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## Making ends meet: corporate responses to youth unemployment in Great Britain and the Federal Republic of Germany

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*Suggested Citation:* Berthoin Antal, Ariane (1990) : Making ends meet: corporate responses to youth unemployment in Great Britain and the Federal Republic of Germany, ISBN 0-905492-67-6, Pinter Publishers, London

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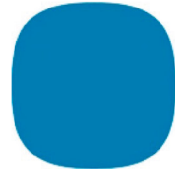
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## **MAKING ENDS MEET**



# **MAKING ENDS MEET**

## **Corporate Responses to Youth Unemployment in Great Britain and the Federal Republic of Germany**

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**Report to the Anglo-German Foundation for the Study of Industrial Society**

The Anglo-German Foundation for the Study of Industrial Society was established by an agreement between the British and German governments after a state visit to Britain by the late President Heinemann, and incorporated by Royal Charter in 1973. Funds were initially provided by the German government; since 1979 both governments have been contributing.

The Foundation aims to contribute to the knowledge and understanding of industrial society in the two countries and to promote contacts between them. It funds selected research projects and conferences in the industrial, economic and social policy area, designed to be of practical use to policymakers.

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ISBN 0 905492 67 6

Cover: Design by Bailey and Kenny

Anglo-German Foundation  
for the Study of Industrial Society  
17 Bloomsbury Square, London WC1A 2LP

*Printed in Great Britain by BPCC Wheatons Ltd, Exeter*

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## FOREWORD

This study grew out of the link between an immediate policy need in Great Britain and the Federal Republic of Germany and long-standing research interests on our part. The problem of youth unemployment has dominated public concerns for almost a decade in Western industrialized countries. The very size and nature of the problem make it impossible for government to deal with it alone. Support and cooperation from the business community are essential in helping young people enter the labour market successfully. The issue is illustrative of societal concerns that require collaborative efforts from the public and the private sector. Company activities to combat youth unemployment therefore offer a fruitful opportunity to study the process of corporate social responsiveness from a cross-national perspective. An examination of company responses to the problem provides a framework for analyzing how managers in different countries become aware of a societal issue and decide to commit corporate resources to it.

Given the significance of business support for measures to reduce youth unemployment, it is surprising how little attention has been paid to ways of obtaining it and to experiences with various types of schemes. Many studies have been conducted evaluating government schemes in both Great Britain and the Federal Republic of Germany, but very few of them focus specifically on business behaviour. The aim of this research project was therefore threefold. At its most basic level, it was designed to describe what British and West German companies had done to combat youth unemployment. The interviews conducted with managers revealed a wealth of initiatives that can help others avoid having to reinvent the wheel when attempting to integrate young people into the labour market. The second goal stems from the recognition that it is useless to present pat recipes; the simple description of models is not enough. The interviews sought to elucidate the national and company-level conditions under which ideas have been shaped and schemes implemented. The third--and overarching--aim was to abstract from the experiences revealed by this particular issue to the wider domain of public policy for which support from business may be sought. While it is possible to distinguish between these three aims in principle, we were persuaded that only by pursuing them in common would it be possible to come to useful insights for each individually. A simple

description of schemes could not produce policy-relevant knowledge; by the same token, a general analysis of national and organizational cultures would have been indigestible without detailed recourse to the decision-making processes involved in introducing specific schemes. Only by combining eminently practical description with the exploration of new conceptual territory could the foundations be laid for understanding the conditions under which decision-makers in business as well as in government can learn from one another.

A major research undertaking like this one is not born simply by chance. Two of the factors that were found to be significant in prompting managers in both countries to launch a youth scheme also apply to the origins of this project, namely, building on experience and on networks. We and the institutions to which we belong were able to draw on many years of expertise in exploring the kinds of questions that underlie this research project. The Wissenschaftszentrum Berlin für Sozialforschung and Henley the Management College both have strong traditions in empirical, cross-national research on corporate social responsiveness, management behaviour and innovation, human resources development and labour-market policy. On numerous occasions they have conducted such studies under the aegis of the Anglo-German Foundation for the Study of Industrial Society, an institution that has for years spearheaded original and stimulating research in Great Britain and the Federal Republic of Germany. At the individual level, we talked each other into collaborating on the study because we were all curious and realized that we could get to the heart of the matter only by pooling our various disciplinary and cultural backgrounds. Hand in hand with this intellectual motivation went the personal element: we wanted to have fun working together.

The results of this study are presented with two groups of readers in mind. First and foremost this book is written for decision-makers in business and government. Second, it is for scholars of business behaviour and human resources management. (Out of consideration for the first group of readers, however, the wealth of theoretical implications of the findings of the study will be explored in depth in a separate publication rather than here.) The focus on the policy-making readership raises a concern that besets this kind of study. At the time the project was conceived, the issue of youth unemployment was making banner headlines. The publication is being completed at a point when the issue attention cycle of policy-makers and the general media in both countries has wound down,

dropped the topic and moved on to one that appears to be its exact opposite: the predicted shortfall in school leavers! Is research that seeks to do more than scratch the surface in order to provide truly policy relevant findings condemned to come too late to be of any use after all? The answer lies with the readers. Youth unemployment has not disappeared, even if attention to it has. The number of school leavers may be falling, but the number of young people still out of work remains high in both Great Britain and the Federal Republic of Germany. Furthermore, experts indicate that even when the overall level of youth unemployment drops, there will be groups of young people who will continue to be at risk if nothing is done to help them enter the labour force. In combatting youth unemployment managers in some of the companies interviewed have already discovered how useful some of the strategies and schemes can be for dealing with very different manpower problems, and that fact is but one more reason to believe that a research approach that looks beyond superficial description will generate more policy relevant findings. Finally, since government has insufficient resources to deal with so many societal problems, it needs help from business to make ends meet. An essential condition for gaining that support is that managers come to see how corporate ends meet those of society.

We would like to take this opportunity to thank all the managers who gave so generously of their time and experience in the detailed interviews that are the lifeblood of this research undertaking. Thanks are also due to the policy-makers in government, business organizations, unions, and research institutions who shared their insights on the nature of the issue in each country and thereby were crucial in developing the framework for the project. Our greatest debt is to Caroline Clark, who conducted the interviews in the companies in Great Britain. Her tireless efforts in composing the sample and identifying respondents and her uncommon ability to elicit their experiences were invaluable, as was her unswerving critical assessment of the results. The technical support of Dirk Rabe and Markus Schneller in obtaining and arranging data and references, and Simone Schulz in organizing interviews in the Federal Republic of Germany was also very much appreciated.

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# **1 EXPLORING A SOCIETAL CONCERN AS A BUSINESS ISSUE**

Youth unemployment, environmental protection, urban renewal, skills shortages, and AIDS: five very different problems faced in every industrial society today. What these and many other societal issues have in common is that they cannot be tackled by the public sector alone. Coping with them effectively calls for some form of support and cooperation from the business community. From the point of view of policy-makers in government, tapping corporate expertise and resources to deal with pressing societal problems is clearly attractive. What is in it for companies, however? What advantages are there for companies in responding to societal concerns as business issues?

A second feature shared by the kind of problems suggested above is that old approaches simply do not suffice. New ideas have to be found, either by recasting existing measures or by breaking with tradition and introducing very different ones. Each of these approaches may have quite different implications for obtaining corporate support for public policy?

No detailed research need be conducted to reveal that in every industrialized country only a minority of companies is actively involved in combatting societal problems. Faced with the same issue and the same set of policy measures, some companies see an opportunity for action, others only a threat, still others see nothing at all. Yet, the more companies can be persuaded to participate, the lighter the burden for all involved. More information is needed on the features of active companies. What enables them to perceive an emerging issue as relevant and how do their managers go about committing corporate resources to the problem?

## **I. THE CASE OF YOUTH UNEMPLOYMENT**

### **A. A FOCUS OF CONCERN**

The most valuable source for answers to these questions are companies that have actually undertaken activities in the framework of a major societal

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problem. One of the issues that engendered the greatest concern among policy-makers in government and business as well as in the population as a whole in all industrialized countries for almost a decade was the high level of youth unemployment. The numbers started rising in the mid-1970s, and by the early 1980s about 4.8 million young people were unemployed in the European Community, representing over 40 percent of all the unemployed in the member countries.<sup>1</sup>

There was a shared feeling that special efforts needed to be made for the young in society, in whom hopes for the future ultimately lie. Appeals were made in each industrialized country to the business community for support in reducing the problem. As Chancellor Kohl in the Federal Republic of Germany expressed it,

We all agree that young people want and have a right to participate in economic life. The question as to whether we are capable in our democratic system of permitting young people to make the transition from school into work and thereby of opening an encouraging perspective on life for them, is a basic question confronting us all.<sup>2</sup>

In a similar vein, the Secretary of State for Employment in Britain said to the House of Commons that youth unemployment is a problem "that has increasingly engaged the concern of the House, indeed people from all walks of life outside the House." He added

Perhaps the most damaging aspect of unemployment is that affecting young people. For them, both the cyclical and structural aspects are magnified. The effects of a long period without a job last longer for young people leaving school and anxious to work, who feel rejected by society.<sup>3</sup>

A glance across national borders shows that societies came up with different approaches to the problem.<sup>4</sup> A key difference influencing the strategies pursued was the existence or absence of traditional structures and mechanisms for involving companies in helping young people make the transition from school to work. In those countries such as the Federal Republic of Germany and Austria, in which a bridge was already in place, the essential approach was to expand on the system. Both government and business saw the solution to the problem as consisting primarily in doing more of what they had traditionally done, with certain additions and variations. By contrast, in countries such as Great Britain and France, the problem of youth unemployment brought to light gaps in the existing



system.<sup>5</sup> New elements had to be created, requiring government and business to try out somewhat unaccustomed roles and different tasks.

## **B. LOOKING ACROSS BORDERS**

Faced with an urgent problem, policy-makers in government and business need to find workable solutions. They generally tend to confine themselves to the range of options they have already had experience with. Ideas that have worked in Great Britain may not have been tried in the Federal Republic of Germany simply because they have never been considered. "We have always done it this way here" is not, however, necessarily the best selection principle for a response to an emerging issue. By looking across borders, policy-makers can crack restrictive moulds that have become fixed over time. They can discover ideas for expanding the approaches taken to problem-solving in their setting. The tendency to stick to known approaches is equally characteristic within industries or within individual organizations. The value of looking across borders for new options applies not only to national but also to organizational boundaries and categories.

Recognizing the need to try out new approaches, some policy-makers risk naively trying to import a "foreign" idea and impose it on their setting. If they have no information about the conditions under which the approach needs to be introduced in order to succeed, they see only the flower, and not the roots that keep it alive. Using a cross-national perspective, researchers can identify alternatives for policy-makers in business and government, and their task is to reveal how elements of a solution are interwoven with essential political, structural or cultural elements. Cross-national analysis can quell simplistic attempts to import "fashionable" foreign ideas. Moreover, it can highlight those ideas that do lend themselves to transfer and identify the aspects that need to be considered in order for the transfer to be successful.

Moving to another level of analysis, by looking across borders, social scientists can simulate a "natural laboratory". They can examine how different mechanisms function in similar situations. In the case of youth unemployment, for example, Great Britain and the Federal Republic of Germany faced essentially the same problem and in both countries there was the expectation that business should help deal with it. But the policy contexts differed significantly and they generated different strategies. The West German setting promoted a strategy of "incremental change", while in Great Britain the context necessitated "creating new bridges". The issue provides a

useful opportunity for examining how companies react in each of these two cases, and which approaches stimulate them to increase their support for suggested policies. What can be learned for other policy areas from these examples?

For decision-makers seeking to deal successfully with a problem, more comprehensive information about alternative approaches and a sounder understanding of how they can be transferred from one setting to another is only half of the equation. Equally necessary is knowledge about the way individual companies perceive societal issues and launch appropriate responses. Policy-relevant insights into business behaviour can be drawn by comparing and contrasting how managers in two countries receive impulses from their environment and commit their companies to action. By distinguishing between the features of decision-making that are found in only one country and those that emerge in both, comparative research can identify those elements of business behaviour that are independent of national context. An examination of commonalities between companies in both countries can help explain the key questions posed at the outset: What enables some companies to see opportunities in responding to a problem like youth unemployment, and what enables some to see business issues in such a societal concern?

## **II. UNDERSTANDING BUSINESS IN SOCIETY**

Observers of corporate behaviour have come to recognize that companies have a culture of their own within the national culture in which they function.<sup>6</sup> The way a manager perceives a problem, the options he or she sees to deal with it, and the steps considered appropriate for obtaining the commitment of corporate resources are shaped by both cultures. They are influenced by the political, economic, social and legal traditions and structures of the country in which the company is operating and by the traditions, values and structures of the company itself. Still too little is known about these facets of business and how they affect corporate behaviour in society. Policy-makers in government need to know, for example, which kinds of companies can most profitably be approached, with which kinds of arguments and measures, for support in dealing with which kinds of problems. Decision-makers in business need to discover the implications of the generally implicit cultural mechanisms in their companies that

determine which impulses from society are received and how they are responded to.

#### A. SEEKING DETERMINANTS OF CORPORATE SOCIAL RESPONSIVENESS

What distinguishes companies that tend to be responsive to societal concerns? Research has been conducted on the links between corporate social responsiveness and the profitability of companies, but the results are inconclusive.<sup>7</sup> Profitability is not a reliable predictor of responsiveness, nor is responsiveness a guarantee of profitability, although studies document the costs of not being responsive to societal concerns.<sup>8</sup> Similarly, no clear patterns have been elicited on the basis of structural characteristics like size, industry or form of ownership. Sensitivity to societal issues as potential business issues has not yet been tied definitively to any of these measurable factors.

