoint, was undesirable in that it would kill off the many low quality places which were essential to meeting the scheme's employment objectives (22).

The lack of a sufficient subsidy meant that the training provision was slanted away from costly, intermediate skills towards low-cost, low-level ones, for which training needs were limited. Lee and colleagues conclude that YTS led to an expansion of training only in the low skill sectors of the economy, such as retail sales (24).

BOX 1 (cont'd): Youth Training Scheme: Evaluation Findings

Because employers received the government subsidy before the training began, there was no incentive short of the threat of administrative monitoring to alter the types of training provided. While a subsidy might have offset the financial cost of providing young people with work experience, it created little incentive to provide training. The main effort to monitor work experience was to ask providers and trainers to keep records of what they were doing. Lee and colleagues found that these efforts were a failure. Accurate, informative records were rarely available (24).

Human Resources Needs and Work Organization

Finally, from a competitiveness perspective, perhaps the greatest problem with YTS was that employers did not appear to believe that improving the skills of young people was important for their human resource needs. When employer providers were surveyed about what advantages they saw from the implementation of YTS for themselves, the most common responses were screening of new hires (42 percent) and saving of labor costs (32 percent). There was no mention of raising skill levels or helping to change the organization of work, perhaps because the YTS subsidy was insufficient to offset the costs of training in intermediate and high (38).

SOURCE: U.S. Congress, Office of Technology Assessment, 1995, based on sources shown. Full citations can be found in the list of references at the end of this background paper.

A Complementary Education Initiative: TVEI

In 1983, the Thatcher government launched a major educational initiative designed to complement the Youth Training Scheme. The Technical and Vocational Education Initiative (TVEI) marked the most direct intervention ever by a British central government in what is taught in secondary schools and colleges (17). The initiative was conceived, according to Finegold, as a direct response to a multitude of factors which combined to trap Britain in a low-skills equilibrium. Like the training programs launched during this period, TVEI was driven by a perceived need to close the supply-side skills gap that was seen to be hindering industrial performance. It sought to close this gap by addressing the major problems in the educational system, including:

- the failure to motivate the majority of individuals in the education system who were not going on to do advanced academic work;
- the need to bridge the institutional divisions between compulsory and post-compulsory education; and
- the need to improve the attitudes and skills of young people so that they would be better equipped to find employment.

In addition to longer-term pressures for change (e.g., 3), TVEI was a response to the same external pressure that had led to the creation of YTS (19).

TVEI was conceived by policymakers who were not part of the British education establishment, and was designed to be part of the radical break with the consensus approach to policy making. TVEI's startup in 10 months was announced with no prior warning or consultation with educational interest groups. The MSC director, Lord Young, went as far as to suggest that he might set up separate schools if the Local Education Authorities did not cooperate.

The surprise announcement of TVEI caused a considerable uproar in British education. Some teachers' unions in the Inner London Education Authority decided to boycott the scheme. Their opposition was based not only on the absence of consultation and the threat of central-government-run schools, but also on what was perceived as a more general attack on comprehensive education through a return to secondary technical schools. Their concern was heightened by the decision that the MSC, which previously focused solely on training and work creation programs for school leavers, should administer a project that would intervene in the compulsory education sector (19).

Government policy makers quickly realized that the cooperation of educators was required to make TVEI work in such a short period of time. In seeking to gain support from the education community, TVEI was ultimately defined in a way that removed the threat of establishing separate schools, and left, scope for Local Education Authorities to design projects tailored to local circumstances within the broad TVEI guidelines (19).

The MSC sent an invitation to all 104 Local Education Authorities in January 1983 to submit proposals for five-year TVEI projects that would "explore and test ways of organizing and managing the education of 14-18 year old young people across the ability range" (28). The objectives of the TVEI projects were to:

- increase individuals' "qualifications/skills which will be of direct value to them at work";
- ensure that "more emphasis is placed on developing initiative, motivation and enterprise as well as problem solving skills";
- begin the construction of the bridge from education to work before age 16 through varied work experience; and
- encourage closer collaboration between Local Education Authorities and industry (28).

While TVEI guidelines allowed for a great deal of variation among the pilot projects, a composite outline of the average TVEI scheme can be constructed. A pilot typically featured eight or nine schools or colleges joined together in a local consortium; in some cases, a special TVEI facility was constructed to serve as a focal point for TVEI activities. These might consist of a range of new "work-related courses" (e.g., business studies, information technology) that were used to supplement the curriculum of the students in each year's TVEI cohort; new equipment (usually computers); and other provisions such as enhanced guidance and work placements. Each TVEI pilot was managed by a coordinator, appointed by the Location Education Authority who was responsible for liaisons with the Manpower Services Commission (19). The coordinator was appointed by the Local Education Authority. The proportion of school time spent in TVEI courses rose from an average of about 30 percent at age 14 to 70 percent for those 18 year-olds who remained in the scheme.

