

Initial training policies and transferability of skills in Britain and Spain

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Introduction

This paper analyses the relationship between initial vocational education and training (VET) and life-long learning by looking at the way and extent to which different training policies foster the acquisition of general and transferable skills. General and transferable skills are defined in contrast to specific skills, as not being tied to any particular firm, sector or work process but as being applicable to a wide range of educational and professional situations. The term covers many different skills such as entrepreneurial (creativity, risk-management, responsibility, decision-making skills and initiative), interpersonal skills (flexibility, conflict-handling, team-building capacities), communication skills (reading comprehension, writing, foreign languages, negotiation skills) and other intellectual skills (mathematics, problem-solving, quality awareness and the up-dating of knowledge). General skills or qualifications are broader conceptually and they are usually defined in contrast to firm-specific ones. Both general and core skills have become increasingly valuable in labour markets that are characterised by change and where there is a constant need to adapt to new developments in technology and working methods. Concrete, specific or technical skills may become obsolete very rapidly and in addition the value of overly narrow vocational qualifications is diminishing in the light of technological innovation.

The paper is organised as follows. Firstly, we consider some of the factors that particularly affect the investment in training and the investment in transferable skills. Secondly, we place the training reforms in Spain and in Britain in a contextual framework and give an outline of the direction of these reforms in relation to those intervening factors. We argue that with the reform of their national training systems, which in both cases started in the late eighties, Spain and the UK have followed different routes in order to foster precisely an increase in the investment on the type of transferable or core skills mentioned above. Those pathways differ in two main dimensions: on the one hand, the extent to which policy strategies have aimed at reducing either individual or firms' constraints to receive or invest in transferable training; on the other hand, the extent to which the emphasis for certification focused on "demonstrated learning outcomes" (as opposed to "particular learning processes or places"). Finally, we present some of the policy lessons from the experience of both sets of reforms identifying the characteristics that might contribute and those that might hinder such investment.

1. Actors, institutional incentives and system design: factors that affect the investment in general skills

The analysis of investment in transferable vocational training should pay attention to at least four different dimensions (Finegold, 1992, 1996). First, the temporal framework within which individuals and firms make their decisions about training. Secondly, the fact that firms may have a co-operative or conversely "opportunistic" behaviour with respect to training in transferable skills. This is mediated by the existence of employers' associations, the system of industrial relations and wage bargaining [1], and by the relative exposure of firms to a competitive environment. In the third place, it is important to pay attention to the extent to which there is symmetric information about the present and future value of qualifications,

and fourthly, the way in which the costs of training are distributed among firms, individuals and the state.

The capacity of individuals to consider training as a long-term investment is of great importance when analysing the general qualifications profile of the active population. Individual decisions about this issue depend on three types of incentives: those that affect the time that a person stays in full-time education, those affecting the transition from initial education to the labour market, and those affecting decisions about long-life learning and continuing training. When comparing different national education and training systems, it is important to differentiate between those incentives which are internal or intrinsic to the learning systems from those external to them (basically consisting of labour market-related incentives (Gambetta, 1987)). Among the former, we might consider variables such as the variety of options in terms of different routes (whether general or vocational) tracking moments, connections between them, and entry requirements as being relevant. The probabilities of abandoning the educational system at the end of compulsory education will depend on the way different post-secondary education and training routes are structured, the returns associated to each option but also on the personal and family background characteristics of the individuals in question. In the later stages of the life cycle, the existence of developed internal labour markets may foster both individuals' and firm's adoption of a long-term perspective with respect to training (Osterman, 1988). However, it is probably the influence of external labour markets, characterised by a stable hierarchy of qualifications whose standards are clearly defined and broadly recognised which mostly promote individual investment in skills that are not firm-specific.

Looking at the determinants of qualification attainment, while there is very little research done in the area of incentives that are internal to the learning system, however, there is a substantial literature in the area of educational choice [2] that has explored the relationship and impact of personal and family background characteristics on the likelihood of remaining in education beyond the minimum school leaving age and obtaining qualifications (Micklewright (1989), Gregg and Machin (1999), Dearden et al. (2000)). The studies in this area are numerous and generally focus on quite specific questions, such as the effect of innate ability (measured by mathematical and reading test scores at the ages of seven and eleven) [3] on the level and type of qualification attained, the effect of parental income and wealth on the decision of the child to stay beyond the minimum school leaving age, and the effect of poverty on educational attainment.