Past research therefore offered little basis on which to predict the kinds of companies that would be more likely than others to respond to appeals for help in reducing youth unemployment. A study of corporate responsiveness to the overall unemployment issue in Great Britain provided preliminary insights into relevant criteria.<sup>9</sup> It suggested the importance of management culture as a key factor influencing the decision to commit corporate resources to the problem. The study found that companies were more likely to be sensitive to the issue of unemployment when they were major local employers but that neither this nor evidence of explicit corporate responsibility policies alone sufficed.

Numerous later studies came to support this tentative conclusion as researchers and policy-makers started exploring the significance of corporate culture in a broad range of management decisions.<sup>10</sup> Research has demonstrated the relevance of the concept for corporate social responsiveness, revealing the influence of corporate culture on the ability of a company both to perceive societal issues and then to implement corresponding policies.<sup>11</sup> Not enough work has yet been conducted to crystallize patterns of characteristics among "responsive" companies. If patterns could be discerned through the cross-national comparison of responses of companies to a specific issue, they would lay the groundwork for a typology of features influencing the willingness and ability of a company to respond to a societal concern.

## B. UNDERSTANDING RESPONSE PROCESSES

Greater progress has been achieved in understanding the internal processes involved in developing corporate commitment for specific societal issues. Three broad phases have been identified and the different roles played by key actors in each step have been described.<sup>12</sup> According to the dominant model, the process is set in motion by the chief executive officer (CEO) of the organization, who recognizes an issue as being important and decides to commit the company to a response. The second stage starts when the CEO recognizes that policy statements alone do not suffice to obtain an adequate response, and a specialist is assigned to the task. The third stage is reached when it becomes apparent that there are inherent conflicts between the "traditional" and the "new" policies at the operational level. This stage requires establishing new priorities, reformulating performance expectations for management and integrating the treatment of the issue of concern into the standard operating procedure in the various levels of the business.

A limitation of this model is that it does not distinguish between the processes involved in incremental adjustments and additions to corporate policy as opposed to those changes that require treading new ground. The step-wise progression from stages one to three and the concomitant focus on the initiating function of the CEO is biased towards the response process in companies faced with the task of "creating new bridges". It sheds less light on those pursuing a policy of "incremental change". Research indicates, however, that the latter is the more typical course in organizations.<sup>13</sup> Managers as well as policy-makers in government therefore need a clearer understanding of the implications of this pattern for obtaining corporate commitment through different levels in the company. The case of youth unemployment in Great Britain and the Federal Republic of Germany provides insights for other policy issues about such questions as when and how public policy-makers should focus their appeals on levels of management below the CEO. Similarly, it helps reveal the approaches these managers pursue in introducing a scheme, and how they obtain support or overcome resistance to it in the company.

### **III. THE RESEARCH DESIGN**

#### **A. LAYING THE GROUNDWORK**

Cross-national research does not require a specific methodology; it magnifies the hurdles encountered in single-country studies.<sup>14</sup> One of the most important tasks is to put together a multinational team, for researchers run two dangers when observing societies. If they belong to the culture they are investigating, they risk sharing the same cultural biases as the people they are studying. If they are observing a foreign culture, they may fall into the trap of "cultural imperialism" and apply their own preconceptions inappropriately to the other system. In order to avoid both weaknesses, a multinational team with expertise in business behaviour and labour-market policy was composed for this project. This enabled the researchers not only to avoid the negative aspects of cultural bias, but to build on the strengths that come with knowing one culture as a "native" and looking at the other culture from a fresh, "naive" perspective.<sup>15</sup>

The research questions required a case-study approach, for only in-depth interviews with managers in both countries could bring to light the kind of information and insights sought. Before the fieldwork was undertaken, the relevant literature was reviewed. It focussed on analyzing the extent and nature of youth unemployment in Great Britain and the Federal Republic of Germany, on labour-market policies in both countries and on the practice of corporate social responsiveness in each culture. Findings from research on corporate culture, organizational behaviour and decision-making pertaining to innovations were used to develop the theoretical framework that later served as a guideline for the semistructured interviews.

The information from the available literature was checked and supplemented by extensive background interviews with representatives from the policy-making community, business organizations, unions and research in both countries. This step not only updated the data from the written sources, it also established the various perspectives on the problem and the expectations of the actors involved.

#### **B. SHIFTING DESIGNS: FIRST RESULTS**

Three important shifts from the original research concept occurred in the course of the project. They are worth noting here because in themselves they represent actual research results. The first came early in the work and

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caused the entire design of the research project to be reorganized. The intensity of the debate in both countries about the problem of youth unemployment and the amount of discussion about company initiatives originally led to the choice of a "snowball" approach to establishing the sample of companies to be investigated. In practice, this means that the researchers expected that the respondents in the policy-making and business communities would be well informed about the experiments going on and would therefore point them from one interesting model to another. In fact, however, it emerged that very little was actually known about the kinds of experiences companies were having in their attempts to deal with the problem of youth unemployment (that is, beyond the few "stars" in the largest companies that had already received quite a bit of media coverage and that most respondents felt could not really be transferred to other companies). Since the sample did not "snowball", a more systematic approach had to be taken to assembling the two national samples. The necessity of this revision underlined the need for exactly such a project, for it became evident that the public discourse about company responses to the issue of youth unemployment was being conducted at a level too abstract for any one company to learn in a practical fashion about and from the experiences of others.

The other two changes occurred in the focus of the investigation. Two key characteristics of the company responses to be studied were originally defined as "innovative" company schemes "over and above" government schemes. Both concepts underwent significant revisions. The term "innovative" was the subject of intense debate within the research team, since the cultural, political, educational and economic structures and traditions in both countries made it impossible to agree on a definition of "innovative schemes" that applied equally well to both the Federal Republic of Germany and Great Britain. A working definition of innovative as "new within the given context, not done by most other companies in the country" was agreed on. Interestingly, the term caused as many problems for the respondents in the companies as it did for the researchers, but these difficulties were of a different nature. Almost all respondents in both countries rejected the concept and felt it could not be applied to what they were doing. It was clearly important to them that the activities they were undertaking fit into the overall mode of dealing with tasks in their companies. They preferred to stress the "fit" into existing approaches than to boast of "innovations".

The second shift in definitions that was occasioned by the responses from the companies occurred in the concept of studying activities "over and above" government schemes. The responses from the companies showed that any attempt to distinguish cleanly between "public" and "private" schemes was artificial. As the research progressed, it became clear that the original definition had been based on a misconception of the role of management resources in government schemes and the amount of leeway companies have in fleshing out the quality of a scheme. No matter how high the government subsidy for a youth scheme was, the company had to decide to commit human resources to the project, thereby drawing them away from other possible activities. Depending on the scheme, time and attention was required from a number of employees at different levels of the organization. Therefore, the very willingness of a company to engage in a government scheme automatically blurred the dividing line between "public" and "private" activities. The content of government schemes was regulated to a certain extent, some standards are set to maximize the quality of the schemes and the transferability of skills between companies. Participation required the intellectual and human input of company managers, so here again the value of trying to draw a line between "public" and "private" is quite questionable. Furthermore, it became evident that, for the young people concerned, the distinction was irrelevant as long as the schemes were good.

### C. SAMPLE COMPOSITION

Once it became clear that the "snowball" method of devising the sample was not workable, a more structured approach was taken. Three factors that were expected to be significant for corporate responses to the issue of youth unemployment were chosen to guide the selection of companies. The intention was to ensure comparability between groups of companies in and between the two countries while also maximizing the diversity of responses.

■ **Regional focus.** Since youth unemployment varies considerably according to regions, it was decided to focus on two regions within each country. In 1985 the national average level of youth unemployment in Great Britain was 23.1 per cent while it was 10.1 per cent in the Federal Republic of Germany. Hamburg and the West Midlands were selected as areas having youth unemployment levels higher than the national average, and West

## *Exploring A Societal Concern*

Berlin and West London for youth unemployment levels equal to or lower than the national average.

■ **Sectorial focus.** The potential for training and hiring young people varies according to industrial sectors. Manpower demands and skill levels influence the ability of companies to respond to the issue of youth unemployment. In order to gain insights into a variety of situations, three industries were selected for examination: chemicals/pharmaceuticals, electrical/electronics and retail. These industries cover a wide range of types of occupations and levels of skills. Together, they therefore potentially catered to young people from all categories.

■ **Firm size focus.** Since the research project was intended to explore a wide range of potential corporate activities to combat youth unemployment and to examine the dynamics of complex organizational processes, it was decided to focus on medium and large-sized companies (over two hundred employees).

A conscious effort was made to include multinational corporations in the sample, because they could represent particularly useful sources of information and insights into the interaction between national settings and corporate culture. Furthermore, it was hoped that they might provide practical advice about the transferability of experiences from one country to the other. In the event, although the sample did contain several multinationals, it turned out to be impossible to obtain responses from matched corporations operating in both countries.

Having established the three focal criteria, short questionnaires were sent out to the relevant companies in each region as a basis for identifying those that would actually be worth interviewing. The questionnaires listed the most common schemes pursued in each country. The letter was addressed to the chief executive officer, under the assumption that he would be in the best position to identify the appropriate respondent(s) for the interview.

Thirty companies that indicated they were active in one or more of the areas on the questionnaire were chosen for in-depth interviews in the Federal Republic of Germany, and thirty-five were interviewed in Great Britain. They were evenly distributed in the two regions and three industrial sectors in each country. Approximately two-thirds of the companies had between one and five thousand employees, over a quarter had between two hundred and a thousand employees, and the remaining five per cent reached



up to sixty thousand (nationally). The majority of the British companies had suffered difficulties during the recession and had had to reduce staff during the period under study; almost all the others stressed that they were operating under severe headcount restrictions. By contrast, over half of the West German companies reported a stable economic condition or growth during the period 1978-87. Of those that had been adversely affected by the recession, almost all had recovered by the time the interviews were conducted. A quarter of the West German companies in the sample had had to cut back on employees, another quarter had expanded staff, the rest did not indicate any change. Over half of the companies in the sample were multinational concerns. The majority of the multinationals in the British sample were foreign-owned, while the reverse was the case in the Federal Republic of Germany. Just under a third of the West German companies (but none of the British) were still at least partially in family hands, but irrespective of the current legal form of the company, the influence of family traditions was indicated by more than a third of the companies in both countries. A larger number of British (approximately a quarter) than West German companies had changed ownership during the period 1978-87. This brief sketch of the features of the sample companies indicates that the study included a broad spread of conditions under which managers decided to commit corporate resources to helping young people enter the labour market successfully. The one feature common to all the companies in the sample in both countries is the fact that they elected to participate in the study. It goes without saying, however, that the composition of the sample is not representative of the business community in either country.

It is worth noting that although the brief written questionnaires were useful in identifying potential interview partners, they do not provide an accurate picture of the number and type of schemes the companies were actually involved in. It emerged in the interviews that the boxes had been often checked somewhat randomly by the companies. Sometimes they had misinterpreted categories, and during the interview the respondents often remembered several other activities in which the company was involved. Contrary to expectations, a tabulation of the results of the written questionnaire is therefore not considered useful here.

#### D. DATA COLLECTION

The semistructured interview schedule was pretested in five West German companies and revised in 1987. The interviews with the sample com-

## *Exploring A Societal Concern*

panies were conducted in 1987 and the first months of 1988, at a time when the firms had accumulated a certain amount of experience with the different schemes, often over several years. In most companies one interview was conducted, generally with the head of training and lasting about two hours. In approximately a third of the companies more than one manager was interviewed, usually from the personnel or training department, either jointly or in a separate session. In the West German firms the interest in the subject was so high that the managing director or owner of the company conducted the interview personally in five cases.

The interviews were conducted by a researcher in the Federal Republic of Germany and one in Great Britain. Several interviews were conducted jointly in Britain to ensure that the instrument was being used in the same way in both countries. Tapes were made of interviews wherever possible, and comprehensive reports were written on each. Meetings of the project team were organized throughout the process to exchange information and insights and to make any necessary adjustments in light of the emerging findings.

## **IV. STRUCTURE OF THE REPORT**

As can be seen from the structure of the following chapters, this study has been designed to produce an integrated report on corporate responses to the issue rather than simply providing the reader with two separate descriptions of different national experiences. Chapters 2 and 3 provide the backdrop for understanding the problem and the scope of action faced by the companies in the two countries. The central factors and trends in the development of the problem of youth unemployment in Great Britain and the Federal Republic of Germany are summarized in Chapter 2. The different traditions in organizing the transition from school to work in each country, adjustments related to the problem of youth unemployment, particularly the new government schemes, are presented in Chapter 3, along with the implications these conditions had for companies.

The results of the study are looked at from different perspectives in the following chapters. Chapter 4 conveys the range of schemes introduced by companies, from the school-related activities through the transition phase to employment, and it illustrates some of the ideas in greater detail. An overview of the patterns that emerged from the responses according to structural features such as regions and industries is given in Chapter 5 and

the limits of such an analysis are discussed. A closer look at the organizational experiences of the respondents is taken in Chapter 6, where the logic for participating in solving such societal problems as youth unemployment is explored, the preconditions the managers saw for introducing and implementing a scheme successfully in a company are recounted, and the unintended benefits that arose from the experiences for the individuals and the companies are examined.

The policy implications of the research specifically for dealing with continuing youth unemployment and with skills shortages in the 1990s are discussed in Chapter 7. At a time when policy-makers in government and business are rapidly shifting their concerns from a situation of "overabundance" of young people to one of "shortage" in both countries, the study stresses the need to keep the problem in focus and indicates how the experiences of the past years can be applied to both situations. Chapter 8 focuses on the conditions and processes that promote learning in companies and those that stimulate cross-fertilization between companies. Particularly applicable in light of policy interest in Europe after 1992 are the insights into the kinds of activities that appear to lend themselves to travel between countries. In drawing together the management characteristics shared by active companies in both Great Britain and the Federal Republic of Germany, it distills the features of the "responsive corporation".

