

# From *Competence and Competition* to the Leitch Review

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The utility of comparative analyses of skills  
and performance

# Competence and competition

- Commissioned by MSC and NEDO
- Published in 1984
- Benchmarked UK skills system against those of Japan, Germany and the USA

# Aims of paper

Examine role of, contribution, and limitations of comparative studies of E&T.

Explore the lasting contribution made by Competence and Competition to policy (looking especially at the role of employers in E&T).

Underlying theme: the static nature of policy debates over 24 years.

# Background

- The history of E&T policy debates
- The evolving policy environment
- Place of Competence and Competition in the development of IMS/IES

# The history of E&T policy debates

- Long tradition of international comparisons as a catalyst for ‘moral panic’ about relative performance.
- Tradition of seeing skills as a form of ‘arms race’ for international economic dominance. 1870 Education Bill: ‘Sea Power and School Power’.
- C&C marked start of current (ongoing) round of benchmarking, which has dominated policy thinking.

# The new Cold War

*A generation ago, a British prime Minister had to worry about a global arms race. Today a British Prime minister has to worry about a global skills race ... because the nation that shows it can bring out the best in all its people will be the greatest success story of the coming decades .... So it is time for a wake up call for young people, employees and employers ... that we now summon ourselves to a new national effort and mobilisation to win the new skills race.*

Gordon Brown, 28 January 2008

# The master documents

- Callaghan's 'Great Debate' speech (1976)
- MSC's *A New Training Initiative* (1981)
- *Competence and Competition* (1984)
- *A Challenge to Complacency* (1985)
- The Handy Report on *The Making of Managers* (1987)
- NIESR 'matched plant' studies on skills and productivity (1985 onwards)

# Imprinting the debate

- Callaghan - industry/education
- C&C, NIESR, *Challenge to Complacency* and Handy deploy benchmarking as starting point
- NTI - 3 over-arching goals for E&T system
- *Challenge to Complacency* sets almost the entire basic policy menu for then till now!

# Then and now

## THEN:

Tripartism, very limited role for central government, skills second order issue, little expectation skills would impact on social goals.

## NOW:

Bipartite (state and employers), very centralised and top-down, huge expectations of what skills can deliver.

# International comparisons of skill

- Simple benchmarking of national E&T flows and stocks.
- A systems approach that covers both outcomes of E&T system and the means by which these are generated (wider economic and social structures).

# Technical limitations

1. Problems of equivalence of qualifications between countries
2. Qualifications as a poor proxy for informal learning and generic skills
3. Danger of 'rotational' comparisons
4. What about demand for and usage of skill?  
(eg Canadian over-qualification)

# Bigger issues

1. E&T benchmarking – systems and structural underpinnings or just outputs?
2. Skills = success? Not really. Necessary but not, of its own, sufficient precondition for success. On some measures we have been trailing our competitors on skills for 120 years, and yet our economy still performs reasonably well. Skills are not battleships!
3. More skills, but what skills and for whom?

# Using comparisons to secure behavioural change

- For employers, upskilling is just one move among many, therefore government's 'upskill or die message' often does not work.
- Unless there is a very visible and widely agreed domestic skills crisis (shortages across the board), employers are liable not to make a step change in spending.
- International comparisons and targets linked to moving us up the OECD league tables may struggle to secure active employer buy-in. **Comparisons may not have the impact policy makers expect!**

# Future use of comparisons

- Measures of informal skill formation in workplace (Felstead et al, 2004)
- Try to gauge (mis-)match between supply of and demand for skill
- Look at how stocks of skill are being utilised (or not) in work (eg Norway)

# Policy issues identified by C&C

- Supply of STEM skills
- Weaknesses in METD
- Lack of a mass, high-quality work-based route for young people
- **Lack of clarity about roles of state, individuals and employers**
- Need for better information on E&T
- Need for FE colleges to be responsive to employer demand
- The role of trade unions in guiding members to adult learning
- The need for institutions whereby employers could exercise collective responsibility for E&T planning and delivery
- Ability of HE to meet employer demand & the realism of such demand
- Need for individuals to accept greater responsibility for upskilling