Turning to those incentives external to the educational system (basically labour-market related ones), the benefits associated with qualification attainment differ, according to the level, the type of qualification attained as well as the point in the lifecycle at which the qualification is attained. In particular, referring to work on the returns to academic and vocational qualifications in the United Kingdom, unsurprisingly, the returns associated with qualification attainment, whether academic or vocational, are increasing as the level of the qualification increases, relative to those possessing no formal qualifications [4]. In addition, there is also evidence that there are differentials in earnings between the academically and vocationally trained at given levels of qualification [5]. In particular, academically trained males in the United Kingdom achieve an earnings premium over their vocational counterparts at every level of qualification within the National Vocational Qualification classification of qualifications [6]. In other words a male in possession of an academic qualification at NVQ level 2 achieves the same earnings premium over the formally unqualified as a male in possession of a vocational qualification at NVQ level 3. This result is independent of the method of estimation, the inclusion or omission of personal and family background characteristics from the estimating model and the source of data. The implication of these results for human capital theory is that it not simply the level of qualification that is important, but that the type of qualification attained is crucial in determining the benefits associated with qualification attainment.

The final point to note in this first dimension is that the timing of qualification attainment is also an important element in the educational decision making process. On a theoretical level, it would be assumed that there is a lower rate of private return to qualification attainment for those undertaking and completing qualifications later in life rather than at or

immediately after school. The reason that this is hypothesised is that it is believed that additional qualifications increase productivity and thus the return associated with given qualifications is represented by an augmented earnings profile for the duration of an individual's working life (relative to those not undertaking this additional level of qualification). If the qualification in question is undertaken at a later stage in life, then although there might exist similar benefits associated with improved earnings, these benefits exist for a shorter time, thereby reducing the returns to lifelong learning [7] and in turn reducing the likelihood of undertaking and completing the qualification. In recent work, Conlon (2001) estimates that for males, the earnings premia for those obtaining qualifications later in life lags that of early completion individuals by between 8 and 13%. The corresponding figure for women stands between 2 and 7% [8].

The second dimension that was mentioned relates to the degree to which training in transferable skills is affected by problems of collective action. The most commonly used example of this kind of problem is known in the literature as the "poaching externality" that occurs when firms operating in competitive labour markets [9] recruit workers trained by another firm by offering a higher wage than the training firm and thus gain higher productivity workers without incurring any costs associated with the actual training. In a perfectly competitive market, if all firms are identical, the outcome is that there is an under-investment in training below the socially optimal level to the point that too little general training is provided. In an attempt to counteract this phenomenon, firms that provide training may adopt one of the following three strategies: firstly they can offer trainees a lower wage while whilst training to reflect their reduced productivity during the training period in order to ensure that it is the worker and not the firm that pays for the acquisition of general transferable training; secondly, they may provide only specific skills thereby reducing the value of qualifications to the worker outside the firm. This, however, reduces the overall amount of transferable training and may hinder the firm's future internal flexibility needs; and lastly, employers may negotiate conditions that allow the return of investment in transferable skills before the trainee leaves the firm. Systems of industrial training based on traditional apprenticeship and in which certification of skills acquired on the job is progressive is an example [10]. Employers' associations can be an institutional solution to this type of problems, since they have the potential of fostering co-operation among firms to increase the volume of continuing training and share its costs. The capacity of this type of mechanism to avoid opportunistic behaviour will depend on how representative the association is, how compulsory the membership, and on the normative and financial resources of the organisation (Clark, 2001). Employers associations are not the only institutional mechanism capable of solving collective action problems. In countries where these institutional frameworks have been historically absent or weak, governments may impose a levy or a tax upon firms and in some cases it may empower newly created organisations by transferring the responsibility over the distribution of funds and the evaluation of outcomes.

However, this is only half the story. Suppose it is the case that private firms are unwilling or unable to provide general training to its workers, then since there are indications that the returns associated with general training are greater for the returns for firm-specific training, then why don't individual workers pay for the training themselves and receive the benefit of the training or enhanced qualifications? The reason is straightforward and lies at the heart of the educational decision-making process. Workers may be credit constrained. In particular, there is evidence that rates of return to specific qualification (either academic or vocational) are heterogeneous across family background (Bennet et al. 1995). In other words, those coming from lower socio-economic backgrounds receive a greater return to specific qualifications compared to those from more middle class backgrounds. As such, it is these people who have the greatest incentive to undertake additional qualifications. However, it is this element of society that has the greatest aversion to indebtedness, the most likely to be credit constrained and the most likely to be ill-informed of the value of the specific qualifications (in terms of both employment and earnings outcomes) and as a result, the very people least likely to take on the qualification. It is for this reason that government policy initiatives in many countries are targeted at those facing credit constraints. These policies in the United Kingdom (Education Maintenance Allowance, graduate loans) have not been entirely successful in widening educational participation or

increasing the level of general training undertaken by the active labour force.