## NOTES

<sup>1</sup>Hans-Christian Harten, *Jugendarbeitslosigkeit in der EG*, (Frankfurt: Campus Verlag, 1983), p. 7.

<sup>2</sup>Helmut Kohl, speech to the Employers' Association of North-Rhine-Westphalia on October 18, 1984. (Mimeographed; this author's translation).

<sup>3</sup>M. Hayhoe, Secretary of State for Employment, debate on unemployment in House of Commons, May 24, 1977. Quoted in Peter Makeham, *Youth Unemployment. An Examination of evidence on youth unemployment using National Statistics*. Research Paper No. 10, Department of Employment, March 1980, p. 1.

<sup>4</sup>See, for example, Shirley Williams, *Youth Without Work: Three Countries Approach the Problem* (Paris: Organization for Economic Cooperation and Development [OECD], 1981); OECD, *Youth Unemployment: Inventory of Measures Concerning the Employment and Unemployment of Young People*, (Paris: OECD, 1978); Hans-Christian Harten, *Jugendarbeitslosigkeit in der EG*, (Frankfurt: Campus Verlag, 1983).

<sup>5</sup>John Grimond, (ed.), *Youth Unemployment and the Bridge from School to Work* (London: Anglo-German Foundation for the Study of Industrial Society, 1979), p. 1.

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<sup>6</sup>Geert Hofstede, *Culture's Consequences: International Differences in Work-Related Values*, (London: Sage Publications, 1980).

<sup>7</sup>For a thorough review of the literature on the linkages between corporate social responsibility and economic success, see Arieh Ullmann, "Lohnt sich soziale Verantwortung? Zum Zusammenhang zwischen wirtschaftlichem Unternehmenserfolg und gesellschaftlicher Verantwortung", *Zeitschrift für Betriebswirtschaft*, vol. 58, no. 9, 1988, pp. 908-923.

<sup>8</sup>See, for example, James Post, "Assessing the Nestlé's Boycott", *California Management Review*, vol. XXVII, no. 2, Winter 88, pp. 261-279 and D. O. Cloninger, "Moral Risk and Share Value: The Case of IBM and Hitachi." *Southern Business Review*, vol. 11, no. 1, pp. 1-13.

<sup>9</sup>Keith MacMillan, "Corporate Social Responsiveness to the Unemployment Issue: A British Perspective", in *Research in Corporate Social Policy and Performance*, vol. 2, ed. Lee E. Preston (Greenwich, Conn.: JAI Press, 1980), pp. 327-352.

<sup>10</sup>The publication that probably sparked the greatest interest in the subject was written by Thomas J. Peters, and Robert H. Waterman, *In Search of Excellence: Lessons from America's Best-Run Companies* (New York: Harper and Row, 1982). For a review of key studies, see Meinolf Dierkes, "Unternehmenskultur und Unternehmensführung, Konzeptionelle Ansätze und gesicherte Erkenntnisse", *Zeitschrift für Betriebswirtschaft*, vol. 58, no. 5/6, 1988, pp. 554-575.

<sup>11</sup>Ariane Berthoin Antal, "Institutionalizing Corporate Social Responsiveness: Lessons Learned from the Migros Experience", in *Research in Corporate Social Policy and Performance*, vol. 7, ed. Lee E. Preston (Greenwich, Conn.: JAI Press, 1985), pp. 229-249.

<sup>12</sup>Robert Ackerman, "How Companies Respond to Social Demands", *Harvard Business Review*, July-August, 1973, pp. 88-98. See also Michael J. Merenda, "The Process of Corporate Social Involvement", in *Research in Corporate Social Policy and Performance*, vol. 3, ed. Lee E. Preston (Greenwich, Conn.: JAI Press, 1981), pp. 17-41.

<sup>13</sup>James Brian Quinn, "Logical Incrementalism", *Sloan Management Review*, Fall 1978, pp. 7-21.

<sup>14</sup>Adam Przeworski, "Methods of Cross-National Research", in *Comparative Policy Research. Learning from Experience*, eds. Meinolf Dierkes, Hans Weiler, Ariane Berthoin Antal (Aldershot: Gower, 1987), p. 32.

<sup>15</sup>Ariane Berthoin Antal, "Comparing Notes and Learning from Experience" in *Comparative Policy Research. Learning from Experience*, eds. Meinolf Dierkes, Hans Weiler, Ariane Berthoin Antal (Aldershot: Gower, 1987), p. 509.

## **2 THE PROBLEM: YOUTH UNEMPLOYMENT IN GREAT BRITAIN AND THE FEDERAL REPUBLIC OF GERMANY**

### **I. THE ISSUE 1976-1988**

The issue of youth unemployment started receiving attention in all industrialized countries in the mid-1970s and reached critical levels by the early 1980s. The OECD High Level Conference on Youth Unemployment, for example, pointed out that the problem raised a number of societal concerns beyond the high personal costs to the individual unemployed persons.

All unemployment is wasteful. When it is concentrated among youth, as in the current context, it has particular human, social and economic consequences. It implies not only a current loss of valuable resources, but also lost returns on capital investments which will doubtless extend well into the future.

In addition to these economic implications, there are serious social and political consequences of youth unemployment. Those denied access to the mainstream of society may well become permanently estranged from it.<sup>1</sup>

#### **A. CAUSES OF YOUTH UNEMPLOYMENT IN BOTH COUNTRIES**

A number of factors were identified as contributing to the rapid growth of youth unemployment. The three that seemed to play the most important role in both Great Britain and the Federal Republic of Germany during the period 1976-1988 were:

- High levels of adult unemployment. Youth unemployment is closely related to the level of overall unemployment. Young people are the first to suffer during economic downturns, both because companies tend to reduce hiring and because the young are generally the first to be made redundant.
- Introduction of new technologies. Technological changes are having both quantitative and qualitative impacts on the job market. Although the

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overall consequences are still debated,<sup>2</sup> the structural impacts are obvious: the introduction of labour-saving equipment is cutting back on some jobs and raising the levels of skills required for others. Many traditional ports of entry are thereby being closed to young people.<sup>3</sup>

■ **Demographics.** In the past decade the difficulties in the economy were compounded by demographic factors. The economic downturn coincided with the appearance on the labour market of the offspring of the baby-boom generation. Between 1975 and 1985, 10.3 million young people joined the West German labour market, but only 6.2 million older workers left it.<sup>4</sup> In Great Britain it is estimated that two million additional people entered the workforce between 1976 and 1986, many of them school leavers.<sup>5</sup>

Although there was no consensus among experts on the exact nature of the interplay between these three factors, the demographic feature generally received the most attention in the media and among policy-makers. Some observers warned that the other two factors should not be overlooked, arguing that a long term perspective was needed to tackle the problem because

there are widespread fears that economic growth will not solve the unemployment problem in the way that it has following earlier recessions . . . Youth unemployment will not significantly diminish with economic growth, since growth will not come in those industries that have historically absorbed newcomers to the job market.<sup>6</sup>

This chapter summarizes the trends leading up to and during the period in which the activities reported by the sample companies were undertaken. It outlines the key elements that characterize the specific way in which the problem developed and was perceived by policy-makers in both countries.

### **B. A COMPARATIVE LOOK AT NATIONAL TRENDS IN YOUTH UNEMPLOYMENT**

The unemployment rate for young people under 25 years of age in the Federal Republic of Germany increased twelvefold between 1974 and 1984.<sup>7</sup> In Great Britain the figures leapt from only 3 percent of all 16-year-olds in 1974 to 38 per cent ten years later (including those on the Youth Training Scheme).<sup>8</sup> Figure 2.1 illustrates the development of the problem in the two countries.

The comparative data in Figure 2.1 show that the level of youth unemployment in West Germany remained consistently much lower than in Great Britain.<sup>9</sup> Young people represented a significantly higher proportion of the total number of unemployed in Great Britain than in the Federal Republic of Germany (e.g., 39.9 per cent in as compared to 27.2 per cent 1984).<sup>10</sup>

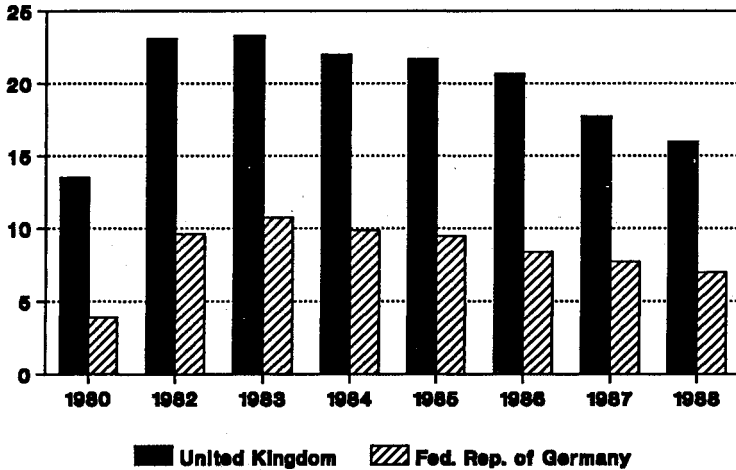


FIGURE 2.1: Trends in youth unemployment\* in the United Kingdom and the Federal Republic of Germany

SOURCE: Adapted from Organization for Economic Cooperation and Development (OECD), *OECD Economic Outlook 1987*, (Paris: OECD, 1987), p. 33.

\*Youth unemployment as percentage of total youth labor force; FRG: 15-24-year-olds; UK: 16-24-year-olds

The numbers may have been lower in West Germany, but the problem was nevertheless experienced as being severe.<sup>11</sup> "Problem levels" cannot be

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compared cross-nationally, since the perception of a problem is culturally determined. This phenomenon highlights the fact that the perception of an issue as a "problem" is not strictly determined by statistics. German society has a lower tolerance level for unemployment than many other societies, largely because of the traumatic consequences of the depression in the 1930s.

TABLE 2.1: Unemployment Rates for Young People (under 20 years) in the Federal Republic of Germany and Great Britain Relative to Adult Unemployment Rates 1973-82\*

	1973	1975	1977	1979	1981	1982
FRG	1.10	1.23	1.10	0.84	0.92	1.03
GB	1.45	2.59	2.53	2.22	1.90	2.34

SOURCE: Bernard Casey, "The Dual Apprenticeship System and the Recruitment and Retention of Young Persons in West Germany," *British Journal of Industrial Relations* 24 (March 1986): 63.

\*The relative unemployment rate is the youth unemployment rate divided by the unemployment rate for all age groups.

Irrespective of the way these comparative statistics were perceived in the Federal Republic of Germany, they affected British policy thinking. The fact that West Germany managed to keep the level of teenage unemployment relatively low, at times even lower than adult rates (see Table 2.1) was often cited in Great Britain to document the success of West German policy instruments and to encourage the introduction into Great Britain of measures similar to those used in the Federal Republic of Germany.<sup>12</sup> However, just as the definitions of problems are culturally bound, so are their solutions. Policy measures cannot be simply transferred from one context to another and be expected to have the same impact.



## **II. BEYOND NATIONAL STATISTICS: THE DISTRIBUTION OF YOUTH UNEMPLOYMENT**

Global statistics can only serve as a very rough mirror of the scope of the problem. As one researcher has noted, "there could hardly be less reliable statistical evidence for a problem ranking so high on the political priority list as youth unemployment."<sup>13</sup> Measurement criteria change over time and differ not only between but also within countries. A meaningful statistical comparison is therefore difficult to make.<sup>14</sup> Furthermore, official statistics do not reflect the true extent of the problem because they record only those people who are registered as unemployed. They do not include many other young people, such as those in special training or employment programmes, those who do not bother to register because they are not eligible for unemployment benefits, or (in the Federal Republic of Germany) those seeking apprenticeships. Some observers estimate that the real level of youth unemployment in West Germany is up to three times higher than that officially reported.<sup>15</sup> The global statistics mask the actual scope and nature of the problem also because the distribution of youth unemployment is uneven, varying across regions, industries, and groups of the population.

### **A. REGIONAL DIFFERENCES IN UNEMPLOYMENT**

There are significant regional differences in both adult and youth unemployment in Great Britain and the Federal Republic of Germany. Young people are particularly vulnerable to regional differences in levels of unemployment because their mobility is lower than that one might expect of adults. For young people leaving school in West Germany at the age of 16 and seeking an apprenticeship, for example, the training allowance is not intended to cover the costs of living. Financially, moving to a different part of the country is thus extremely difficult for them. A British study concluded that "the place in which a boy or girl lives is often a more important factor than skill or training upon the chances of securing employment."<sup>16</sup>

The regional distribution of youth unemployment generally correlates with the levels of adult unemployment in both countries, although the introduction of special measures to combat youth unemployment has weakened this relation somewhat.<sup>17</sup> The map of the Federal Republic of Germany

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presented in Figure 2.2 illustrates the average levels of unemployment experienced among young people under 25 in different regions in 1985. While the national average was 10.1 per cent, regional rates varied between 5.4 per cent (in southern Bavaria) and 15.2 per cent (in Lower Saxony/Bremen).

In Great Britain, the West Midlands as a whole has the fourth worst level of unemployment in the country, the North, the North West, Northern Ireland and Wales having higher rates. Figure 2.3 provides an overview of the geographical distribution, illustrating the significant regional variations.

Unemployment levels are often determined by region-specific industrial patterns. Manufacturing, for example, has played a major part in the West Midlands economy, and it contracted very severely during the recession, presenting the area with particularly acute problems. In Birmingham, 42,000 jobs were lost in 1981-82 alone, and one in four jobs was lost between 1978 and 1984. A study conducted in 1983-84 revealed that manufacturing employment was less than half the 1978 levels, that unemployment was structural rather than cyclical, and that Birmingham's unemployed suffered periods out of work that were well beyond the average duration.<sup>18</sup> In the Federal Republic of Germany, the northern and western states, where shipbuilding, coal, and steel industries are declining, have been the hardest hit.