Evaluation

The first pilots were in the midst of designing courses and buying equipment for the students who would arrive in September 1983 when TVEI was declared a success and the government expanded the scheme to 103 Local Education Authorities. However, despite the fact that the government TVEI has evaluated more extensively than any other British education reform, their studies failed to demonstrate any improvement in individual attainment or preparation for work as a result of the TVEI. The MSC's own internal review of TVEI concluded that there was no evidence that the TVEI had had a positive effect on school-completion rates, examination success, or career opportunities (25). Lacking any hard evidence of TVEI's benefits, MSC officials defended TVEI using softer measures of success. They cited the large number of Local Education Authorities who wanted to take part in the program and surveys of indicating the enthusiasm of participating students, teachers and employers for activities as evidence of the TVEI's success (29).

Other analysts have been skeptical about the ability of TVEI to meet its original objectives (7, 3, 39). According to Finegold, the main difficulties in achieving the original objectives were caused by the institutional context in which TVEI was created. The MSC was successful in getting TVEI into place rapidly, but the sheer speed with which the initiative was devised created problems both within each Local Education Authority and nationally. The quality of the first round of pilots suffered and some of TVEI's initial aims were de-emphasized. For example, lacking sufficient time to design a coherent program for 14- to 18-year-olds, Local Education Authorities struggled to get the program up and running for the first cohort of 14- to 15-year-olds before turning their attention to the 16- to 18-year-old phase (19).

In addition to poor planning, four obstacles beyond the Initiative's immediate control hurt the pilots' efforts to elevate the status of technical and vocational studies according to MSC director Lord Young:

1. Universities and employers are generally conservative in their approach to new kinds of qualifications and accreditation. Unless they are fully aware and supportive of developments such as TVEI-type developments projects such as TVEI may never gain momentum.

2. Employers have a key part to play but are not properly organized to play it.

3. The expansion of technology education in schools is limited by the number of specialist technology and design teachers qualified to teach the subject.

4. The examination system has numerous shortcomings (44).

In an effort to remedy problems with the examination system, Local Education Authorities worked with testing boards to develop new forms of qualification. The conservatism of higher

education and employer recruiting practices, however, meant that these examination results were devalued relative to traditional, academic examinations (40). Likewise, the examination system institutionalized the break from school age at 16, encouraging a large percentage of TVEI students to leave after only two years and making it difficult to design coherent curriculum for training 16- to 18-year-olds. Pilot projects were thus forced to recruit new students for their 16- to 18-year phase.

The incentive for young people to leave before completion of the full TVEI program was further reinforced by another MSC program, YTS, which provided young people with a weekly stipend and, in some cases, access to jobs that were unavailable if they remained in full time education (19).

Despite the less than glowing evaluations of TVEI and significant opposition within the government, the nation embarked on a national expansion of TVEI in 1986. The extension was designed to reach every Local Education Authority, school, teacher and 14- to 18-year-old student in the country over a ten-year phase-in period. As a result of this much broader implementation, the resources for each institution were spread much thinner resulting in funds insufficient to invest in needed and expensive equipment, facilities, and staff. By the time this background paper was being prepared in 1995, officials at the U.K. Employment Department had conceded that it is extremely difficult to identify any tangible improvements in the education and training system attributable to TVEI; they are currently in the process of winding down the initiative (10).

City Technology Colleges: A Conflict with TVEI

In addition to the problems inherent in TVEI, the program faced major challenges from the U.K. Department of Education and Science. The initial conflict came in 1987 when the Education

Secretary announced plans to create 20 "City Technology Colleges." As separate vocational institutions outside Local Education Authority control, the Colleges were anathema to the way TVEI was by now attempting to spread a work-related curriculum across all secondary schools and colleges. The threat posed by the proposed City Technology Colleges, was lessened by the failure of the government to attract the anticipated industrial support to build these institutions, and fewer than a dozen had been set up by 1991 (19).

The Education Reform Act of 1988 and the National Curriculum

A second external challenge to TVEI came in 1988 with the passage of the Education Reform Act which removed the "further education" colleges from Local Education Authorities control and introduced a National Curriculum focused on traditional subjects. The Department of Education and Science style of central governance ran directly counter to the local approach the MSC had developed for gaining commitment to TVEI. The National Curriculum became the immediate priority for all practitioners and threatened to push TVEI work out of the school day.

