

# HOW INDUSTRY SHOULD AND SHOULDN'T BE INVOLVED IN SKILLS TRAINING

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### What is the role for industry in skills training?

An education system more focused on providing skills for industry would aim to achieve a number of goals: making the UK economy more productive; improving the employment prospects of school leavers; creating a workforce with the right skills for the growth sectors of the early 21st century. Yet it is very difficult to see which policies could achieve these goals. For example, how do we decide what the school curriculum should include to serve these ends?

Some would say that the best education for a service-oriented economy consists in a solid academic training, and there is evidence that Maths and English GCSEs are among the best qualifications workers can get in terms of earning power.<sup>1</sup> Thus the push towards a more 'vocational' education system, it could be argued, becomes self-defeating; the very qualifications that were supposed to make young people more employable and productive in fact make them less so. Arguably, the massive increase in the number of vocational qualifications studied in the 2000s produced precisely this unintended consequence. By contrast, in Germany, where vocational education is taken much more seriously than here, pupils still study a lot of 'general education' even if they choose one of the more vocational routes through the system.

On the other hand, educationalists and employers alike have called for our education system to produce more of the 'soft skills' so valued in the modern workplace. Demos has carried out research in the past which has reinforced the finding that soft skills – such as empathy, a sense of personal control – do attract a wage premium.<sup>2</sup> There are a good number of innovations in pedagogy – for example, the RSA's Opening Minds programme<sup>3</sup> – that focus on developing 'competencies' such as working in teams and problem solving.

Yet there is no hard evidence that this kind of approach produces better results than more 'traditional' ones, over and above the success that stems from having good teachers working in a well-run school. For example, four state-of-the-art new 'learning centres' in Knowsley, which have been running competency-based curricula, recently achieved the worst GCSE results in the country. Of course this is only one example, but it should give pause for thought.

Perhaps the difficulty here is that soft skills are largely built outside of the school gates. When they are built inside them this occurs in ways that are hard to quantify and consciously replicate.

The point here is not that we should favour academic over vocational education, but that the line between them is blurred (maths and English are the most vocational subjects) and that government prescriptions on how best to produce the skills industry needs are bound to be vexed. Demos favours a system built on choice – which isn't to say parents and children are infallible at choosing the skills of the future, but that they are better than the state.

The idea that education produces the skills industry requires is nothing new. It has its origins in the mid-nineteenth century and worries over Germany's industrial prowess (how times change!). But the idea that the schools system provide skills for industry is relatively new, dating back to the Education Act of 1944 and the UK's ill-starred experiment with a tripartite system of technical schools, secondary moderns and grammar schools. Since the 1980s political parties of all stripes have argued that vocational education gain 'parity of esteem' with little apparent success. The nadir of this movement was reached a few years ago when it became clear how poor some of the NVQ qualifications (which had been developed with industry) actually were.<sup>4</sup> In addition, Diplomas (the last government's flagship new vocational qualification) have seen very low take-up.

But things do appear to be changing, with a new consensus around building a high-quality vocational route, mainly through expanding apprenticeship provision (a policy that has not been without its problems, but at least an expansion has been achieved). Yet the government is no closer to discovering how to shape the school curriculum to serve industry's needs, nor whether this should be a policy aim at all. The present government favours the traditional academic curriculum of the Ebac. On the other hand, its professed desire to either scrap or radically shrink the National Curriculum may well supply the flexibility needed to allow some schools to offer vocationally focussed curricula.

The recent rise in tuition fees has no doubt focused some minds on whether university really is the best option, leading to more interest in vocational routes post-16. Against this background, the Labour Party, according to Ed Miliband's recent speech on 'pre-distribution', wants to push things on further, focussing efforts on improving the skills of the 50 per cent or so of young people who don't attend university. Such a focus is one that Demos has long urged (see our publication, *The Forgotten Half*).

But how to make the focus bear fruit is a vexed question. We would argue that although targeted employer-engagement with schools is important for expanding pupil's horizons, vocational education (apart from apprenticeships), and education more generally, are best left to educators not industry. It will not serve the 'forgotten half' to push them into a narrow occupationally-focussed curriculum filled with NVQs. Whatever we do we must provide young people with broad, transferable skills that last a lifetime.