### **B. INDIVIDUAL CHARACTERISTICS**

A breakdown of youth unemployment statistics according to groups of the population reveals large differences in risk. In the Federal Republic of Germany and Great Britain, the educational levels, ethnic origin, sex and age, of the young people have an impact on the unemployment rate.

#### **1. Educational levels and ethnic origin**

According to the preliminary results of the Labour Force Survey for 1987 in Great Britain, whereas the unemployment rate for young people with higher education qualifications was just over 4 per cent, and that for school leavers with A levels was 8.2 per cent, the rate for those with no qualifications or CSEs (Certificates of Secondary Education) at grades 2-5 was over 15 per cent.<sup>19</sup> The unemployment rate among white people was 10.2 per cent, but the rate for ethnic minority groups was 16.4 per cent. At 29 per cent, the rate for Pakistani and Bangladeshi people was the highest.

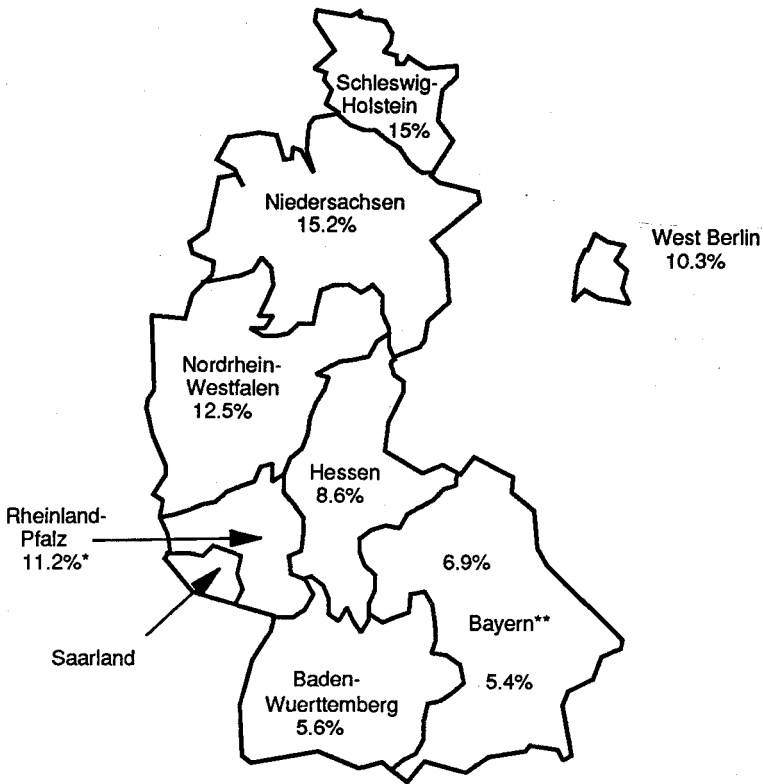


FIGURE 2.2: Regional differences in youth unemployment\*\*\* in the Federal Republic of Germany (1985)

SOURCE: Adapted from Wilfried Malcher, "Berufsausbildung und Arbeitsmarkt unter regionalen Gesichtspunkten" in *Handbuch der Aus- und Weiterbildung*, ed. Carsten Kreklau, Karl Josef Uthmann, and Geerd Woortmann, Section 3430 (Cologne: Deutscher Wirtschaftsdienst, May 1988), p. 6.

\* Rheinland-Phalz unemployment data include Saarland.

\*\* Separate unemployment rates for North and South Bayern.

\*\*\* Unemployed young people under 25 as percentage of total unemployment (*Arbeitslosenquote*) in September 1985.

## Youth Unemployment

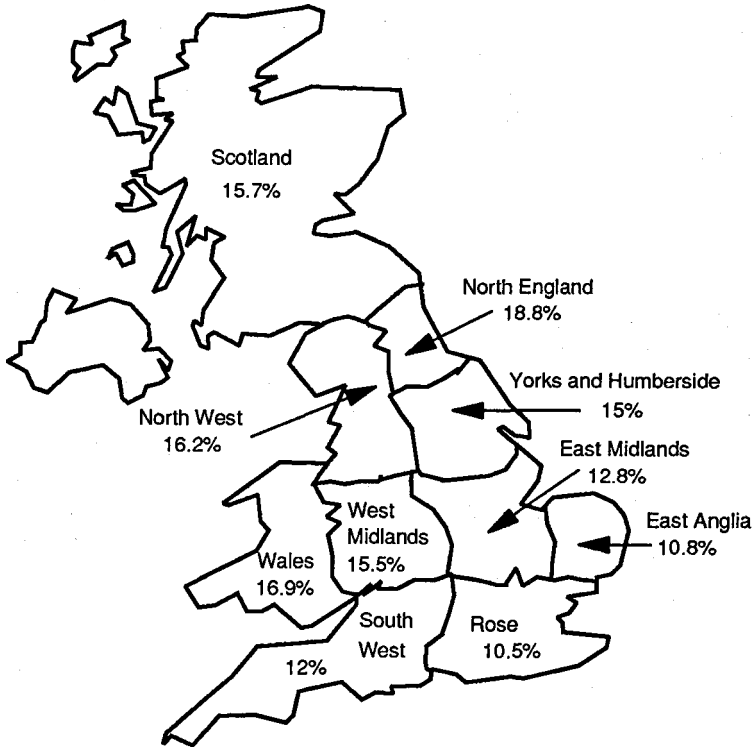


FIGURE 2.3 Regional distribution of youth unemployment\* in the United Kingdom, 1985

SOURCE: Adapted from *Employment Gazette*, December, 1985, p. 20.

\*Precise figures on the regional distribution of youth unemployment were not available, but regional variations in adult unemployment generally mirror the situation faced by young people. Data from the Central Statistics Office, for example, indicate that young people consistently accounted for between 51.5 per cent (West Midlands) and 54.9 per cent (Scotland) of total unemployment in each region in 1984.

The picture is similar in the Federal Republic of Germany. Although the level of education achieved by young people improved on the whole over the last decade, young people with the least education and training and the children of foreign workers<sup>20</sup> run disproportionately high risks of being unemployed.<sup>21</sup> In 1982, for example, the children of foreign workers under the age of 20 represented only 6 per cent of the labour force, but they accounted for 17 per cent of the unemployed in this age group.<sup>22</sup>

## 2. Sex

One break in the similarity between the patterns in Great Britain and West Germany is to be found in the way youth unemployment is distributed between the sexes. Whereas in Great Britain girls have been less likely to be unemployed than boys, in the Federal Republic of Germany they have suffered from a significantly higher rate of unemployment than their male counterparts. In 1987, for example, among the 16 to 19-year olds on the labour market in Great Britain, 19.4 per cent of the young men and 15.5 per cent of the young women were unemployed. Among 20 to 24-year olds, 14.6 per cent of the men and 12.5 of the women were unemployed.<sup>23</sup> By contrast, in the Federal Republic of Germany young women in both age groups accounted for two-thirds of the unemployed young people despite the fact that they generally had better school grades than their male counterparts.<sup>24</sup>

## 3. Age

A closer look at the distribution of youth unemployment also reveals that a distinction needs to be made between young people under 20 years of age and those from 20 to 25. More attention has been paid to the younger group in both Great Britain and West Germany. As Table 2.2 demonstrates, young people in Great Britain are less vulnerable to unemployment by the age of 20, but they are still at risk.

By contrast, the young people between the ages of 20 and 25 in West Germany suffer a higher rate of unemployment than do those in the younger group and the rest of the adult population (see Figure 2.4). This phenomenon seems to have emerged in 1975, after which time the disparity grew. Whereas in 1975, for example, 116,000 young people under 20 years of age and 172,000 under 25 years were unemployed, in 1984 there were 177,000 in the younger group and 406,000 in the second.<sup>25</sup> Figure 2.4 presents the dif-

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TABLE 2.2: Unemployment Rates\* by Age for the United Kingdom 1980-1986

	1980	1981	1982	1983	1984	1985	1986
Under 18	12.5	19.8	23.6	25.7	23.9	23.1	21.8
18-19	10.8	17.8	22.5	24.3	26.2	25.1	22.9
20-24	9.0	14.8	18.0	17.3	17.5	18.0	18.1

SOURCE: Youthaid, *Youthaid Bulletin* No. 3, May/June 1987.

\*As percentage of youth in the labour market in January each year.

ferent trends in unemployment that the three groups have experienced. One contributing factor may be that in the Federal Republic of Germany, unlike most other countries, the traditional definition of "youth" is restricted to those under 20 years of age. Measures to combat youth unemployment therefore focussed on them. The 20 to 25-year olds were not a statistically recognized group, so their plight did not receive political attention for a long time.

Not until the early 1980s did analyses reveal that the problem of youth unemployment poses itself in two phases in the Federal Republic of Germany, first when young people leave school and then again after further education or training.<sup>26</sup> The unemployment level of the first group is directly related to the number of apprenticeships available, whereas the second group is looking for work. "The rapid expansion in the number of newly-established training contracts (a 70 per cent increase between 1975 and 1983) certainly drained many teenagers into the 'apprenticeship pool.'<sup>27</sup> But, since this expansion in apprenticeships was not accompanied by an equal expansion in the number of jobs for young people, many former apprentices became unemployed. As the OECD Study Group led by Shirley Williams in 1980 pointed out, "by placing emphasis on the employment needs of young people immediately after leaving school, the needs of older adolescents and young adults may have been sacrificed."<sup>28</sup> In 1984, for example, as many as 27 per cent of young persons completing their apprenticeships in industrial enterprises, 35 per cent of those completing them in commercial, and 53 per cent of those completing them in artisan enterprises were not hired by the firm they had been apprenticed with.<sup>29</sup>

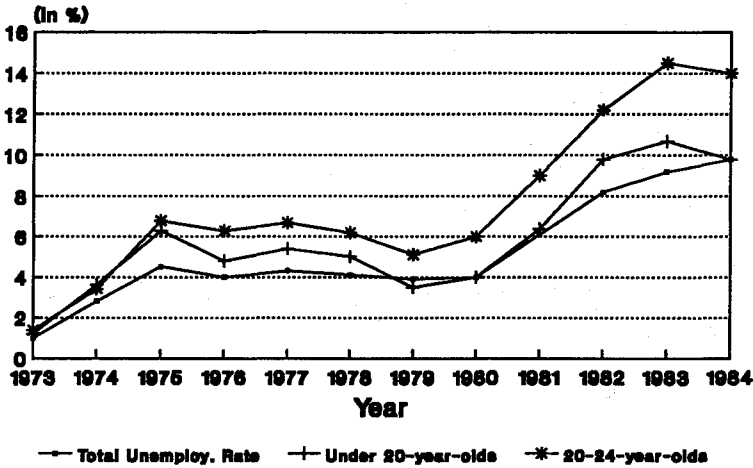


FIGURE 2.4: Unemployment Rates by Age Groups in the Federal Republic of Germany, 1973-1984

SOURCE: Wolfgang Beywl, "Jugendarbeitslosigkeit", *Aus Politik und Zeitgeschichte* (Beilage zur Wochenzeitung *Das Parlament*) B 38/85 21 (September 1985): 17.

Nor could they find work in their profession in other companies, for the policy focus on the first group led to the provision of more apprenticeships in some categories than industry could later provide jobs for.<sup>30</sup> The supply of apprenticeships therefore diverged both quantitatively and qualitatively from the supply of jobs for young people. Data indicate that these young people also have tended to suffer from longer periods of unemployment than the younger cohorts.<sup>31</sup>

In summary, the problem of youth unemployment was much more severe in Great Britain than in the Federal Republic of Germany in the past

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decade, but there were a number of similarities in the contributing factors and overall trends. As the following chapters will show, very different responses by policy-makers in government and business emerged in the two countries to the unequal distribution of youth unemployment among regions and groups of the population.

### NOTES

<sup>1</sup>Organisation for Economic Cooperation and Development (OECD), *Youth Unemployment: A Report on the High Level Conference 15-16 December 1977*, vol. 1 (Paris: OECD, 1978), p. 25.

<sup>2</sup>See for example Egon Matzner, Ronald Schettkat and Michael Wagner, *Beschäftigungsrisiko Innovation? Arbeitsmarktwirkungen moderner Technologien. Befunde aus der Meta-Studie*, (Berlin: edition sigma, 1988). For an analysis of different patterns in the introduction of new technologies in selected industries in Britain and the Federal Republic of Germany, see Arndt Sorge, G. Hartmann, M. Warner and I. Nicholas, *Mikroelektronik und Arbeit in der Industrie*, (Frankfurt: Campus, 1982).

<sup>3</sup>D. N. Ashton and M. Maguire, "The Vanishing Youth Labour Market," *Youthaid Occasional Papers*, no. 3, (London: Youthaid, 1983), pp. 5-8.

<sup>4</sup>Karen Schober, "Jugend im Wartestand: Zur aktuellen Situation der Jugendlichen auf dem Arbeits- und Ausbildungsstellenmarkt," *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung. Schwerpunktheft: Jugend*, vol. 18, no. 2 (1985), p. 248.

<sup>5</sup>*Employment Gazette*, "New Entrants to the Labour Market in the 1990s," May 1988, p. 267.

<sup>6</sup>John Grimond, (ed.) *Youth Unemployment and the Bridge from School to Work*, (London: Anglo-German Foundation for the Study of Industrial Society, 1979), p. 4.

<sup>7</sup>Laszlo Alex, "Berufsausbildung und Jugendarbeitslosigkeit," in *Handbuch der Aus- und Weiterbildung*, ed. Carsten Kreklau, Karl Josef Uthmann, and Geerd Woortmann, Section 3240 (Cologne: Deutscher Wirtschaftsdienst n.d.), p. 8.