The third important dimension in the analysis of investment in transferable skills is related to the way in which information about the value of qualifications is disseminated, and the extent to which ownership over qualifications can be established (occurring mainly via certifications and diplomas). Clearly defined and formally recognised qualifications are essential due to the fact that they provide a "currency of exchange" between employers and employees and between educational institutions and learners. In an environment where firms have difficulties in obtaining the returns to training investments, there might be an incentive to separate the training process (whose costs are financed by the firm) from the individual property over the acquired skills and elect not to certify them. Recognition of qualifications acquired on the job is an acute problem for some training systems and institutional solutions to this type of problems are diverse. One possibility is the introduction of a system of qualifications defined and certified outside the firm, so that the rest of actors have access to an evaluation of the quality of the training received independent of the employer that has provided it. An additional way of reducing information problems is the establishment of a normative framework in which employee's representatives have some input in the content, design and supervision of the training process. Note that the public provision of the general component of qualifications through the educational system is a commonly adopted strategy at present, although it could be subjected to potential mismatches between the low speed with which school curricula are normally reviewed and the rapidly changing qualifications needs of productive systems (Streeck, 1989). However, systems with strongly developed full-time general post-compulsory education (i.e. Japan) allow for the narrow specificity of further on-the-job training (Crouch, 1997). This concept of qualifications acting as a currency of exchange is an especially important point in the evolution of qualification recognition in the United Kingdom and Spain. Historically, the educational systems in both countries have been of a dichotomous nature. Students considered to be at the higher end of the ability range have chosen the general academic route from the age of the end of compulsory schooling, and providing they are successful at post-compulsory secondary education, progress to University [11]. The academic route has been characterised by the most "able" individuals competing within a national framework, where central government has generally determined both the content and the assessment of curricula. On the other hand, the vocational route has been broadly characterised in the United Kingdom as being for the benefit of those who have not achieved in the academic component of the National Curriculum. For these individuals, the traditional options have been to find a trade apprenticeship, receive on the job training, or to undertake any one of a wide range of vocational qualifications, whose content and assessment have been determined to a greater or lesser extent at local level [12]. The fact that these vocational qualifications have been so numerous and scattered has added to the belief that those holding vocational qualifications are inferior in ability, resulting in either inferior employment or wage outcomes compared to those holding academic qualifications.

In other words, the fact that vocational qualifications are administered and certified less centrally than academic qualifications implies that there is a greater risk (or a less informative signal) provided by those in possession of vocational qualifications. In recent work (Conlon, 2000), the Holmström 'career concerns' model is adapted in order to provide a plausible explanation to account for the differential considering the qualification framework in the United Kingdom (as previously mentioned). The fundamental hypothesis is that vocational qualifications (specifically) in the United Kingdom incorporate additional risk for employers compared to academic qualifications, suggesting that the vocationally qualified must pay a risk premium (through lower wages) to the employer on being hired and it is this fact that accounts for the differential in earnings between qualification types. Since academic qualifications are nationally administered in the United Kingdom, individuals are assessed on a common scale. An employer facing an academically qualified individual may be reasonably certain of their suitability or the precision of the qualification signal. In contrast, the local administration of vocational qualifications leads to different methods of assessment resulting in additional uncertainty regarding employee suitability. Thus, the vocationally trained are penalised in the form of lower wages due to the lack of precision associated with the attainment of vocational qualifications in the United Kingdom. The conclusion suggests that the vocationally qualified must pay a risk premium (through

lower wages) to the employer. This result is supported by empirical results to date. This point is extremely important and there are questions to be asked about whether the adopted structure of more centralised qualification provision in the United Kingdom has had any effect on increasing the information flow between consumers and employers thereby causing an appreciation in the 'currency of exchange'. It is only with additional analysis of the returns associated with academic and 'new' and 'old' vocational qualifications to see whether the differential in earnings that presently exist across types has diminished as the more recently introduced qualification become more established.

Finally, the way in which the costs of training are distributed between the employer and the employee are of great importance when analysing the undertaking and completion of transferable skills. For all the reasons mentioned previously, the advantages of a publicly financed general component of qualifications are quite clear. This is because the provision of privately funded general training is the area where market failures arise most often. To sum up, the main causes for under-investment in general skills are a) obstacles inherent to the educational system (early tracking, inadequate curricula design, unbalanced work and classroom vocational learning) b) the inability of individuals to access financial resources for training (capital market imperfections or failure), c) the unwillingness of employers to pay for training that becomes vested in workers who may leave their employment (poaching and mismatch of costs and returns) and d) uncertainty about the future value of skills (information asymmetry) [13]. The reform of training systems to derive appropriate incentive mechanisms in the presence of these failures can take at least four forms: the reform of secondary and upper secondary education; the release of credit constraints on individuals; collective financing of training; and the creation of a recognised system of qualifications which improves property rights over skills.