Abolition of the MSC

YTS and TVEI had demonstrated the capacity of the MSC to establish national programs almost overnight, although not without problems. With the fall in unemployment and the resurgence of the Department of Education and Science, however, two main justifications for the MSC's existence were removed.[9] The Thatcher government moved to abolish the MSC in 1988 and transfer its employment functions (e.g., the YTS) to the Department of Employment.

[9] This total reversal of the MSC's fortunes was summed up by Norman Fowler, the Secretary of State for Employment following the 1987 election: "The commission had become a piece of outdated machinery whose only function was to delay government action" (20a).

The abolition of the MSC was seen as part of a wider effort to pursue a policy of employer-led vocational training. The role of trade unions was minimized; employers could choose to invite individual unions to participate in vocational education and training decisions (23).

The Youth Training Program (YT) and Training and Enterprise Councils (TECS)

The Youth Training Scheme was replaced with the Youth Training program (YT) in April 1990. The introduction of YT was consistent with wider government efforts to transfer responsibility for training to employers and to reduce levels of government expenditure. Employers now pay the trainees' living allowance out of a modest state subsidy, but the ultimate goal is to have employers pay all the costs of training. Even though the level of public expenditure has been cut, the government maintains that the quality of training has improved. The fact that the payment of the subsidy to firms is conditional on the trainee being deemed to be "working towards" in approved National Vocational Qualification at Level 2 is cited as evidence of the government's commitment to high quality, but the operative phrase "working towards" has not been well defined (33). The system of National Vocational Qualifications being created by the National Council on Vocational Qualifications is described in box 2.

The Youth Training program is administered by employer-led Training and Enterprise Councils (box 3). Employment Secretary Norman Fowler advocated the creation of Training and Enterprise Councils in 1988, following a visit to some Private Industry Councils (PICs) in the United States. The PIC model fit closely with the prevailing beliefs of the Conservative government that:

1. Employers themselves must assume active leadership in preparing and maintaining a skilled workforce and in creating a climate conducive to business development, self-employment and vigorous job creation; and

BOX 2: National Vocational Qualifications (NVQ)s and the National Council of Vocational Qualifications (NCVQ)

The National Council of Vocational Qualifications (NCVQ) was another important Thatcher initiative in upgrading youth skills and capacities for employment. NCVQ originated in the mid-1980s when there was a general acknowledgment that the UK's vocational qualification system needed reform. A major review undertaken on behalf of the government, concluded that the "jungle" of awards needed to be simplified. Moreover, it was vital that the qualifications be based on real life employment standards and that more people become qualified.

The NCVQ is responsible for rationalizing all the country's training qualifications into five levels. The NCVQ does not award qualifications itself. Rather, it assays the qualifications devised by industry in conjunction with awarding bodies such as City & Guilds, the Royal Society of Arts, and the London Chamber of Commerce to decide whether they meet the NCVQ's criteria. If the criteria are met, then the qualification becomes accredited as a National Vocational Qualification (NVQ). To satisfy the criteria, qualifications must reflect the needs of industry and be based on demonstrated competence. NVQs are to testify to the effective performance of an individual and not merely an academic understanding of what is required. The government's long term vision is that qualifications will become the currency upon which the employment market is based. Employers should be able to recruit and train, and workers find jobs and acquire new skills through the use of National Vocational (16).

For the most part, National Vocational Candidates, who may be any age and can achieve their skills through any route, are assessed in the workplace. Assessments are intended to be flexible. Candidates are assessed when they are thought to have reached the standard required by the NCVQ.

NVQs are one of the three main avenues of progression available to 16-year-olds leaving compulsory schooling, and NVQs form an important part of the government's training provision for 16- to 19-year-olds. They are designed for those who opt for a work-based route of career development in preference to staying on in full-time academic or vocational education. Currently all government-funded youth trainees received education, training and work experience designed to achieve a minimum of an NVQ level 2 qualification. The new Modern Apprenticeship initiative is intended to provide education, training, and experience leading to at least an NVQ level 3 qualification for over 40,000 young people annually (5). Over 750,000 NVQs have been awarded to date.

Evaluation

According to a CBI evaluation, the introduction of NVQs into a company is strongly aided by:

1. the positive commitment of top management;
2. the presence of a coordinating group with the necessary range of expertise within the company to act as points of reference and facilitators (in smaller companies this takes the form of ready access to external expert advice);
3. the active involvement of line managers (5).