<sup>8</sup>*Youthaid Bulletin*, no. 3 (May-June 1987), (using figures from the Department of Education and Science Statistical Bulletin 5/85).

<sup>9</sup>Different criteria and methods are used to compile statistics in Great Britain and in the Federal Republic of Germany, making exact comparisons impossible. Nevertheless, meaningful comparisons can be made of the trends in each country.

<sup>10</sup>Werner Clement, "Is the Dual System Responsible for Low Youth Unemployment in the Federal Republic of Germany?" *European Journal of Education*, vol. 20, nos. 2-3, (1985), p. 206.

<sup>11</sup>According to Eurobarometer surveys, for example, unemployment was considered the most significant problem facing society in 1983 in all the Western European countries surveyed. *Eurobarometer*, no. 20, December 1983, p. 42.

<sup>12</sup>See, for example, John Roberts, "Apprenticeships in West Germany" *Employment Gazette*, March-April 1986, pp. 109-115.

<sup>13</sup>Werner Clement, "Is the Dual System Responsible for Low Youth Unemployment in the Federal Republic of Germany?" *European Journal of Education*, vol. 20, nos. 2-3 (1985), p. 204.

<sup>14</sup>For a thorough discussion of the statistical issues in the Federal Republic, see, for example, Wolfgang Franz, *Youth Unemployment in the Federal Republic of Ger-*



many: *Theory, Empirical Results, and Policy Implications*, (Tübingen: J.C.B. Mohr [Paul Siebeck], 1982), pp.15-18.

<sup>15</sup>For an overview of studies calculating the level of "hidden" youth unemployment see Hans-Christian Harten, *Jugendarbeitslosigkeit in der EG* (Frankfurt & New York: Campus Verlag, 1983) pp. 165-166.

<sup>16</sup>Peter Makeham, "Youth Unemployment: An Examination of Evidence on Youth Unemployment Using National Statistics," Research Paper no. 10, Department of Employment, May 1980, p. 3.

<sup>17</sup>Projektgruppe "Arbeitslosigkeit Jugendlicher" in der Bundesanstalt für Arbeit, "Jugendliche beim Übergang in Ausbildung und Beruf," Beiträge zur Arbeitsmarkt- und Berufsforschung no. 43, (Nuremberg: Institut für Arbeitsmarkt- und Berufsforschung der Bundesanstalt für Arbeit, 1980), pp. 19-22.

<sup>18</sup>Confederation of British Industry, Special Programmes Unit, *Community Action Programme Report*, 1984.

<sup>19</sup>*Employment Gazette*, "1987 Labour Force Survey (preliminary results)," March 1988, pp. 144-157.

<sup>20</sup>Workers from non-EEC countries, especially Turkey and Yugoslavia.

<sup>21</sup>See, for example, Bundesminister für Bildung und Wissenschaft (BMBW), *Berufsbildungsbericht 1987*, (Bonn: BMBW, 1988) p. 39.

<sup>22</sup>Laszlo Alex, "Berufsausbildung und Jugendarbeitslosigkeit," in *Handbuch der Aus- und Weiterbildung*, ed. Carsten Kreklau, Karl Josef Uthmann, and Geerd Woortmann, Section 3240 (Cologne: Deutscher Wirtschaftsdienst n.d.) p. 8.

<sup>23</sup>*Employment Gazette*, "1987 Labour Force Survey (preliminary results)," March 1988, p. 152.

<sup>24</sup>Hans-Christian Harten, *Jugendarbeitslosigkeit in der EG*, (Frankfurt & New York: Campus Verlag, 1983), p. 167.

<sup>25</sup>Laszlo Alex, "Berufsausbildung und Jugendarbeitslosigkeit," in *Handbuch der Aus- und Weiterbildung*, ed. Carsten Kreklau, Karl Josef Uthmann, and Geerd Woortmann, Section 3240 (Cologne: Deutscher Wirtschaftsdienst n.d.) p. 8.

<sup>26</sup>For careful analyses of the two-phase problem see, for example, Karen Schober, "Jugend im Wartestand: Zur aktuellen Situation der Jugendlichen auf dem Arbeits- und Ausbildungsstellenmarkt" *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung. Schwerpunktheft: Jugend*, vol. 18, no. 2, 1985, pp. 247-264.

<sup>27</sup>Werner Clement, "Is the Dual System Responsible for Low Youth Unemployment in the Federal Republic of Germany?" *European Journal of Education*, vol 20, nos 2-3 (1985), p. 208.

<sup>28</sup>Shirley Williams, *Youth Without Work: Three Countries Approach the Problem*, (Paris: OECD, 1981), p. 105.

<sup>29</sup>Bernard Casey, "The Dual Apprenticeship System and the Recruitment of Young Persons in West Germany," *British Journal of Industrial Relations*, vol. 24, no. 1, March 1986, p. 75.

<sup>30</sup>This is especially true of apprenticeships in which the young people are able to contribute productively quite early in the training process (e.g., hair dressers, bakers, butchers). See for example Friederike Maier "Jugendarbeitslosigkeit in der Bundesrepublik Deutschland--ein ungelöstes Problem," IIM/LMP 83-18, (Berlin: Wissenschaftszentrum Berlin für Sozialforschung, 1983) pp. 21-22.

<sup>31</sup>Wolfgang Beywl, "Jugendarbeitslosigkeit" *Aus Politik und Zeitgeschichte* (Beilage zur Wochenzeitung *Das Parlament*) B 38/85 21, September 1985, p. 18.

### **3 BRIDGES FROM SCHOOL TO WORK: TRADITIONS AND CHANGES**

The scope that companies have in dealing with youth unemployment is significantly affected by the way each country organizes the transition of its young people from school to work. The educational systems determine the age at which young people enter the labour market and the extent and nature of vocational preparation they receive. The options open to school leavers also vary greatly, particularly as regards the provision of vocational training. This chapter sketches the main characteristics of the educational and training systems in Great Britain and the Federal Republic of Germany to illustrate how differently the two countries go about preparing young people for work.<sup>1</sup> It thereby highlights the different roles that business can play in the process.

The problem of youth unemployment has stimulated experimentation with changes in the traditional system of transition in both countries. As an observer noted, "one possible long-term benefit of the much higher recent levels of youth unemployment is that they have thrown into high relief deep-seated and longstanding problems of the transition from school to work."<sup>2</sup> Schools and government have sought input and support from the business community in many of their efforts to help improve the preparation of young people for the world of work. The changes have been greater in Great Britain than in the Federal Republic of Germany. Whereas the focus in the latter has been on making adjustments to the existing training system, in Great Britain a variety of new schemes have been introduced both within schools and for school leavers.

#### **I. SCHOOLING**

##### **A. STRUCTURE: DIFFERENTIATION AND EQUALIZATION**

The structure of the school system shapes the profiles of the youth population entering the labour market. As a cursory look at Figures 3.1 and

3.2 shows, the two educational systems pursue different strategies for orienting young people to occupational options.

The principle of streaming schoolchildren still prevails in the Federal Republic of Germany and is reflected in the numerous types of secondary schools that exist.<sup>3</sup> They are differentiated according to the levels of aptitude and occupational perspectives of the young people. This streaming is not as rigid as it once was, so that under certain conditions young people can transfer from one type of school to another, and the system allows for a variety of access routes to be taken to occupational fields and higher education.

By contrast, the British educational system largely rejected the concept of streaming in the mid-1960s and is now dominated by comprehensive schools,<sup>4</sup> which offer two exit points marked by examinations and certificates.<sup>5</sup> Comprehensive schools were widely introduced to break the much documented and debated links between social class, educational opportunity, and exam success. Theoretically, the comprehensive system provides for equality of opportunity. In practice, however, recent research indicates that certain groups of children are still more likely than others to reach only low levels of achievement and subsequently move into semi-skilled and unskilled jobs, or, more recently, into unemployment.<sup>6</sup>

Another major structural difference between the British and the West German educational systems that is of great consequence for the employability of school leavers lies in the duration of compulsory schooling and the integration of vocational schools into the secondary school system. British observers note with dismay that "England is the only one of the world's major industrial nations in which a majority of students leave full-time education or training at the age of 16."<sup>7</sup> By contrast, in the Federal Republic of Germany, about 55 per cent of 16-to-18 year olds remain in full-time education, but those young people who leave one of the core types of secondary schools at the age of 15 or 16 are required to attend vocational school until the age of 18. They do so either on a part-time basis in conjunction with an apprenticeship in a company (hence "dual system") or full-time. In 1985, for example, about a quarter of employed 16-year-olds in Great Britain entered an occupation with an extensive training component, such as apprenticeships,<sup>8</sup> whereas over 60 per cent of school leavers in West Germany entered the dual training system.<sup>9</sup>

# Bridges from School to Work

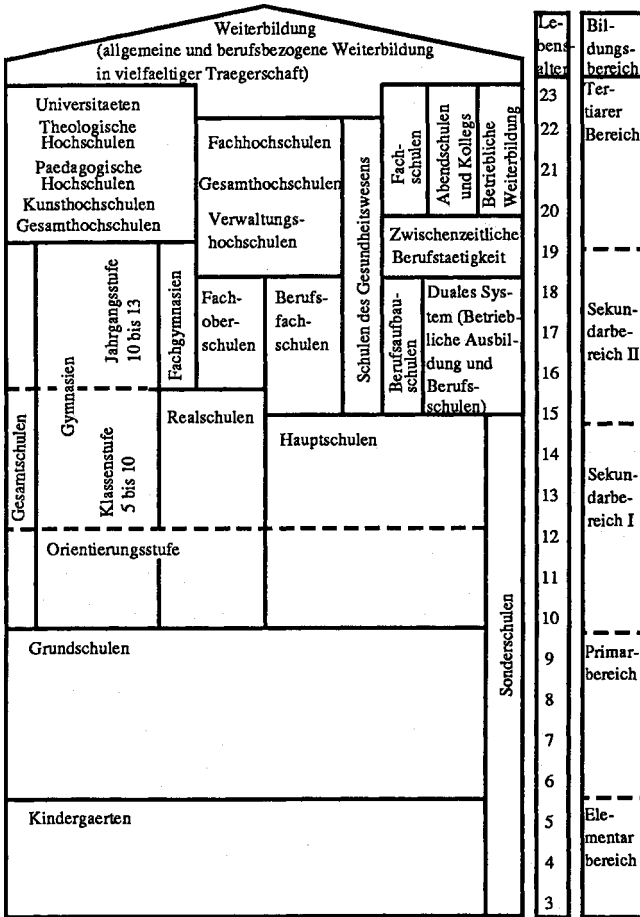


FIGURE 3.1: Structure of the Educational System in the Federal Republic of Germany

SOURCE: Adapted from Der Bundesminister für Bildung und Wissenschaft, *Grund- und Strukturdaten 1987/88*, Bonn, 1987.

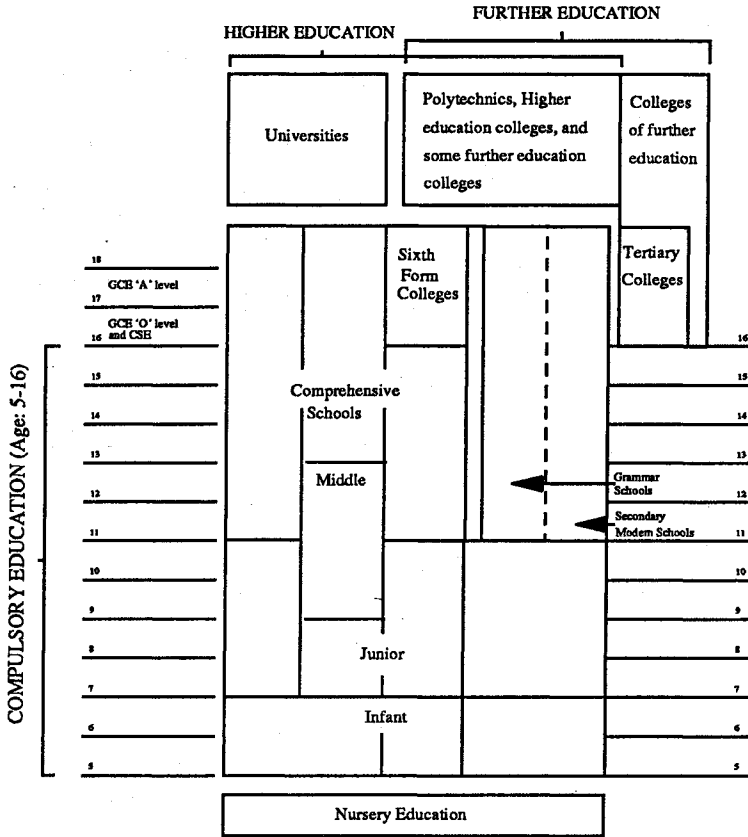


FIGURE 3.2: Publicly-Maintained Education in Great Britain

SOURCE: Adapted from Steve Sharples, Vikki Carty, *Vocational Training in the United Kingdom*, (Berlin: CEDEFOP 1987), p. 23.

## B. RISING LEVELS OF EDUCATION

Both countries have experienced a strong trend towards higher levels of educational achievement, as illustrated in Table 3.1 and Figure 3.3. According to these data, the percentage of British schoolchildren leaving with no certificate dropped from 43.3 per cent in 1971 to 11.4 per cent in 1986. Similarly, the number of young people leaving school without at least the lowest certificate in the Federal Republic of Germany dropped from 140,300 (18 per cent) in 1970 to 65,200 (6.3 per cent) in 1986. The number of school leavers with "intermediate" certificates (*mittlere Reife*) nearly doubled (from 200,100 to 393,800). These young people thereby replaced the school leavers from the *Hauptschule* as the largest group. The shift at the upper end of the scale has been much greater in the Federal Republic of Germany than in Great Britain. West German school leavers with certificates qualifying them for university studies multiplied three-fold (from 91,500 to 291,400), thereby growing from the smallest group to the second largest. By contrast, almost no change has occurred in the number of school leavers with A levels in Britain.