2. Background situations and policy reforms in both countries

The Spanish and British labour markets have traditionally been open and flexible rather than occupationally organised, even though occupational classifications have played an important role in many sectors of economic activity. Employer organisations and trade unions have been quite decentralised, membership of employers' organisations is not compulsory, and trade union membership has been diminishing over the last fifteen years. Some other institutional characteristics illustrate sharp differences between the two cases under inspection. These relate mainly to employment protection and relative coverage and generosity of unemployment benefits. In Britain, significant areas of the labour market are unregulated in terms of employment protection, wages, working time agreements and social security arrangements. Large segments of the labour force are quite mobile and there are high job turnover rates coupled with high rates of part-time and fixed-term jobs. Some segments of the labour market are thus more readily accessible to young people, thus increasing the likelihood of being employed in these particular sectors of the economy, however, such employment (if attained) tends to be shorter-term, more often than not part-time and relatively low-paid for these initial labour market entrants. The Spanish labour market is dualised, with a primary sector highly regulated in terms of employment protection, and a secondary one with much higher rates of turnover.

At the end of the eighties, both countries undertook the reform of their national training systems [14]. The background characteristics of the two training systems were quite similar with both the British and Spanish labour markets experiencing very high rates of youth unemployment over the decade, and serious skills' mismatches during periods of economic recovery, which were regarded as being a hindrance to economic competitiveness. The diagnosis of the problems that their training systems were facing pointed to: a) the lack of connection between the general and the vocational streams of the educational system on the one hand, and the employment and education systems on the other hand; b) vocational education and training pathways at the upper secondary level had been historically weakly developed in both countries and a significant proportion of young people tended to enter the labour market with upper secondary level general education qualifications only (i.e. without recognised occupational qualifications). In part, this reflected the fact that labour markets were not strongly occupationally organised. In addition, work skills were typically acquired on the job, built upon a foundation of general education, and c) in both cases,

there was a lack of specific steering mechanisms such as unified systems of qualification recognition. During the late eighties and nineties, governments in both countries set up national councils with the primary objective of designing and developing of a national system of qualifications. Spain also went through a global reform of the secondary and upper-secondary educational system.

When explaining divergent policy reforms, one has to pay attention to several variables. Among them, we are going to organise the description of some to the reform features focusing on the underlying ideas that drove initial training policy in both cases [15]. Some ideas about the determinants and effects of training provided governments with causal structures with respect to which links between policy alternatives and outcomes were established. British policy makers maintained that vocational training should be as connected to the work-place as possible, and that employers' provision of transferable general training was determined basically by its cost of provision [16]. A complex system of employer-led training was created under the assertion that decisions about the nature and volume of necessary training were better undertaken at the individual firm level. On the contrary, the Spanish reform of upper secondary vocational education was based on the claim that whereas some features of the dual system were advantageous, Spanish firms generally lacked the institutional incentives, the size, and the necessary knowledge and infrastructure to provide general initial training, and moreover, to certify it. Vocational training at the upper secondary level was thus designed in a way in which duality was introduced very progressively so that work practices would only take place after two years of full-time school-based learning. It was thought that this was the only way of assuring a general knowledge base.

The avoidance of early tracking and the corresponding increase in comprehensiveness were two important objectives of the whole Spanish educational reform. In accordance, the vocational route was designed so that the entry requirement for higher vocational education was not the previous vocational level but a general education secondary school diploma. The idea was that the double qualifying nature of those diplomas (that allow entry both in university higher education as well as in vocational higher education) would increase the incentives to stay in full-time post-secondary education, thus increasing students' knowledge base. British interventions in the initial training system had a less direct relation with the objective of increasing full-time post-compulsory participation. The emphasis was more on introducing flexibility in the combination of education and work, and in the process of the transition from initial education to working life (Ryan and Butchman, 1996). In a way, in Britain, a greater degree of connection between the employment and the education policy domains was achieved. However, it is far from clear that duality in the way it was designed achieved results in assuring the acquisition of a strong knowledge base. Thus with respect to the first dimension of the reform, and in relation to secondary and upper secondary education, in Britain there was an increase of duality and more flexibility to combine work and education. In Spain, by contrast, the policy rationale was to increase full-time post-compulsory participation and to equalise entry requirements for upper secondary and higher vocational and academic routes. This was based on the belief that this would enlarge the general knowledge base of vocational education on the one hand and that it would change the incentives of young people to pursue that route on the other hand. The general component of qualifications was thought to be better located within the educational system than in the work-place and their costs publicly funded.