I want to argue then, that the point of education is in part to provide skills for industry, but that this aim is not achieved by filling the curriculum with learning that imparts occupational skills. However, I think there is a valid role for industry in training young people in such skills. This role splits roughly into two parts. On the one hand, industry has a responsibility to train its workforce to be the most productive it can be. Here the emphasis should be on good quality apprenticeships and in-work staff development.

In the UK we possess some very high-quality apprenticeships but a large percentage of our big employers still do not run schemes. This state of affairs is undoubtedly changing slowly for the better. But we should not get so enthusiastic about apprenticeships that we try to fashion all work-based learning in their image. One of the most damaging things for the apprenticeship brand in the last few years has been the proliferation of short-duration schemes (e.g. 12-16 weeks). These schemes are now banned, with the government rightly setting a minimum length of one year for apprenticeships.

The issue of short-duration apprenticeships brings me to the other major role of employers in providing skills for the workforce.

Apprenticeships should not be used for short-term training that provides basic skills. Neither should they be used as a rehabilitative means for supporting long-term unemployed people back into work. Short-term work-based training is better suited to these ends, and should be kept distinct from apprenticeships.

I want to examine one particular form of work-based training – that of taking on local unemployed people and training them with a view to applying for jobs that a company or set of companies has on offer. There are several reasons why employers should take on more responsibility for such training, all of them part altruistic and part self-interested. First, business does not operate in a vacuum and has a vested interest in fostering a society of individuals with disposable incomes and which doesn't disproportionately draw on scarce resources through welfare and other costs. Second, local people who have their lives transformed through entering full-time work are liable to be loyal employees. Third, if they have positions to fill, and can more or less guarantee a job to a candidate who shows genuine commitment, companies are in a unique position to motivate unemployed people to undertake training that prepares them for work.

One example of the training of local unemployed people by a large local employer is BAA's Heathrow Academy. Another is the WhiteCityWorks partnership formed between Westfield and local councils and other agencies, which trains people in the West London area to work at the Westfield shopping centre. Here we use BAA's Heathrow Academy as a case study.

### Case study – Heathrow Academy

Heathrow Airport is home to over 76,500 jobs and represents one of the largest employment sites in the UK. Half of those employed at the airport live in the local boroughs of Ealing, Hillingdon, Hounslow, Slough and Spelthorne. The Heathrow Academy is one of the ways the airport honours its commitment to local employment.

The Heathrow Academy supports local unemployed residents back in to the workplace. Addressing aspirations, employability skills and delivering pre-employment training the Academy offers a stepping stone back into the workplace. The training offered is aligned to the kinds of business that operate at the airport (e.g. retail, aviation and logistics) which helps candidates secure employment when they have completed their training. The Heathrow Academy has improved the retention of employees at the airport, delivered cost savings and improved turnover.

Between June 2011 and June 2012, 585 candidates were trained by the Heathrow Academy in the areas of Aviation and Logistic, Construction and Retail, with 330 securing employment at Heathrow. Training and support continues when successful candidates have secured employment through in-work staff-development and access to further learning through apprenticeships.

Through the Heathrow Academy, the airport has embedded corporate social responsibility into its business. The Academy has not only improved staff retention and increased profits, it has had a positive impact on the economy of its five local boroughs, through the investment made in training for unemployed local residents.

Those responsible for the Heathrow Academy at BAA are keen to stress that although altruistic reasons are important, there is a business case for recruiting local unemployed people. Local workers are more likely to be able to come into work at short notice in order to deal with the kind of operational issues that inevitably arise from running one of the world's busiest airports. In the case of construction, considerable subsistence costs are saved by not

having to put up workers in hotels and pay for long-distance travel, in turn increasing profitability through cheaper contracts. Finally, according to the company, there is a special loyalty that arises from the fact that workers have had their lives transformed by moving into stable employment. This last effect increases staff productivity and retention, as well as ensuring staff are more motivated to provide good service, which results in happy passengers and hence higher spending at the airport.