The implications of the rise in educational achievement for the employability of young people have been the subject of intense debate in both countries. Although higher levels of qualification generally still improve a young person's employment prospects, they do not guarantee success in any job market. Experts conclude that "the value of educational qualifications . . . is now seen to be relative rather than absolute, depending on the balance of labour demand and supply," and thus that "more complex conceptualizations of the transition from school to the labour market" may be needed.<sup>10</sup>

The "market value" of higher educational achievements has been offset to a certain extent by the fact that entry qualifications required by companies for many occupations has also risen significantly during the same period. In many cases the demand for higher qualifications is attributable to changes in the skill level needed (e.g. as a result of new technologies), but a great degree of "qualification inflation" has also occurred, particularly as the numbers of school leavers has risen and the numbers of job opportunities fallen. An indisputable effect of the shift upwards has been to increase the risk of unemployment among poorly qualified teenagers in both countries.

TABLE 3.1: School Leavers' Highest Qualifications in Great Britain, 1970-71 TO 1985-86\*

	1970-71	1975-76	1980-81	1985-86
Two or more A levels/ Three or more H** grades	12.9	13.1	13.4	13.9
One A level/one or two H grades	3.8	3.7	3.5	3.8
Five or more GCE O' levels grades A-C*** or CSE grade 1s***	7.2	8.3	8.9	10.5
One to four O' levels grades A-C or CSE grade 1s	16.9	24.2	24.6	26.8
One or more O'levels at lower grades or CSEs at lower grades	10.1	28.4	30.6	33.1
No GCE, CSE or SCE** qualifications	43.3	18.1	12.8	11.4

SOURCE: *Employment Gazette*, March 1988, Department of Employment, p. 141.

\*Expressed as percentage of the relevant population

\*\*SCEs and H grades refer to Scottish examinations

\*\*\*GCE O'levels grades A-C are equivalent to previous "pass" grades and CSE Grade 1 is equivalent to an O' level pass

### C. VOCATIONAL PREPARATION IN SECONDARY SCHOOLS

British and West German school children can receive three kinds of preparation for a successful transition into work. Schools can offer vocational classes, they can organize work experience schemes, and they can arrange vocational counselling. A comparison of the systems in the two countries reveals several significant differences in the extent and manner in which these opportunities are provided for. Although such vocational preparation has not been formally required in the British educational system, many comprehensive schools introduced these elements into their programmes voluntarily in the past. A number of new schemes have been created in Great Britain recently to anchor such ideas into the curriculum.

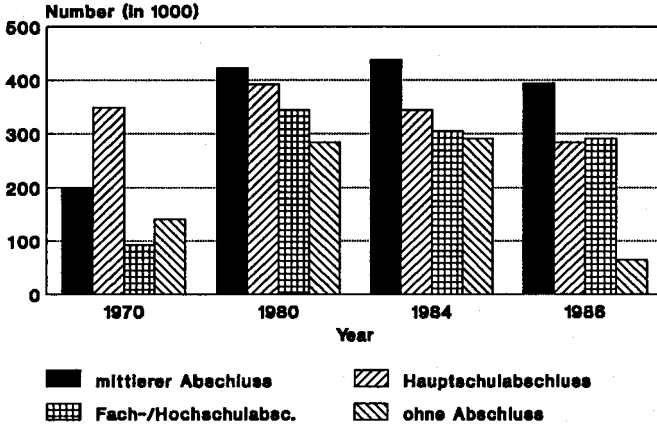


FIGURE 3.3: Trends in the Certification of School Leavers in the Federal Republic of Germany, 1970-1986

SOURCE: Christoph Schlüter, "Zahlen zur Bildungspolitik," in Handbuch der Aus- und Weiterbildung ed. Carsten Kreklay, Karl Josef Uthmann, and Geerd Woortmann (Cologne: Deutscher Wirtschaftsdienst n.d.) Section 2850 (May, 1988), p. 1.

In the Federal Republic of Germany, all three elements have long been compulsory components of schooling in the *Hauptschule* and *Realschule* (and to a certain extent in the *Gesamtschule*).

1. Bringing the world of work into school: recent innovations in Great Britain

To rectify some of the perceived "deficiencies" of schooling and thus ease the transition of school leavers into work, a number of changes have been undertaken in Great Britain.



■ Curricular changes for "relevance to working life". The objectives include greater emphasis on "core" subjects like mathematics and English, an earlier introduction to "applied" science and technology subjects, and the use of concepts like "competence" and "vocational skills" which tie in with the perceived future needs of employers (for example, for higher skills levels or the ability to "manage uncertainty and change").<sup>11</sup>

■ Technical and Vocational Education Initiative (TVEI). This scheme was launched to help 14-to-18-year-olds develop work-related skills within the secondary school system. The Manpower Services Commission (MSC), which introduced the scheme in 1983, established certain basic criteria for the TVEI, but left the actual design of the projects up to the local education authorities and the schools involved. As a result, widely differing curriculum and delivery models have been experimented with.<sup>12</sup> Interest in the TVEI grew quickly. Within two years after its introduction 40,000 students in some 500 schools in Great Britain were participating.<sup>13</sup>

■ Certificate of Pre-Vocational Education (CPVE). This one-year course was started in 1985. Aimed at 16-year-olds who are not ready to specialize in academic or vocational studies, its purpose was to provide an introduction to the basic skills required in a variety of jobs. In many respects, it can be regarded as the educational counterpart of the Youth Training Scheme (YTS). By 1987, 600 school-based programmes had been approved. They consist of three elements: "core competencies" (e.g. social skills, numeracy and information technology); vocational studies; and "additional studies" (such as community and leisure activities).<sup>14</sup>

■ City Technology Colleges. These new secondary schools are designed to be outside the state sector and have objectives that include "the strong technical and practical element which is essential preparation for the changing demands of adult working life in an advanced society" and the development of "the qualities of enterprise, self-reliance and responsibility which young people need for adult life and work and for citizenship."<sup>15</sup>

■ "Compacts". A new idea that has received a great deal of attention in Great Britain is modelled on an experiment started by companies in Boston, Massachusetts, to combat the high youth unemployment and high school dropout rate in that city. The London equivalent was launched by the Prince of Wales in 1987. In return for the achievement of performance targets in eight areas, pupils are guaranteed interviews for specific jobs within participating companies. Although no promise is made at the outset

that they will actually be selected for the job, the young participants have an advantage over other applicants. Their Record of Achievement--a personal dossier recently introduced to provide employers with a more comprehensive picture of the achievements of applicants beyond exam results--demonstrates that they have fulfilled a series of criteria that employers value. The widespread publicity the scheme has received has sparked attempts to emulate it in Birmingham and other parts of Great Britain.

2. Systematizing experience: building on traditions in vocational preparation in the Federal Republic of Germany

The vocational orientation of the *Hauptschule*, *Realschule* and, to a certain extent, the *Gesamtschule* is reflected in the curriculum.<sup>16</sup> The compulsory programme includes a strong element of pre-vocational education. Ninth and tenth-year pupils also (15- to-16-year-olds) receive substantial career guidance, which provides them with information on the types of occupations available, including the psychological and physiological aspects of jobs. Through practical projects and required periods of work experience or *Praktika*, as they are called in Germany, in companies (one, two or three times in the course of schooling, each lasting two to three weeks), young people have numerous opportunities for personal contact with the world of work before they leave school.

D. ROLE OF BUSINESS IN SCHOOLS IN GREAT BRITAIN AND THE FEDERAL REPUBLIC OF GERMANY

There is considerable scope for voluntary support from business in both countries. Representatives of the business community in Great Britain have played a vocal role in calling for all the changes described above, and they are involved in their implementation in various ways. For example, managers serve on advisory committees and school governing boards to provide input into curricular matters; the vocational experience schemes are to a great extent predicated on cooperation with companies; the new City Technology Colleges rely heavily on business input; and the willingness of businesses to participate in the "Compact" schemes is essential to the concept. In the Federal Republic of Germany, the provision of *Praktika* placements for school children has become an integral part of the role

business is expected to play in society. Large companies, in particular, are accustomed to doing so as a matter of course.

## **II. VOCATIONAL OPTIONS AFTER SECONDARY SCHOOL**

After completing secondary school, young people can choose to continue their education (academic or vocational) or to enter the labour market. It is the difference in the way this phase in the transition from school to work has been traditionally managed in the two countries that has attracted the most attention in recent years. West Germany's "bridge" from school to work, particularly the "dual system" of vocational training, is widely credited with having contributed significantly to the ability of the system to keep youth unemployment lower in the Federal Republic of Germany than in Great Britain.<sup>17</sup>

This section first outlines the components of the transition process in which business has traditionally played an important role in Great Britain and the Federal Republic of Germany. It then describes the additions and adjustments that were made to deal with the problem of youth unemployment in each country.

### **A. APPRENTICESHIPS IN BOTH COUNTRIES**

Apprenticeships are the youth employment and training option that have attracted most attention in the course of the past decade. There are significant differences between the way apprenticeships are organized and anchored in the business culture of the two countries. As a result, they have played different roles in combatting youth unemployment.

#### **1. Decline of the traditional system in Great Britain**

Traditionally, entry to apprenticeships was restricted to 16-year-old boys, who spent from four to seven years "indentured" to a craftsman until such time as they were said to be "time-served," and training was largely on the job. During the 1960s and 1970s, the training mechanism underwent profound reforms, and there was much wider adoption of nationally-recognized qualifications, college attendance and off-the-job training. There has been considerable conflict over the quality and relevance of apprenticeship training since statutory regulation began in 1964.

The number of apprenticeships fell drastically in Britain during the last two decades. In manufacturing industry, apprentice levels dropped from 240,000 in May 1964 to 155,000 in May 1979, with further declines to 102,000 in March 1983, 61,800 in March 1986 and 58,000 in March 1987.<sup>18</sup> The Engineering Industry Training Board reported in 1988 that numbers had stabilized at a third of the average recruitment level of the 1970s,<sup>19</sup> and the Road Transport Industry Training Board that there was a 69 per cent drop in apprentice levels between 1978 and 1984.<sup>20</sup>

Several reasons are suggested for these declines. Employer surveys indicate that recruitment levels are geared to current and projected levels of business,<sup>21</sup> and the recession adversely affected the number of apprentice opportunities available to teenagers (almost overwhelmingly male). Reductions are also partly connected with the shrinking workforce in these sectors and the slight increase in the use of the more highly skilled technician grade.

## 2. Building on tradition in the Federal Republic of Germany

Since the German vocational training system has attracted so much attention abroad, it is worth examining its main features. The roots of the system lie in the apprenticeship system dating back to the Middle Ages,<sup>22</sup> but it has undergone many changes to meet the needs of a highly industrialized economy. Over time, the scope of the system has expanded far beyond the crafts it was originally designed for, and it now encompasses over four hundred different occupations in all sectors of the economy.

The dual training system rests on the philosophy that it is in the interest of the business community as a whole and of the individual workers that the skills acquired through apprenticeships be broad enough to be transferable from one company to another and to provide the groundwork for life-long learning. Training is seen as a long-term investment which it is both the responsibility and the right of business to provide.<sup>23</sup> In order to ensure the standardization of content and the reliability of quality as far as possible, the content of the training programmes is established (and periodically updated) in a very detailed form by tripartite (business, unions, state) commissions, and the final exams are conducted by the chamber or guild responsible for the particular occupation. The extensive regulation and monitoring of the content and quality of the training by tripartite organs are cornerstones of the vocational training system.<sup>24</sup>

Depending on the occupation, apprenticeships take two to three and a half years. The intention is to provide the young people with a solid and broad grounding in the occupation, both in theory and in practice. Occupations are organized into categories that share a common theoretical and practical base, usually provided in the first year of training, after which time the apprentices specialize in the area of their choice. During the apprenticeship, the young people attend a public vocational school (generally two days a week, but block releases are becoming increasingly popular) and receive training from the company, either on the job or in special training workshops. This interlocking of theoretical and practical training provided through the public vocational schools and private business is the essential characteristic of the German vocational system, which is why it is referred to as "dual". Apprentices are paid a monthly stipend by the company on the basis of agreements between the social partners. The level of the stipend varies according to industry, but is generally low, reflecting the traditional understanding that the young person is receiving more than he or she is giving the company and is investing in the future.<sup>25</sup> The apprentice's productive contribution to the company differs according to occupation, but a study conducted in 1980 estimated that on average the productive work performed by apprentices equalled about 40 per cent of the gross costs of training.<sup>26</sup>

The role of the vocational training system, particularly the dual system, in the transition from school to work is not limited to the acquisition of occupational skills; there is a very conscious socialization element to the process, both in vocational school and in the company.<sup>27</sup> The apprenticeship period is also intended to inculcate good working habits and the traditional work ethic in the young people, and to help them adjust from school to the expectations of the work place. In sum, "if one is to do justice to the Dual System, it has to be conceived as an integrated learning, working, and socializing process."<sup>28</sup>

#### **B. ADDITIONS AND ADJUSTMENTS IN THE TRADITIONAL BRIDGE FROM SCHOOL TO WORK: STIMULATING BUSINESS TO DO MORE**

Numerous training-based initiatives were launched in Great Britain and in the Federal Republic of Germany to stimulate business participation in reducing the problem of youth unemployment. Because of the different

traditions in the two countries, the approaches taken varied significantly. The three most important distinctions for the purposes of this study were, first, that the British government set itself the task of creating a totally new element in the transition system, while measures in the Federal Republic of Germany could build on tradition. Second, whereas the new British schemes were intended to provide a permanent bridge for all school leavers equally, the West German schemes were targeted at specific groups of the youth population deemed to be particularly at risk of being unemployed. Third, as a result of the different political cultures and institutions in the field of training and active labour market policy in the two countries, very different approaches were taken to the process of developing schemes and stimulating business participation. The British schemes were essentially designed by the Manpower Services Commission and then presented to the business community, whereas the German schemes were generally elaborated and disseminated in the context of existing tripartite arrangements. The British schemes underwent several very substantial revisions within the research period. For example, the Youth Opportunities Programme was introduced, dropped, and replaced by the Youth Training Scheme, which, in turn, was significantly changed in a number of ways, including the extension from one year to two years. By contrast, the adjustments made in the West German schemes were more gradual and incremental. It is to be expected that all three factors played a role in the willingness and ability of companies to participate in new transition schemes.