With respect to lifelong learning, in general, British policy reform regarded investment in general or transferable training as an individual issue, and less attention was paid to the market failures that may result from problems associated with collective action. The dismantling of some tripartite training institutions over the eighties and the creation of new institutions reflected that change. The emphasis was put on alleviating individuals' credit constraints to finance their own training. The approach to steering education and training was the experimentation with financial tools such as vouchers and other forms of financial support for providers that were based on learner choice and on demonstrated outcomes. One of the underlying ideas was that if the wage structure were flexible enough, it would allow wage dispersion by qualification levels that would itself provide an incentive to individual investment. It was a public responsibility to provide the mechanisms to channel

that investment. Institutional mechanisms based on employers' taxes or levies would distort the market functioning efficiently. The Spanish reform followed a rather different route in this sense. The option was to keep the employers' training tax that had traditionally existed, and to create an employer-union led national organisation (FORCEM [17]) with powers to distribute funds among qualifying firms in order to finance their annual training plans. The underlying idea was that although qualifications were a private good once they were held by individuals, the provision of general training was subjected to the problems typical of the production of common or collective goods [18], and thus collective binding institutions were necessary [19] (Cruz-Castro, 2000: 325). The option therefore was to make firms rather than individuals the focal point of intervention [20]. However, this design made individuals' decisions to undertake training independently of their firm rather difficult, both in financial and organisational terms.

After the reform, the connectivity between education and employment in Britain relied to a large extent on individual choice. This was complemented by an emphasis upon steering mechanisms. Unified qualification frameworks are one such mechanism, combined with arrangements that allow the certification of existing skills independently of where and when they have been acquired (competency-based rather than institution-based). Such qualification frameworks and qualification arrangements would work to facilitate movements between different levels of education and training. Similarly, the Spanish government created an institution with the task of developing a unified national system of qualifications, the Qualifications National Institute (INCUAL). In contrast to the British experience, that system has not been developed yet and thus symmetry of information about the value of different qualifications is absent to a large extent. The connectivity between the educational and employment policy domains is not yet a reality in Spain as far as recognition of qualifications is concerned. This contrasts with the British emphasis on developing a qualification framework that permits recognition of skills independently of where they were acquired, and thus improving individuals' property rights over them. A brief account of some of the policy dynamics with respect to this issue in both countries is the subject of the next section.

3. The development of a National System of Qualifications

In Britain, efforts to construct a unified national system of qualifications started in 1988, when National Vocational Qualifications (NVQs) were introduced. In the short run they were designed in an attempt to unify vocational qualifications, and in the long run, this would be extended to general education and higher education. NVQs were defined in terms of "competencies", that is occupational skills, validated in the work environment on the basis of defined criteria of success (Jessup, 1991). Consequently, occupational standards needed to be developed for each occupation. It was decided that these qualifications were designed on the basis of the recommendations of industry organisations representing mainly the employers. A number of criticisms were voiced, in particular with regard to the problems of NVQs in the initial training of young people. The competencies covered by NVQs were seen as too elementary, neither requiring any general capacities, applicable to an entire occupational field, nor developing adaptability and the foundations for further learning. In 1992, the General National Vocational Qualifications were introduced, covering broader occupational fields and being less immediately tied to specific work tasks at a given time and work place. The conception was broader as there were 14 GNVQ sectors compared to over a thousand NVQs. Most qualifications were designed in a modular way in order to allow for suppleness. Two of the main features of the system were meant to be, on the one hand, the competency-based assessment, allowing for recognition of demonstrated learning outcomes, independently of the place of learning, and on the other hand, the recognition of partial qualifications as a basis for further learning. The National Vocational Qualification framework is set out below.

3.1 National Vocational Qualifications [21] in the United Kingdom

The primary purpose of the National Vocational Qualification framework was to create a coherent classification for NVQs and to facilitate transfer and progression, both within areas

of competence and between them. There are marked differences between NVQs and their vocational predecessors. This system of vocational qualifications was designed by the United Kingdom government as a method for assessing performance rather than a way of designing content. There are no set syllabi or courses for NVQs. It is not specified how, when, where or over what length of time they must be completed. Fundamentally, NVQs attempt to provide minimum standards regarding the performance, competence and outcomes of those undertaking the qualifications and not necessarily the training process, inputs or how the training is delivered. NVQs are based on national occupational standards and The Qualification and Curriculum Authority (QCA) works with standards setting bodies, including National Training Organisations (NTO), to coordinate the development and specification of these standards. The qualifications are unit-based and the number and size of units varies between areas. A unit represents a discrete area of competence and is subdivided into elements. An element is the most precise specification of competence within NVQs. It represents those activities a person should be able to perform, specifying the nature of the activity, its objectives, and conditions. A unit is achieved when a candidate is assessed as competent in applying all of the skills and knowledge specified within it.