According to the CBI, success thus far appears to be particularly evident in larger organizations with an established training culture but without a pre-existing vocational qualification structure. Where a qualification system existed before, it frequently commands the loyalty of managers and employees alike (5).

BOX 2 (cont'd): National Vocational Qualifications (NVQ)s and the National Council of Vocational Qualifications (NCVQ)

A number of companies participating in the NVQ system reported to CBI that the system has improved employee satisfaction, enhanced team work skills, helped to break down rigid job demarcations, and significantly improved employee productivity (5). Nevertheless, there have been some problems.

Employers reported that the biggest barrier to NVQ implementation is the perceived irrelevance of the qualifications to company and individual needs. Many employers say they are current faced with NVQs made up of mandatory units or limited options which are irrelevant to their business. Employers also complained about the jargon associated with NVQs. Some find it necessary to spend valuable time translating standards and assessment requirements into words that can be easily understood and acted upon by their employees. Overall, user-friendly material on NVQs and their implementation is lacking.

Another major deterrent to implementation of NVQs is that many of them are not yet available for use. They are in the development phase and the time involved in creating many of them has been excessive according to some observers.

The awarding bodies themselves have also been a major source of criticism. Employees have found that different awarding bodies offer different levels of services and guidance. Many have called for awarding bodies to adopt common procedures, common requirements, and common recording systems and to simplify and make more transparent, their procedures.

Some employers have raised concerns about assessment procedures, in particular an over-reliance on simulations for assessment. In a number of cases, simulation represents all or nearly all of the performance evidence for an NVQ. For some companies, only NVQs awarded on the basis of direct work-based assessment are reliable indicators of practical competence (5).

NVQ level 1 has been heavily criticized is being too simple. The qualification is composed of the simplest tasks in a given occupation, such as answering a telephone or making beds. Cleveland argues that the standard essentially legitimized and institutionalized the unskilled status quo (4a). Prais goes even further in his criticism when he comments that "the NCVQ's level 1 qualifications will be eventually regarded by the public as showing the candidate has taken a test that requires neither reading nor writing, and thus confirms the candidate of being of limited ability and certified to boot" (Prais, Training Tomorrow, 1990). Both the government and the CBI defined NVQ level 1 on the grounds that it helps to ease the transition of unskilled persons and individuals with learning disabilities into the workforce.

Finally, Outon and Steedman see the lack of external assessment and the failure to require the passing of a written test as major failings of the NVQ system. According to them, the method of assessment is inherently unreliable and open to abuse (33).

SOURCE: U.S. Congress, Office of Technology Assessment, 1995, based on sources noted. Full citations can be found in the list of references at the end of this background paper.

BOX 3: Training and Enterprise Councils (TECs)

Training and Enterprise Councils (TECs) are private companies with separate legal identities. They each have a board of directors, usually 9- to 16-members, of whom two thirds are drawn from top local private sector business leaders. The remaining directors are drawn from education, local authorities, trade unions, voluntary organizations and the public sector. The 82 TECs vary in size according to the locality they serve, from the Isle of Wight with a working population of 59,000 to Central London with 1,055,000. TECs contract out training for young people and unemployed adults to training providers. In 1990, the TECs assumed responsibility for the training and business assistance programs previously run by the Employment Department.[1]

Training providers come in many different forms: local education authorities, colleges of further education, chambers of commerce, private training companies, national and local charities and voluntary organizations. In order to ensure quality, each TEC has a specific monitoring team that does formal audits of training providers. They check attendance sheets and trainee logs on a regular basis. Likewise, TECs have the authority to drop a training provider if there is a high attrition rate or if a significant number of people fail to achieve vocational qualification (NVQs).

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[1] TECs have funds for: Youth Training; Training for Work; Business and Enterprise Training; Local Initiative Funds; Enterprise Allowances; Business Start-ups; Business Education Partnerships; Compacts; and Work Related Further Education. The Employment Department continues to draw up the framework for these programs and monitors the performance of the individual councils.

SOURCE: U.S. Congress, Office of Technology Assessment, 1995.