# Employer rights, roles and responsibilities

*British companies do not act on the US model and themselves set up or support whatever facilities they need (eg engineering ET) but usually expect someone else to do it (eg the Government). Nor do they come to a long-term institutional arrangement, like their German or Japanese counterparts, in which the roles of the three parties are clearly defined and each acts to carry out its part of the bargain.*

C&C, 1984:90

# Key issues for today

- Within the E&T system, what should employers, individuals and the state be responsible for, deliver and pay for?
- In an E&T system that has moved from formal tripartism to informal bipartism, how should the two parties discuss, agree, concert and deliver their strategies and actions?

# Who pays for what in a voluntary system?

- NSTF
- Skills Strategy Progress Report, but not Skills Strategy
- Leitch Review

# The Leitch settlement

- Government pays bulk of basic skills and a first L2, with employers cooperating to ensure employees achieve these skills
- For L3, employers (and/or individuals) should pay at least 50%
- For L4 and above, individuals and employers should pay the bulk of the costs

# But ....

- T2G L3 pilots (60-75%)
- HEFCE's L4 pilots (70%)
- Sector Compacts

Government's desire to hit targets overrides sticking to the deal! Reflects broader problems.

# Government and employers in an 'employer-led' voluntary system

## The example of targets

1. Government unilaterally sets targets (eg Leitch world class targets) and expects employers to sign up (eg to big expansion of spending at L3 and 4)
2. Targets are hard to disaggregate across sectors and occupations which makes buy-in harder
3. The fate of The Pledge
4. Employers know ministers and civil servants will 'blink first' and offer subsidy

# Even when employers take the lead failure follows

- CBI VET Task Force
- Banham (1994), 'skills revolution well under way', 'an apparent miracle'
- By 1995 all young people to be at L2, all to have L3 entitlement, no jobs for young people without training

# The results

- In 2007, 74% of 19 year olds at L2
- Level 3 entitlement but little impact
- Still jobs with little or no formalised training
- Larger goals of effect training market and an employer-led E&T system remain a work in progress  
19 years on

# Conclusions

## Bigger Aims, Same Policies

C&C vs. Leitch Review – massive difference in ambition and expectation of positive employer response, but same policy instruments expected to deliver (despite intervening history of missed targets, failed initiatives and dashed hopes).

# Analytical stasis

Research and analysis of E&T has moved on a great deal since 1984 and C&C, but English E&T policy has remained rooted in the same, static conceptualisation of both problem and solution.

# The tired menu of policy moves

- Reform of E&T programmes and institutions
- Attempts to increase employer voice in E&T system
- Reform of qualifications (over and over again)
- New streams of subsidy (to individuals, eg EMAs) and to employers (eg T2G)
- Exhortation and/or vague threats
- Marketisation and contestability of public provision

# Groundhog day

- Cross-party consensus around this stasis
- Given the repeated failure of these kind of policy moves, the onus ought now be on those who support them to explain why this time it really will be different

# Benchmarking international policy development

If we internationally benchmarked not qualification stocks, but E&T policy development, we get a different kind of skills crisis/race, in which England really is trailing.

Other countries are moving to integrate policies around skills, economic development and business improvement, workplace innovation and employee relations reform.

# Ones to watch

- Scotland
- New Zealand
- Australia
- Republic of Ireland?

# The role of UKCES

How might England break free of its policy past and reframe thinking?

- UKCES as a UK-wide body
- Independent policy capacity
- Skill supply, demand and usage

# Final thoughts

In writing this paper the author was struck by the degree to which the analysis of the problem (relative failure of skills supply) and the range of policies to address it have remained fixed since the mid-1980s.

# And some questions

1. Can more of the same policies produce fundamentally different results this time?
2. What are the best uses of international benchmarking exercises? What are their limitations?
3. Is the expansion in the expectation of what skills can deliver (in economic and social terms) since 1984 realistic?
4. How can we arrive at a division of responsibilities between state and employers that is a) realistic, and b) to which both sides will stick?
5. What should the role of UKCES be in moving the agenda forward?

... thank you



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