There are five different levels of NVQ. Each level represents a higher degree of specialization and competence. The levels have been designed for vertical incremental progression within an occupational area. The definitions of the levels provide a general guide and are not meant to be prescriptive. Decentralisation of provision and recognition is a key feature of the British system. They are awarded by several awarding bodies including British Training and Enterprise Council (EdExcel Foundation), City & Guilds, The Royal Society of the Arts and about sixty others. NVQs are obtainable at the levels showed in table 1.

Table 1: British National Vocational Qualification levels

Level 1: Competence that involves the application of knowledge and skills in the performance of a range of varied work activities, most of which may be routine or predictable.

Level 2: Competence that involves the application of knowledge and skills in a significant range of varied work activities, performed in a variety of contexts. Some of the activities are complex or non-routine, and there is some individual responsibility and autonomy. Collaboration with others, perhaps through membership of a work group or team, may often be a requirement.

Level 3: Competence that involves the application of knowledge and skills in a broad range of varied work activities performed in a variety of contexts, most of which are complex and non-routine. There is considerable responsibility and autonomy, and control or guidance of others is often required.

Level 4: Competence that involves the application of knowledge and skills in a broad range of complex, technical or professional work activities performed in a wide range of contexts and with a substantial degree of personal responsibility and autonomy. Responsibility for the work of others and the allocation of resources is often present.

Level 5: Competence that involves the application of skills and a significant range of fundamental principles across a wide and often unpredictable variety of contexts. Very substantial personal autonomy and often-significant responsibility for the work of others and for the allocation of substantial resources feature strongly, as do personal accountabilities for analysis and diagnosis, design, planning, execution and evaluation.

As previously mentioned, NVQs are based on national occupational standards and The Qualification and Curriculum Authority (QCA) works with standards setting bodies, including National Training Organisations (NTO), to co-ordinate the development and specification of these standards. There are only three awarding bodies that have the ability to certify all National Vocational Qualifications (and GNVQs): The British Training and Enterprise Council (EdExcel Foundation), the Royal Society for the Arts and the City & Guilds organisation. There are no clearly defined measures of equivalence either between existing and newly established vocational qualification, or between academic and vocational qualifications and as such most students and employers see the academic and vocational routes of qualification attainment as being mutually exclusive. Thus although there is a clear progression route within the NVQ (and GNVQ) framework from lower levels of

qualification attainment to higher levels, as there is from one level of City & Guilds qualification to another (say), there is no clear route of progression from one path of qualification attainment to another (i.e. academic to vocational or visa versa). Taking a particular example, in order to gain entrance to a university for the undertaking of a degree level qualification, it is a necessary condition to possess qualifications at GCE 'A' level. In other words, the pathways for educational attainment remain inflexible to an extent, however it is clear that this phenomenon is changing over time. There are plans by the present government to introduce a 'vocational degree' to rank alongside the existing academic degrees with specific entry requirements stated in terms of NVQ equivalence, illustrating the realisation that the previously decentralised framework of vocational qualification provision is less than satisfactory.

3.2. The design of a National Vocational Qualification system in Spain

The creation of a national system of qualifications in Spain is still, and since the eighties, an open process. An Education-Employment joint National Council was created in 1986 with the aim of integrating the design of vocational training policies. However, the institution lacked substantive executive power. Its work went along with the reform of the vocational education system [22]. Within that reform, a first step in the decision-making process was to determine where to locate the design of the contents of a particular qualification. In contrast to the British case, there was neither consensus nor political will to design the qualifications' standards on the basis of recommendations of industry only. Eventually several education and industry joint committees were set up for that task. The rationale was to design the qualifications with a more labour market orientated perspective. The second important policy decision was about validation and certification of learning outcomes and the issue of who should certify and where.

In Spain, the only diploma awarding body has historically been the Ministry of Education on a classroom-based learning process basis, and through sets of global examinations. From 1993 to 1996, the Ministry of Education introduced a hundred and thirty five different vocational routes through those joint committees. As in the British case, the diplomas were structured in units of competence, although, in this case, the concept of "competence" had an occupational meaning and a wider scope than the British counterpart. It was decided that certification and assessment were to be kept within the educational system. The whole reform was more about classroom-based qualifications than about workplace-based ones, for which recognition was established through the so-called "professional certificates", introduced by the Ministry of Employment and with no educational equivalence. Thus the major obstacle to advances in the construction of a unified national system has been the lack of mechanisms for recognition and equivalence of work-place learning with respect to diplomas. In contrast with the United Kingdom, the centralisation of recognition within a national educational institution has had advantages in terms of clarity of signalling to the labour market, but shortcomings from the point of view of flexibility of recognition of skills acquired outside the educational system.