2. The delivery of training must relate closely to the circumstances of each local area (8a).

To their supporters, such as the Confederation of British Industry, the Training and Enterprise Councils are the cornerstone of a successful government effort to decentralize government and return power to individual localities. To their detractors, Training and Enterprise Councils are the latest in a "seemingly endless line of gimmicks, doomed to be undermined by the hostility of the Treasury and a fickle private-sector" (8). Bennett, in a detailed study of Training and Enterprise Councils, identified three flaws in their structure:

1. Training and Enterprise Councils have failed to make raising the skills of the working population their top priority. Instead, they have concentrated almost exclusively on delivering “welfare programs,” such as Youth Training for school-leavers, employment Training for people who are unemployed long-term, and special-needs training for people with disabilities.

2. Training and Enterprise Councils are inflexible. They vary considerably in the size of their budgets, depending on the strength of the local economy, but they are prevented from properly adapting to circumstances by the tight control of the central government.

3. Training and Enterprise Councils are mired in a civil-service culture. They are being forced to administer a fragmented group of programs which reflect the conflicting priorities of jostling departments rather than the needs of their localities (2).

Youth Credits and Modern Apprenticeships

Youth Credits

Youth Credits were conceived by the Confederation of British Industry to give young people the power to choose and purchase their own career training, giving them greater choice, increased personal involvement, and increased personal responsibility for important career decisions.

By April 1995, all young people in England, Wales and mainland Scotland are to have been offered Youth Credits at age 16 or 17 (box 4). Each Youth Credit has a financial value which varies according to the level and type of intended training. Youth Credits can be presented to an employer or training provider to pay for approved training leading toward the awarding of NVQs at level 2 or above (see box 2). Academically able students will be able to use their Youth Credits for Modern Apprenticeships (see below).

Money for the Youth Credits comes via the local Training and Enterprise Councils, which set the value for the credit. Although each youth credit is typically worth approximately 1,000 pounds (U.S. $647 in 1995) some for higher-level qualifications in sectors like information technology, engineering, or manufacturing may be issued for amounts over 5,000 pounds. Training and Enterprise Councils set the value of the credit according to the costs of training in their areas and the particular needs of the individual young person. Programs may offer incentives, such as bonuses for NVQ achievements. Some also have additional features to appeal to young people, such as reduced fares on local transport and shopping discounts.

Modern Apprenticeships

Beginning in September 1995, 16- to-17-year-old school leavers will be able to use their Youth Credits for "Modern Apprenticeships," an approach that has already been pilot-tested in the U.K. (box 5). Modern Apprenticeships are designed to meet the country's skill needs at the supervisory, technician, and junior management levels, and will target more academically able, better qualified students. Training must lead to a National Vocational Qualification at Level 3 or above. Training

BOX 4: How the Youth Credits Process Works

The Youth Credits process begins with career education and guidance to ensure that the 16-year-old school leaver will be an informed consumer. Information on Youth Credits is made available to schools for career teachers to use in their classes. As students approach age 16, they are to discuss their career plans with career advisers in one-to-one interviews, looking at all the possibilities and receiving impartial advice and guidance. If, after considering all the options, employment with related training seems the most appropriate choice, the adviser will draw up an action plan with the young person. Advisers are to identify the chosen occupational area and to set out the route to achieving the NVQ. They explain what needs to be done to help the young person achieve his or her career aim, including how to use the credit to obtain the appropriate training. The young person is then given a packet of supporting literature.

Young people who find a job are to discuss their training needs with their employer and agree on the most suitable training program. If a young person is unable to find a job, the career service will help them find a training placement with a paid allowance.[1]

During training, the employer or training provider is to keep a record of the trainee's progress (e.g., the units of competence, skills and qualifications achieved as the trainee moves towards his or her NVQs). These notes will be added to their National Record of Achievement.

As the young person uses his or her credits to pay for an element of training, the amount is automatically deducted. Some of the Training and Enterprise Councils participating in pilot projects have experimented with quarterly statements which set out the usage and the balance remaining in the account, just like bank statements. The training plan is to be reviewed by the young person and his or her training provider every three months. When the period of training ends, participants are to be given a detailed record of their qualifications and of their skills and achievements. If they change jobs or training sites, they may take their unused Youth Credits with them and complete the training course elsewhere. Alternatively, they can begin a new course of training[2] (13).

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[1] Whichever route the young person follows, an individual training plan must be developed and the credit used to pay for on-the-job training with an employer, day-release courses at college, or evening classes.

[2] Depending on the circumstances and the length of training already undertaken, TECs may agree to restore the credit to its original value.

SOURCE: U.S. Congress, Office of Technology Assessment, 1995.