1. Creating a new bridge from school to work in Great Britain

The concern about youth unemployment in Britain was flanked by recurrent concern about skills shortages. The confluence of these two problems led to "an acknowledgement of the apparent inevitability of a more active (and expensive) role for the State".<sup>29</sup> The result was the creation and rapid growth of the Manpower Services Commission whose task it was to reduce unemployment and assist in the development of manpower.<sup>30</sup>

*a. From work experience to training.* The schemes introduced in the 1970s<sup>31</sup> were based on the assumption that unemployment would be temporary, so temporary, counter-cyclical measures were considered an appropriate strategy. Their focus was on work experience. The largest and longest-running of these schemes was the Youth Opportunities Programme (YOP),

which was introduced in 1977 and ran until 1983. As illustrated in Table 3.2, companies provided over 1.76 million teenagers with temporary placements through this scheme.

In spite of the growth in number of work experience placements, YOP did not succeed in meeting its real employment objectives. It had been conceived as an avenue into full-time work, but in each subsequent year, fewer and fewer trainees obtained jobs with employers until in 1981 only a third of ex-YOP trainees were successful in finding jobs.<sup>32</sup> There was also evidence of job substitution, perhaps by as much as 30 per cent.<sup>33</sup>

TABLE 3.2: Youth Opportunity Programme Entrants 1978-1983

	1978-79	1979-80	1980-81	1981-82	1982-83
Trainees	162,200	216,400	360,000	553,000	461,200
% in WEEP*	84.5	76.2	79.5	80.4	78.6
Pilot YTS					81,900

SOURCE: D. Finn, "The MSC and the Youth Training Scheme," in *Education, Training and Employment: Towards a New Vocationalism*, ed. R. Dale (Oxford: Pergamon Press, 1985), p. 115.

\*WEEP = Work Experience on Employers' Premises

The replacement of YOP by the Youth Training Scheme (YTS) in 1983 marked a shift in policy thinking in Great Britain from short-term unemployment measures to permanent training schemes.<sup>34</sup> The MSC's repeated reiterations of this point were met by almost universal determination to regard it as an unemployment measure. As Richard Rose observes, "the adoption of a new goal does not mean that past attitudes toward training have disappeared; . . . Most of today's workers and employers were socialized into the labour market before the first steps toward government-sponsored vocational training were taken."<sup>35</sup> Bryan Nicholson, the former chairman of the MSC, described YTS as resting on five cardinal principles. In his words, it should be

voluntary; coherent, and consistent with other provisions for the age group; of high quality to meet the needs of the modern economy, and

## *Bridges from School to Work*

provide opportunities for individual development; flexible; and simple in its operation.<sup>36</sup>

YTS "got off to a difficult start, with a national surplus of close to 100,000 places, as school-leavers proved reluctant to enter the programme."<sup>37</sup> Table 3.3 shows that YTS absorbed nearly 300,000 teenagers annually between 1984 and 1988, (although it is difficult to ascertain whether the numbers include early leavers or rejoiners of schemes). In 1986-87, 63 per cent of 16- and 17-year-old school leavers entered the labour market for the first time through the scheme.

TABLE 3.3: Youth Training Scheme Entrants 1984-1988

	1984	1985	1986	1987	1988*
YTS entrants	258,000	276,000	274,000	319,000	400,000
YOP entrants	19,000	...	...	...	...

SOURCE: *Employment Gazette*, March 1988, p. 139.

\*Estimated

*b. Structure of YTS.* In 1984 and 1985 YTS was a one-year scheme; in 1986 it was extended to two years, offering 16-year-olds a twenty-four-month scheme and 17-year-olds a twelve-month scheme. It combined off-the-job training (twenty weeks under the two-year programme), on-the-job training, and planned work experience. Training consisted of modular units in broad occupational areas, such as office work, engineering, distribution, construction or transport, of which trainees studied one or several interrelated modules. The modules were based on a series of over one hundred "occupational training families". It is these modules which gave YTS its operational flexibility. The schemes were run by a "managing agent" (MA), who was responsible for organizing the training scheme and arranging provision of off-the-job training in its own classrooms or via a local college or training centre.<sup>38</sup> The managing agent received a fee and training grant from the MSC for



each trainee and was responsible for all elements of the training package. Some companies became managing agents themselves, but most employers elected to use "outside" managing agencies, such as Chambers of Commerce, non-profit or commercial bodies or employers' associations. In practice, this meant that the majority of companies that joined a scheme provided only work experience placements for the young participants, the training was provided by the MA.

In order to promote the recognition of skills acquired through YTS, trainees were assessed through personal log books and evaluations by the managing agent, leading to a certificate of achievement at the end of the scheme. This certificate did not, however, generate the support the MSC had hoped for. Some companies therefore also encouraged their trainees to work towards recognized vocational qualifications during the scheme. In some industries (such as engineering, construction and hairdressing), companies used YTS to cover the first year of apprenticeships.

*c. Continual reforms.* YTS underwent "a constant stream of reforms",<sup>39</sup> many in response to the criticisms levelled at the scheme. However, the frequent alterations precluded systematic analysis of the effectiveness of those policies. They made YTS a "moving target" both for its critics and its evaluators. Studies suggest that government initiatives were "absorbed at the points of least resistance and [were] thereby shaped by ongoing trends and rigidities",<sup>40</sup> but this very malleability may be one of the reasons that YTS was taken up by employers.

## 2. Youth Unemployment and the Adaptation of the Dual Training System in the Federal Republic of Germany

The problem of youth unemployment was in many ways seen as an acid test of the adaptability of the dual training system in West Germany. There are numerous facets to the issue; for the purpose of this study, two of the central questions were:

■ How could the system absorb the baby-boomers? This question was not only a matter of sheer numbers; it also entailed designing appropriate schemes for a wide range of ability levels among young people from all the different kinds of schools in the educational system. In addition to the traditional apprentices (school leavers from the *Hauptschule* and *Realschule*), increasing numbers of *Gymnasium* graduates (*Abiturienten*) began seeking apprenticeships rather than going to study at the university during this

period. Significant numbers of foreign workers' children also applied for apprenticeships.

■ How could the system adapt to the introduction of new technologies? The two main components of this issue that need to be examined here are the ability of the training system to provide the new skills required by the labour market, and the development of ways to prepare weaker candidates for the higher demands.

*a. The challenge to business: Meeting the demand.* Figure 3.4 illustrates the changing size of the 16- to 19-year-old cohort in the population and relates it to the growth in demand for apprenticeships. The top part of the figure indicates that the cohort size peaked in 1981, at somewhat over 1,070,000 young people, about 63 per cent of whom sought an apprenticeship (see lower portion of the figure). Although the baby-boom school leavers peaked in 1981/1982, the number of applicants for apprenticeships continued to rise until 1985 (to 768,000 young people).

The West German business community was under great pressure to provide enough apprenticeships to satisfy the growing demand. The government repeatedly launched appeals to business to help deal with the problem of youth unemployment. Moral suasion was based on multiple strands of logic: (a) the sense of tradition, which is linked both to (b) the particular training-based expertise of business in dealing with youth, and to (c) the self-interest of business in assuring itself a pool of skilled labour. Furthermore, it (d) stressed the limited nature of the problem, thereby communicating that the additional efforts required of business were in a manageable time frame and that whatever changes being made in the system were temporary; and it (e) complemented its carrot approach with some sticks, threatening to introduce a levy system and to expand its role in the training area, reducing the traditional prerogative of business.<sup>41</sup> An important milestone in the process of moral suasion was the "apprenticeship guarantee" issued by Chancellor Kohl in 1982. After consulting with business leaders, he promised that 30,000 more apprenticeships would be provided in 1983 than in 1982, i.e. a number projected to be sufficient to ensure that an apprenticeship would be available for every school leaver who sought one.

The calls to "train above need" led to a significant expansion of apprenticeships by companies. In 1977 583,900 new apprenticeships were offered, and the number grew consistently until 1984, when the peak of 726,786 new

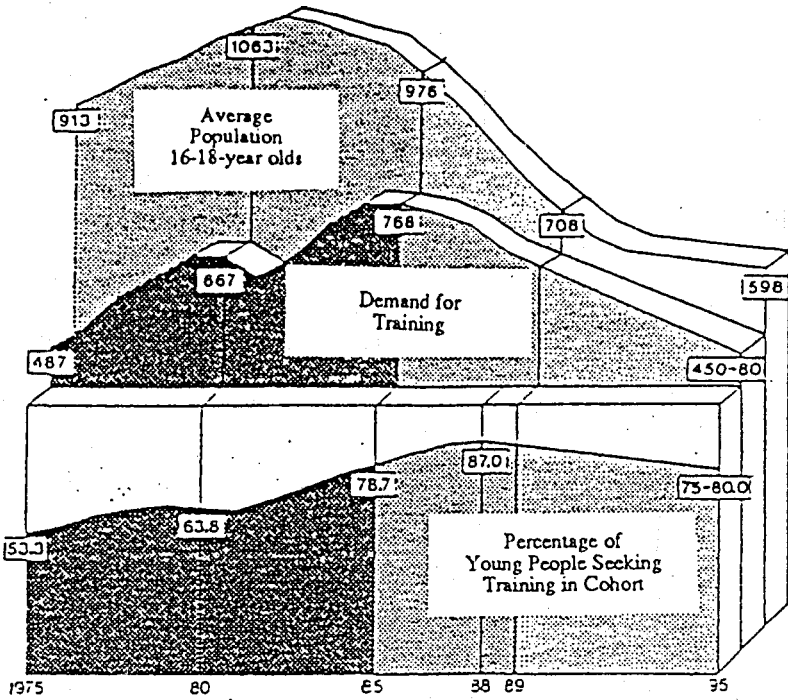


FIGURE 3.4: Development of the demand for apprenticeships in the Federal Republic of Germany in relation to cohort size 1975-1995

SOURCE: Hermann Schmidt, "Forschungsbeiträge zur Berufsbildung", in *Handbuch der Aus- und Weiterbildung* ed. Carsten Kreklau, Karl Josef Uthmann and Geerd Woorthman (Cologne: Deutscher Wirtschaftsdienst, n.d.), Section 3265, p. 14.

apprenticeships was reached.

More than a quarter of a million additional apprenticeships were offered from 1982 to 1987 alone.<sup>42</sup> As impressive as this achievement was, however, it did not come near meeting the demand. Even by conservative government estimates the shortfalls were serious, nearing 40,000 places in 1984 for example.<sup>43</sup>

*b. Changing profile of apprentices.* The rise in demand for apprenticeships was not only a quantitative phenomenon. It had an important qualitative component as well. As observed in a report by the federal government to the *Bundestag*, the profile of the "classic applicant" for an apprenticeship had changed dramatically.<sup>44</sup> Until the mid-1970s, the applicants used to be primarily 15- to 16-year-old school leavers from the *Hauptschule* and *Realschule*. Today these young people make up only 41 per cent of the applicants for apprenticeships. Over half (52 per cent) of the applicants in 1985 were 18 years old or more.

Two factors contributing to this shift in age have been identified. One is that the shortage of training places forced many young people to make "detours" into the dual system rather than entering it directly from school. Whereas young people traditionally started apprenticeships directly after leaving school, in 1984, for example, 42 per cent of the applicants had left school more than a year earlier.<sup>45</sup> As many as 28 per cent had attended some kind of preparatory vocational course after leaving school in 1983 (13 per cent of them had already left school even earlier and been in such programmes in 1982).<sup>46</sup>

Second, the upward shift in age among applicants for apprenticeships also resulted from a trend among young people to stay in school longer than they used to. The two reasons for this were that compulsory schooling was extended by an additional year in the Federal Republic of Germany, and that growing numbers of school leavers from the *Gymnasium* applied for apprenticeships. These *Abiturienten* started seeking training either instead of university studies or in preparation for applied courses of study (e.g. in engineering, chemistry or business).<sup>47</sup> This shift in interests on the part of *Gymnasium* graduates was also a reflection of their concern about rising unemployment among university graduates.<sup>48</sup>

*c. Targeted programmes to meet the different needs of "problem groups".* In response to this quantitative growth and concurrent qualitative change in demands on the dual system, numerous government schemes were targeted

at the groups who suffered disproportionately from unemployment. Among the so-called "problem groups" were socially disadvantaged young Germans, children of foreign workers, school leavers from schools for the handicapped (*Sonderschulen*), weak *Hauptschüler*, and young people without any certificates, as well as girls in general. In 1987, for example, the budget for the broadest federal programme<sup>49</sup> was DM 405 million, covering the financing of 19,000 young people trained outside companies and partially subsidizing the costs for 11,000 within companies.<sup>50</sup> The funds for the latter were primarily aimed at providing the special support that the young people needed in order to complete their apprenticeship successfully: counsellors, additional coaching, and (for foreigners) language teachers, for example. Some subsidies for significantly increasing the number of apprenticeships were also introduced. They were intended to help defray the costs of equipping the workplace and in some cases to pay the stipend of the additional apprentices for a limited period.<sup>51</sup> In addition to these large-scale schemes, model projects funded by the Federal Ministry for Education and Science were run in companies to experiment with new ways of dealing with the special problems faced by young foreigners in apprenticeships. Similarly, model projects were also organized under the aegis of the Federal Ministry for Youth, Family, Women and Health to promote the entrance of young women into apprenticeships in male-dominated occupations.<sup>52</sup>

*d. The introduction of preparatory schemes for weaker school leavers.* One of the most significant adaptations in the traditional bridge from school to work in the Federal Republic of Germany was the addition of preparatory schemes, designed for weaker school leavers before entrance into an apprenticeship or work. A variety of schemes were created, ranging from a few months to a year. All required attendance at vocational school; most involved practical experience on company premises. As early as 1977, employers and trade unions in the chemicals industry had worked out an agreement on the content and conditions of preparatory programmes that were funded entirely privately. Although most other preparatory schemes were heavily subsidized by the labour market authorities, the cooperation of the private sector was essential to their success. The business community played a major role in this innovation by launching numerous initiatives in 1983 under the heading of "practical vocational year" (*berufspraktisches Jahr*) for unemployed young people.<sup>53</sup>

Unlike apprenticeships, whose content is clearly established in great detail by tripartite commissions, most preparatory schemes allowed for individual tailoring by the company. An organization interested in running a scheme submitted a proposal describing what it planned to do with the young people and how the funds were to be used. Since the content was not regulated, the schemes did not lead to generally recognized certificates; many companies wrote reports describing the kinds of tasks the participant had performed during the scheme and introduced certificates for certain skills acquired (e.g. the use of specific equipment).