In an attempt to overcome this duality, a National Institute for Qualifications was set up very recently, with the primary objective of creating a national vocational qualifications system. Such a system is still under design but the whole project has some of the basic elements of the British system. Following European classifications, it will also have five levels, however, in contrast with the NVQ system, special emphasis is being placed on the issue of contents design, whose validation will have to be conducted by the Education and Labour Department, and approved by the government. Ideally, the new system will allow for the recognition of qualifications independent of the place or the time when skill acquisition process takes place. Thus, competencies leading to a particular qualification could be acquired through any of the existing training subsystems (i.e. vocational schools, labour market programmes, and within-firm training). The project is ambitious and goes further with the objective of recognising competencies acquired through work experience. The process of evaluation, recognition and award is not defined yet and policy decisions about it are sure to be complex. The identification of the qualifications' awarding bodies will involve a process of bargaining among the different actors of the system.

4. Training in general and transferable skills [23]: some lessons from policy reforms in both countries

After more than a decade of reforms and policy learning, a tentative identification of the features of systems that could promote training in general skills is not an easy task (OECD, 2000). The Spanish option was to clearly define and open learning pathways that would promote young people's full-time participation in the educational and training system. The general component of vocational qualifications was located within the educational system and not in the work place. In addition, the reform of general education for 16 to 18 year olds was designed as to permit the acquisition of some technical skills. However, in the new design and up to present, the possibilities for young people to learn in real work settings appear very gradual and they are not determined by the individual. A great deal of attention was paid to creating institutional mechanisms that avoid firms' externalities and promote co-operative collective action. The new Spanish qualification framework reduced the divide between general and vocational education. British policy focused on developing qualification frameworks designed in a lifelong learning perspective. The new qualification framework reduced the divide between school-based and workplace-based qualifications, and increased the availability of young people to participate and learn in real work setting while they are students.

Table 2: Features that could promote training in general and transferable skills

- Clearly defined and open learning pathways that promote young people's full-time participation in the educational and training system.
- Qualification frameworks designed and developed in a lifelong learning perspective.
- Institutional mechanisms that avoid individual and firms' externalities.
- Qualification frameworks that reduce the divide between general and vocational education, and between school-based and workplace-based one.
- Qualification frameworks designed with the participation of all relevant actors to promote parity of esteem and policy coherence.
- Availability for young people to participate and learn in real work settings while they are students.
- The provision of vocational and technical skills, together with general education and personal skills, for young people not continuing into higher education.

One of the most important differences in the policy reforms between the countries is the extent to which a reduction in the isolation of the education and employment policy domains has occurred. Despite the creation of organisations with the objective of bringing together both interests, the separation of employment and educational policies is one characterising feature of the Spanish training system. In contrast, due perhaps to the fact that it was the unemployment crisis that placed the training debate into the political arena in Britain, both policy areas were integrated eventually ending up with the creation of a single Department of Education and Employment. This institutional solution is in sharp contrast to the dynamics in Spain where both Departments were maintained and instead an independent joint Council was created, but with no real authority or executive power. The result has been a substantial delay in the task of developing a National Qualification System, which is still not a reality. The creation of INCUAL might represent progress on this front. The British Qualification System has some merits related to the recognition of work-place skills, its method of accreditation and thus the provision of a currency in the labour market (OECD, 2000). However, it remains doubtful as to whether the system allows for fluid movements between initial vocational education and university education. The system has also the important drawback of the problems related to the accreditation and certification of competency-based qualifications, especially those acquired exclusively at the work place and where the probabilities of assuring a broad knowledge base are fewer than in a combined classroom-firm scheme. Some see the development of modular qualification systems as having the potential to encourage young people to leave education too early with qualifications that are too narrow or too incomplete. However, proponents in countries where they have been developed point to their advantage in allowing qualifications to be

updated more quickly, and in providing greater flexibility in the adaptation of qualifications to the circumstances of particular localities or enterprises. This latter point, however, goes somehow contrary to the transferability issue with which our arguments began.