BOX 5: How the Modern Apprenticeships Process Works

Young people are to be informed about Modern Apprenticeships during career classes and in discussions with career advisors. Employers are to select individual participants. A training agreement will be made between the young person and employer detailing: the training to be offered, the qualifications to be obtained; and the commitment of both parties to a successful outcome. The duration of the Modern Apprenticeships is to be flexible to suit the needs of the sector and the individual employer, but it is expected to average between 2.5 and 3 years. The aim is that all apprentices should be given employed status at the start of their training. Wages or allowances are to be worked out by the young person and the employer (9).

SOURCE: U.S. Congress, Office of Technology Assessment, 1995.

must also provide for breadth and flexibility according to sector and employer needs, and is to include both core skills (e.g., communication, numeracy, problem solving, team work), and supervisory or entrepreneurial skills. Industry Training Organizations working with Training and Enterprise Councils are responsible for designing Modern Apprenticeships on a sectoral basis. Training and Enterprise Councils are responsible for delivery of the programs at the local level.

Over half of the current apprentices in Modern Apprenticeship pilot projects are young people who would have stayed on to do advanced academic work had they not had another high quality option.

Preliminary Evaluations of Youth Credits and Modern Apprenticeships

The Confederation of British Industry believes that Youth Credits and Modern Apprenticeships have a number of advantages over previous youth training schemes:

1. They should motivate young people to continue their education and training by giving them an entitlement that signals the importance which society attaches to work-related skills and the rewards that learning can bring. Youth Credits are to bridge the education and training divide, and raise the status of vocational education and training.

2. Youth Credits should create a market for training programs for 16- to 19-year-olds, in which employers and training providers will compete to meet young people's training requirements.

3. Youth Credits make the funding system clear, both to administrators and users of the system, and should generate a sense of coherence in a system currently characterized by multiple funding flows overseen by several government departments and funding councils, 104 Training and Enterprise Councils and 133 Local Education Authorities.

4. The Youth Credit system should put pressure on employers who don't currently provide training.

5. The knowledge that the training costs will be covered by the credit should encourage employers to meet the wage costs of employing young people (6).

To date, only preliminary evaluations have been conducted.

Youth credits

The Employment Department claims that both young people and employers have responded well to Youth Credits in pilot projects. Their surveys show that most young people using the credits think that the credits have helped them get the training they have wanted. More than half surveyed said that they felt more in control of their training. Over two-thirds of employers involved in Youth Credits could identify specific benefits to their companies; one in five said that the credits had led to their spending more money on youth training. Employers also reported providing a greater volume and variety of training opportunities (12).

The major problem that the Employment Department reports thus far is that the credits are not transferable across regions. In order to ensure that young people have access to training opportunities nationwide, locally-based Training and Enterprise Councils are going to have to work together to ensure that young people can use their credits anywhere in the country.

Further evaluation of the Youth Credits program will be needed in order to assess its impacts on young people's achievements and on employer behavior.

Modern Apprenticeships

Modern Apprenticeship pilots run by 42 Training and Enterprise Councils were recently evaluated by Ernst & Young, an accounting and consulting firm (14, 15). Ernst & Young's evaluations found that:

The most common reasons employers reported for taking on apprentices were:

- to acquire a better qualified staff (64 percent);
- to build on established training programs (42 percent);
- to obtain extra funding (38 percent); and
- to attract better qualified recruits (33 percent).[10]

When asked what factors would determine whether they will take on more modern apprentices next year, the top three employer responses were:

- business need;
- how suitable the current apprentices prove to be; and
- funding.

For a variety of reasons, recruiting of employers has been difficult in some sectors but not in others. Ernst & Young's evaluation of the pilot projects found that it has been relatively easy to recruit employers in sectors such as agriculture, chemicals, engineering, and the steel industry; conversely, employer participation has been more difficult to achieve in business administration,

[10] Total percentages add up to more than 100 percent because employers were able to answer positively to more than one response in the questionnaire.

child care, information technology, merchant navy, retailing and travel services. Differential recruiting success by sector tended to be accounted for by:

- whether the sector had a past history of apprenticeships, an Industry Training Organization with wide coverage, and support within the sector;
- NVQs that are available and accepted within an industry; and
- pre-existing employer support for initiatives.

In some sectors (e.g., retail) employers seemed more interested in recruiting older (18-year-old) than younger (16-year-old) youth.[11]

There are some specific funding issues that make taking on modern apprentices financially unattractive to certain industries. An industry where employers traditionally have not contributed to the cost of training is child care. As well, some engineering companies have become accustomed to a situation in which they recruited young people after they had completed their basic foundation training at a local college. Both of these sectors will now have to partially finance the first training of any modern apprentice they recruit.