We can see that this policy of training local unemployed people works well for Heathrow and the local people who attend its academy. And this is a policy over which there is little disagreement – no-one thinks short work-based training programmes for long-term unemployed people are a bad idea, whereas a considerable number of people think such training is not appropriate for schoolchildren and students in further education. And if such short-term training for unemployed people links up to long-term career goals, like obtaining work-based qualifications, so much the better. Obviously, this is not a policy that any employer or group of employers could adopt, since a certain scale and capability are required to make it work. But it is still worth spelling out in a bit more detail just what the policy achieves (or at least contributes to achieving).

First, we live in a world where the onus on training and skill development has shifted overwhelmingly to the individual and the state. In the early 1970s a staggering one third of boys entered apprenticeships that were run almost entirely by their employers (the state did not become involved in apprenticeship provision until the 1960s). In addition to apprenticeships, so-called 'sandwich courses', where students at universities and polytechnics took time out to train in industry (subsidised by companies), were common.

Moreover, through various formats local employers were heavily involved in the provision of further and higher education that produced skilled workers for local industry. Much of this employer-led training has now disappeared, replaced, in the main, with a vastly expanded university sector where study is paid for by the state and students themselves. As Alison Wolf has pointed out, this

turnaround amounts to a massive public and private subsidy on business.<sup>5</sup> The Heathrow Academy and other institutions like it offer the prospect of employers taking back some responsibility for training their own workforces.

Second, the default position on thinking about Corporate Social Responsibility (CSR) is that it should be 'active'. Very roughly, this means that companies should not just support staff to raise money for charities, but that social responsibility be expressed in the business activities of the company. This conception of 'active' CSR is often combined with another idea: that social responsibility should not be merely altruistic, but that if it is to really become part of what a company does, there should be a business case for it.

In other work Demos has carried out, we have seen that – for example – supermarkets providing facilities and services for elderly shoppers results in increased sales, since elderly people are many in number, have money to spend, and are loyal customers who influence one another's choices through word-of-mouth.<sup>6</sup> Thus if a supermarket provides seats for Alzheimer's sufferers to pause for rest while shopping, it realises its CSR strategy in its everyday business activity yet increases sales too. And when there is a business case for CSR it is much more likely to be sustainable. Hence, running the Heathrow Academy is part of BAA's established recruitment strategy, with proven economic benefits, making it more likely that the company will sustain additional investment from its CSR budget.

Finally, employers providing short work-based training for local unemployed people helps to ensure that the apprenticeship brand is not damaged by using it as a catch-all solution for any problem.

## Conclusion

Is the point of education to supply the skills industry needs? Well in a way yes, but in a way no – we don't serve industry well by trying to teach narrow occupational skills too early. Does this mean industry has no role to play in educating its work force? Well, no, in addition to running high-quality apprenticeship programmes, and developing its existing workforce, industry can take responsibility for supporting the economically inactive and unemployed back into work.

The Heathrow Academy at BAA shows that this can be done successfully. True, not every employer could afford to undertake such training. But there is definitely scope for groups of employers to set up joint ventures, since after all, Group Training Associations have proved reasonably successful where there are clear shared needs amongst employers.

How could government get involved? Well perhaps core funding could be offered for more such academies. For one can imagine a situation where every large shopping centre or retail park ran a skills academy or had a share in one, recruiting a significant proportion of its workforce through it. Such a policy would be something everyone could agree on – unlike the vexed question of how to produce the skilled workers of tomorrow in our schools, colleges and universities.

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## NOTES

<sup>1</sup> I Walker and Y Zhu, *The Returns to Education: Evidence from the Labour Force Surveys*, DfES Research Report 313, London: The Stationery Office, 2001.

<sup>2</sup> For example, *The Forgotten Half*, Demos, 2011

<sup>3</sup> <http://www.rsaopeningminds.org.uk/>

<sup>4</sup> See for example S McIntosh, *The Impact of Vocational Qualifications on the Labour Market Outcomes of Low-Achieving School-Leavers*, CEP Discussion Paper 621, London: Centre for Economic Performance, 2004.

<sup>5</sup> Wolf, A, *Does Education Matter? Myths about education and economic growth*, London: Penguin Books, 2002.

<sup>6</sup> See *Ageing Sociably*, Demos, 2012