Table 3: Features that could hinder training in general and transferable skills

- Designs of vocational curricula with few general education subjects and with narrowly defined specific qualifications.
- Problems related to accreditation and certification of "competency-based" qualifications, especially those acquired exclusively at the work place.
- Designs of general education curricula that pay little or no attention to occupational qualifications or technical skills.
- Lack of pathways between initial vocational qualifications and higher education due to entry requirements and separate qualification structures.
- Institutional designs that allow dynamics of "joint decision traps" within the organisations in charge of developing national systems of qualifications.
- Isolation of the education and employment policy domains.

Notes

[1] Human capital theory (Becker, 1975) would predict that under conditions of wage compression, under-investment in training would emerge since individuals would lack wage incentives. A recent critical revision of human capital theory (Acemoglu and Pischke, 1999) argues that this might be the case but that in those circumstances it would be firms which would finance general training since risks of individuals searching for higher wages after the training are greatly diminished.

[2] Note that the vast majority of the literature relating to educational choice is concerned with the decision to undertake additional qualifications upon reaching the minimum school leaving age. There is little work relating to the concept of life-long learning or decision to return to education.

[3] Blundell et al. (2000); Conlon (2000).

[4] Conlon (2000) looks at the outcomes of males using information from the National Child Development Study and the Labour Force Surveys. The analysis looks at the earnings premium achieved by prime aged males to those male possessing no formal qualifications. In another study, Dearden et al. (2000) estimate the return associated with given types and levels of academic and vocational qualification. The difference between the two studies relates to the method of qualification classification and the assumptions relating to the time required to complete specific qualifications. In the latter work, it is illustrated that the estimates of the returns to vocational qualifications (especially) are sensitive to the assumptions mentioned.

[5] Robinson (1997) first suggested this point.

[6] This system has five levels. An outline of them is given in section 3.

[7] This hypothesis refers to the private returns to the individual and says nothing about the social returns associated with qualification attainment.

[8] There is also a distinct possibility that those undertaking a qualification (part-time or by correspondence) are doing so without an economic or financial objective in mind. In other words, they are treating qualification attainment as consumption good.

[9] See Stevens (1999) for a discussion of the extent of training (under) investment in a non-competitive labour market.

[10] Note again however, that these methods of training provision and associated costing allocations assume that the labour market is perfectly competitive and that the training in question is perfectly general and transferable. Theoretically, the relaxing of these assumptions does reduce the prevalence of the poaching externality.

[11] Explicit reference to the determinants of acquisition of GCE 'A' levels and the progression to University are explored by Blundell et al. (1997).

[12] See Cruz-Castro (2000) for a detailed historical discussion of the provision of vocational training in the in Britain and Spain.

[13] For an economic analysis of the last three causes see Stevens (1999).

[14] For an in-depth analysis, see Cruz-Castro (2000).

[15] For a review of the mechanisms through which ideas could influence policy outcomes see Goldstein and Kehoane (1993) Goldstein (1993).

[16] This and other arguments are based on analysis of official reports, legislative debates and in-depth interviews with British and Spanish policy makers; see L. Cruz-Castro (2000) especially chapters 3 and 5.

[17] *Formación Continua en la Empresa* (Firm Employee Training)

[18] See Ostrom (1990).

[19] Private goods have two characteristics: they are rival in their consumption and they are exclusive. A good is rival when its use by a firm or an individual excludes its use by any other one. When an individual is employed by a firm, his human capital, that is his capacity to use knowledge acquired through training, cannot be used by another firm at the same time. A good is exclusive when the property rights held by the owner excludes the rest of the population from its use. Following with the same example, when an individual signs a work contract, he allows the firm for the use of his human capital. Thus from the point of view of the individual, has both characteristics. However, from the point of view of the firm, the second requisite is not always fulfilled, when human capital has been acquired on the job and its costs have been financed by the firm, in a free and competitive labour market, that human capital might not be exclusive of that firm because the worker might be hired by another. Thus it is around firm-financed training that the typical 'problem of the commons' appears. These common goods are characterised by being rival (the same human capital might not be used by two different firms at the same time) but not exclusive (human capital financed by one firm can be used by another subsequently without incurring in any costs. This might lead to under-investment problems and opportunistic behaviour. Solutions tend to be of an institutional nature.

[20] Even the normative structure, the individual "paid training leave", an institution that represents a sharp difference between the Spanish and the British legal framework, is very much linked to the firm.

[21] See appendix for details of additional vocational qualifications available in the United Kingdom and a classification of qualifications according to NVQ equivalent.

[22] The reform of the upper secondary vocational education was part of the whole Education System Reform Law (LOGSE) 1990.

[23] For a detailed international analysis of features contained in tables 2 and 3 in relation to the more specific issue of the transition from initial education to the labour market, see OECD (2000).

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