Before employers can be "sold" on the Modern Apprenticeships idea, they will need to be convinced of the validity of NVQs, but in some sectors, such as information technology and childcare, NVQs are not fully established. In retail, the NVQ level 3 is being re-accredited, meaning that the Industry Training Organizations and Training and Enterprise Councils have been trying to sell Modern Apprenticeships without a full understanding of what the NVQ will cover (14, 15). With Modern Apprenticeships the government is again trying to promote high skills

[11] In the retail sector the NVQ level 3 contains a high degree of supervisory skills.

training that will be transferable along occupational lines. The nature of the labor markets, however, might make it impossible to sustain any large-scale, broad-based occupational training program in Britain.

Finally, high caliber recruits are key to ensuring employer participation in the program, but attracting well qualified youth may prove to be a difficult task because teachers and guidance counselors are biased towards the academic track and commonly dissuade young people from becoming modern apprentices (15).

Ernst and Young concluded that, if the government can not provide adequate incentives, there is a real possibility that the success of Modern Apprenticeships could be confined to those sectors of the economy where there has been an established tradition of workforce training. Further, the evaluators noted that the support of teachers, guidance counselors, and parents will be crucial to the success of the program. To gain this support Modern Apprenticeships will need to demonstrate a real parity with advanced academic accomplishment at the secondary level. To accomplish this, Modern Apprenticeships must provide access to higher education. Finally, graduates must get high quality jobs if the system is to attract able applicants (15).

Some fear that the highly selective nature of Modern Apprenticeships will result in the stigmatization of young people participating in the Youth Training program, which is open to all 16- to 19-year-olds. Officials at the Employment Department concede that this is a problem. One went so far as to characterize YT as a social program for kids who cannot make it in the labor market (10). As the Modern Apprenticeship program expands, Britain might become a three track society with YT youth at the bottom, college students at the top, and Modern Apprenticeships in the middle.

Further evaluation will be needed to determine whether the Modern Apprenticeship Program joins the rather long list of unsuccessful youth policy initiatives or achieves a real breakthrough in raising the skill level of the British workforce. Because Britain has had a succession of youth training programs (YOP, YTS, YT), one might wonder what will set Modern Apprenticeships apart from the rest. The Employment Department claims that Modern Apprenticeships are unique in that employers, not the government, are the driving force behind them. The Employment Department stresses that employers themselves have identified a need for vocational training route for young people to address new and emerging skill needs at craft, technician and junior management levels. Similarly, Modern Apprenticeships are based on *employer*-led partnerships between Industry Training Organizations, Training and Enterprise Councils and employers themselves (9).

LESSONS FOR THE USA

It is always difficult to compare problems and public policy interventions designed to ameliorate them, across national boundaries. Nonetheless, this British case, when accompanied by OTA's recent review of work-based learning policies in the U.S. (41), may provide some valuable insights for U.S. policy makers interested in education and training reform. In particular, it may be comforting to U.S. policymakers that at least one other nation faces the same persistent problems as the U.S. in attempting to ameliorate youth unemployment and the perceived gap between employers' needs and youths' skills (box 6). Both countries may benefit from additional in-depth cross-national comparisons of past and future policy solutions. Perhaps a more systematic attempt to understand why these efforts succeed and do not succeed would be beneficial to young people, the employers who want greater skills, and the policymakers who see implications for their nation's standards of living and international competitiveness. Britain, which has labor markets and

employer hiring practices that are similar to the United States, has experimented with many of the same education and training initiatives that have been tried or are currently under consideration in the United States.

BOX 6: Similarities in U.S. and U.K. Policies for Occupational Training for Youth

A reading of this case study, as well as the main report from OTA's assessment of work-based learning in the school-to-work transition (41), suggest the following similarities in at least some of the practices of both the U.S. and the U.K., as they attempt to reduce youth unemployment and enhance the skills of young people entering the work place. Some of these problems seem more irresolvable than others because they are rooted in national character, culture, or long-standing customs. Rather than blame a program for failure (or incorrectly credit it with success), it is important to understand the influences of these inherent and possibly unchangeable factors. Perhaps one lesson of this case study is that governments on both sides of the Atlantic should try more to understand the nature of their youth unemployment and skills problems, and the roles of different policies in curing them.

- **Lack of Consensus on the Government Role.** Both countries have varied considerably in the extent and the nature of government intervention in the youth unemployment and skills problems. Marked, rapid-fire variations over time appear to be due at least in part to both shifts in the political and ideological winds (e.g., whether certain problems should be left to the market to solve), and the presence or absence of public outcries over the extent of a problem (when even market-oriented political leaders attempt to step in and try to solve the problem). These rapid-fire changes in policy lead to "initiative fatigue," a public unwillingness to try yet another attempt to fix the problem.
- **Employer Incentives.** When governments do step in, they vary in whether and how they will provide incentives to private employers to hire and train young people. The U.S.'s current School-to-Work Transition program does not provide direct incentives for employers to sponsor work-based learning (41). The U.K., on the other hand, has put in place for young people a novel approach to employer incentives--vouchers to be spent by the trainees themselves. This idea has been suggested in the U.S., but not implemented. The U.S. could learn something about reactions to this approach by watching the U.K. experience carefully.
- **Need for Quick Results.** Because government intervention with private labor markets is suspect in both countries, and because governments can turn over quickly, each new government-sponsored program is usually under immediate pressure to prove whether it works or not. OTA suggests that it may take ten years to see whether the ultimate long-term goals of higher wages and better jobs result from U.S. students' involvement in work-based learning (41). Results that can be measured in shorter time frames (e.g., students' and employers' attitudes toward work-based learning; students' grades; student placement in jobs immediately after high school) may be either ambiguous or unpersuasive to policymakers, hard-nosed evaluation researchers, and program critics.
- **Spreading of Resources Too Thin.** Again, perhaps because both countries are uncomfortable with government intrusion in private markets (relative to other countries such as Germany and Japan (41), both countries have a tendency to apply insufficient resources to extinguish persistent, pervasive problems such as youth unemployment and lack of work-related skills (see, e.g., TVEI in table 1).

BOX 6 (cont'd): Similarities in U.S. and U.K. Policies for Occupational Training for Youth

- **Lack of Experimental Design to Evaluate Programs and Policies.** For a variety of reasons, programs and policies such as those intended to solve youth unemployment and skills problems are rarely subject to evaluation by experimental design (see U.S. Congress, OTA, LTW, Sep. 1995). This situation makes it difficult to determine whether a program or policy is effective or not. For example, during the course of a policy's implementation, there are typically many economic changes that can substantially affect the demand for youth labor and the wages offered to young people. Without a control group that is subject to the same macroeconomic changes, but randomly assigned to not participate in a particular program, it is unclear whether observed changes (or lack of changes) in outcomes (e.g., youth unemployment, wages, grades) can be attributed to changes in the general economic climate, the program itself, or unmeasured differences between program participants and nonparticipants.
- **Conflict between Values Placed on Higher Education and on Training for Work.** In general, both countries tend to show more respect for those young people who seek higher education than for those who go to work immediately after secondary school.[1] Currently, the U.S.'s School-to-Work Transition Program, and the U.K.'s Youth Credits Program are intended to deliver work experience to students at all levels of academic achievement. The U.K. has instituted a separate program ("Modern Apprenticeships") designed to make work-based learning while in secondary school more appealing to students with the best grades. The U.S. program is taking a theoretically more egalitarian approach (41). It remains to be seen whether either approach can remove the stigma that is often attached to students' concentration on work during their secondary school years.
- **Fragmentation of Effort, Exemplified by Different Bureaucracies for Labor (training) and Education.** Both the U.K. and the U.S. have national departments of Labor and Education; they sometimes clash (see, e.g., TVEI in table 1). It is only recently that coordination directed toward occupational training for young people has been attempted in the U.S. A coordinating function has been set up to increase cooperation between the U.S. Departments of Education and Labor (41). Whether this mechanism will help to foster cooperation at the grass-roots level (i.e., between individual schools and individual workplaces) remains to be seen.
- **Attention to Development of Skills Standards.** Interestingly, both the U.S. and U.K. have under way ambitious efforts to define the skills needed for particular occupations. In some respects, the U.K. seems further along than the U.S. However, both countries are experiencing some similar problems (table 1; 41). For example, skills standards can be very difficult and time-consuming to develop and apply. In addition, when they are developed, broad occupational skills standards may be seen as inappropriate to the needs of individual employers, too difficult for individual employers to interpret, or set at such a low level as to be meaningless. The development and authentication of skills standards on both sides of the Atlantic bear very close watching.

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[1] Concrete examples of this variation in respect in the U.S. include the wage premium put on a four-year-college (and higher) degree, by the media's using as a measure of high school quality the proportion of students who go on to college, and by anecdotal reports of graduating seniors who profess that they intend to go to college even though they have made no realistic plans to do so.

SOURCE: U.S. Congress, Office of Technology Assessment, 1995