These schemes were introduced for two reasons, one quantitative and the other qualitative. Since the supply of apprenticeships could not keep pace with the demand, new options were needed to keep young people from joining the ranks of the unemployed. In 1984, for example, 50,000 young people participated in preparatory programmes financed by the labour-market authorities.<sup>54</sup> A qualitative reason given by employers for introducing such schemes was that they felt that a substantial group of applicants was not ready to undertake an apprenticeship, particularly in light of the more demanding training required for working with new technologies.

A special type of preparatory programme was introduced in 1980 for the children of foreign workers, *Maßnahmen zur Berufsvorbereitung und sozialen Eingliederung* (MBSE). The young Turks who had just recently arrived in West Germany were in particular need of assistance in learning the language and obtaining basic vocational and social competencies to enable them to enter the labour or training market. Fifteen thousand young foreign workers participated in the year-long scheme when it was first offered, but the numbers fell as the requirements for participation became more restrictive over time. The young foreigners were subsequently channelled increasingly into school-based programmes. The MBSE scheme, whose effectiveness was questionable, was discontinued in 1987.<sup>55</sup>

The emergence of such preparatory schemes in the bridge from school to work was interpreted very differently in the Federal Republic of Germany. Some observers, particularly in the business community, saw it as proof of the flexibility of the system and its ability to meet new quantitative and qualitative challenges. Others criticized it as a dangerous way of masking the true extent of the youth unemployment problem, an all-too-convenient "parking lot", and a detour allowing business to cream off the best and the brightest while putting other young people on "hold". It

remains to be seen whether the schemes will become a standard element in the transition from school to work in the Federal Republic of Germany after the demographic bulge has passed.

*e. Impact of new technologies.* The introduction of new technologies in numerous occupational fields has made it more difficult and more expensive to train. First, it has reduced the transferability of skills and thereby disturbed the traditional balance between companies and industries in the provision of training and work. Second, it has made it more difficult for many smaller and medium-sized companies to provide training facilities that comply with the updated training regulations.

Smaller and medium-sized firms in the Federal Republic of Germany have traditionally provided a disproportionate number of the country's training places.<sup>56</sup> In 1970, for example, West German firms with fewer than fifty employees trained 57 per cent of all apprentices, although they employed only 30 per cent of the workforce.<sup>57</sup> Although the training companies could not offer jobs to all their former apprentices, the young people were generally able to find work in other companies (often large ones) that had not trained enough or at all. Automobile companies, for example, used to welcome workers trained in such occupations as baking and hairdressing because it was not difficult to integrate them. (It is quipped that Opel used to be the biggest baker in West Germany, a reference to the number of bakers it hired who were not able to find work in the occupation for which they had been trained and the value that Opel placed on workers who had learned the traditional values of punctuality and cleanliness.) Essentially, the socialization acquired in the course of the apprenticeship was considered a sufficient prerequisite for achieving the level of skills needed for the job. The skills required by modern technologies, however, are far more demanding, thereby reducing the transferability of skills from unrelated occupations.

Many smaller companies simply no longer have the required technology to meet the training standards. In addition, the costs are growing disproportionately to the immediate benefits to the employer of training. The less a company can count on the productive contribution of its apprentices, the less it can benefit from training above its needs.

One response to this problem was the expansion of cooperative training between companies of various sizes, allowing small and medium-sized firms to train even if they did not have the capacity to provide the full

range of learning opportunities required by updated training regulations. The business community actively tried to generate support for this option, sending representatives of the chambers and of companies with years of training experience to persuade others to become involved. Government schemes were also introduced to promote the expansion of training through this approach, and public subsidies were provided to help equip and run cooperative training centres during the start-up phase. Companies that would otherwise not have been able to train could take on apprentices and send them to the joint training centre for part of their training. The number of training slots in such centres rose from 39,000 in 1978 to 75,000 in 1987, and the political goal is to reach 77,100.<sup>58</sup>

### **III. EMPLOYMENT**

The final step in the bridge from school to work is a "real job". It is, however, in this phase that the traditional systems in the two countries organized the least and in which the fewest additional measures were designed to combat youth unemployment. Despite the fact that research has shown that young entrants to the labour market are almost always at a disadvantage when competing with adults,<sup>59</sup> most policies in this area were geared to all unemployed people. Few were designed specifically for young people.

#### **A. BUILDING ON YTS IN GREAT BRITAIN**

The logic behind YTS, the focal point for British policy-making to reduce youth unemployment, was that providing young people with training would also give them access to jobs. Few other measures were introduced to facilitate their entry into the world of work.

##### **1. Young Workers Subsidy/New Workers Scheme**

In 1982 the British government instituted the Young Workers Subsidy, which was designed to encourage employers to give graduates of YTS subsidized posts at less than "normal" youth pay rates. This was based on the assumption that an employer would take on more young people if their pay were more competitive. It was prompted partly by the practice of not employing trainees after YOP and YTS had been completed. Since 1986 the subsidy has been known as the New Workers Scheme and has been extended



to cover 18- to 20-year-olds. Research has shown that take-up of this subsidy by employers has been relatively limited.

## 2. Enterprise Allowance Scheme

One other aspect of government policy has had a widely publicized, albeit unmeasurable, effect on the opportunities for unemployed youth. Conservative policy has embraced the concept of the "enterprise economy", one in which individuals are encouraged to go out and create their own employment opportunities, generally by setting up their own businesses. To cushion small business start-ups in the most dangerous first year of their existence, the Enterprise Allowance Scheme provides a weekly allowance to applicants who can demonstrate that they have £1,000 start-up capital and a viable business plan. The government also provides advice to owner-managers of small businesses through a Small Firms Service in the Department of Trade and Industry.

A major role in this area has been played by the development of enterprise agencies and a number of charitable trusts giving grants and loans to aspiring entrepreneurs. The enterprise agency network, which has burgeoned since the early 1980s, has operated on the principle that small businesses have special needs. Such services as tuition, advice, practical resources have contributed significantly to the growth of the small business sector.

This scheme is not designed specifically for young people, but they may take advantage of it. Since statistics on self-employment are highly unreliable, it is unclear how many young people have actually successfully pursued this course of action in preference to unemployment. The overall failure rate of start-ups is high, so this option is not strongly recommended for many young people. Nevertheless, the emphasis that government policy has placed on self-help and entrepreneurial skills--backed up by the enterprise agency movement, developments in school curricula, and the inclusion of an enterprise module in YTS--has given a radical new slant to unemployment policies in Great Britain.

## B. TRAINING: PART OF THE PROBLEM, PART OF THE ANSWER IN THE FEDERAL REPUBLIC OF GERMANY

Training as the traditional bridge from school to work used to represent a quasi-automatic key to a job in the Federal Republic of Ger-

many, whether it was in the company where the apprentice had been trained, in the same occupation in a different company, or in a different occupation. This relatively smooth transition has been threatened in the past years. Although young people with no skills still run the highest risk of being unemployed, significant numbers of young people have encountered major problems in finding work after completing their apprenticeship. In 1984, for example, the 20- to 25-year-olds who had completed apprenticeships represented 11 per cent of the unemployed (when the overall unemployment rate was 8.6 per cent).<sup>60</sup>

1. Mismatch between apprenticeships and jobs

One of the causes of the mismatch between the "apprenticeship market" and "job market" were the uncontrolled appeals for "training above need". Observers found that the policy of "training above need" had in many instances been stimulated in sectors with few employment prospects but in which training could be conducted relatively easily and cheaply. Once this effect was recognized, appeals were launched to recommend that companies be more farsighted in their provision of training, but no active control mechanisms to regulate the match were proposed.

2. Retraining and further training

Considering the emphasis placed on training as a solution to youth unemployment in the Federal Republic of Germany, it is perhaps not surprising that the primary measures instituted to deal with the mismatch between apprenticeships and jobs were retraining programmes. Retraining and further training in companies have long been used in West Germany as measures of active labour-market policy to adjust and update workers' skills. What is new as a result of youth unemployment is that these instruments had to be used for entrants to the labour market.

These training schemes met with similar responses as the preparatory schemes. Some observers considered them a constructive way of adjusting manpower supply to match demand, while others objected that the mismatch could be avoided if the young people were trained in the occupations needed in the first place and if the necessary jobs were created from the outset.

3. Employment subsidies

To a limited extent, employment subsidies were used to stimulate the creation of jobs for young people in the Federal Republic of Germany. However, since a primary requirement in almost all such schemes has been that the work be "in the public interest" and involve a task that would not otherwise have been done, the private sector was not able to participate much.

4. "Supporting measures"

A central plank in the platform of the West German conservative government (in office since 1982) is the need for government to create supportive conditions for business activities. Deregulation and the introduction of enabling legislation have been the main approaches used to help business fulfill its economic--and thereby its societal--roles. In relation to the issue of youth unemployment, three kinds of legislation were introduced.

■ A programme promoting and subsidizing the early retirement of older workers went into effect in 1984. It was intended to provide job opportunities for the unemployed, including newly graduating apprentices to whom a company would not otherwise be able to offer a job. Research indicates, however, that this option was used less than initially expected and that only 15 per cent of the replacements have been supernumerary newly graduated apprentices.<sup>61</sup>

■ A law enabling employers to conclude short term contracts of up to a year and a half was passed in 1985. In light of the appeals to companies to train above need in the previous years, this supporting legislation was designed to reduce youth unemployment by making it easier for companies to hire newly graduated apprentices on a temporary basis if no permanent position was currently available.<sup>62</sup> A major representative survey of companies shows that companies actually did not use this option much: 81.6 per cent of former apprentices hired by a training company were given permanent contracts.<sup>63</sup>

■ A number of restrictions on the working hours and working conditions of young people under 18 years of age were eliminated or relaxed to make it possible to train them in shifts and to make them more attractive employees.<sup>64</sup>

In sum, the extremely limited nature of the measures for the last--and most decisive--step in inserting young people into work contrasts starkly with the extensive range of schemes developed to enhance the training phase of the transition from school to work.

#### **IV. SUMMARY AND COMPARATIVE COMMENTS**

Under the pressure of youth unemployment, considerable adjustments had to be made in the bridge from school to work in both Great Britain and the Federal Republic of Germany. There are signs in both countries that policy-makers recognized the need to tackle the problem of the transition both while young people are still in school and once they have left school, but the greatest attention was paid to the middle step. The majority of the changes were introduced and subsidized by government, but a few initiatives were led by business. Irrespective of the source of the idea or funding, however, the success of a great number of schemes in all three phases depended significantly on the support of companies.

The West German response focused almost exclusively on training and built steadily on the existing dual system. The programmes were designed to expand on the dual system temporarily. They were generally limited to three to five years, but some were renewed. Alongside the broad schemes, several series of model projects were also launched to experiment with new ways of dealing with specific types of problems. These experiments were sometimes accompanied by research projects to evaluate their implementation and effectiveness. The underlying assumption was that skilling makes young people attractive employees, particularly when they are trained in companies, and thereby reduces the risks of unemployment. The fact that this approach did not suffice, as documented in the rise in the number of unemployed skilled workers, did not generate the same amount of policy commitment and experimentation by the West German government to stimulate employment.

Contrasting this steady and incremental expansion of an existing system, the British experience over the past fifteen years has been one of far more radical changes. It started with a temporary perspective focussed on employment and moved to the creation of a scheme intended to serve as a permanent bridge from school to work with an emphasis on training. The institutions changed as rapidly as the policies. The government tried

installing a statutory system of tripartite industrial training boards with a levy and grant system, then largely dismantled them, introduced government-subsidized training on a massive scale and submitted its agencies and regulations to numerous revisions and reorganizations.

Two broad implications of the different approaches taken to developing responses to the problem of youth unemployment appear to be important for this study. There is more experimentation in Great Britain than in the Federal Republic of Germany. And there is more homogeneity in West Germany than in Britain. Each of these features has advantages and disadvantages. The British system seems to allow a far wider range of ideas to emerge than the tradition-bound perspective that dominates policy thinking in this area in the Federal Republic of Germany. The voluntaristic and experimental approach has drawbacks, however. Activities are less widespread than when they are required, and they are often almost haphazardly appended to the rest of the system. Furthermore, a system that undergoes so much change is in a constant state of flux and therefore runs the danger of not being able to build on past experience. The West German approach tends to change only very slowly, it does not stimulate extensive experimentation and innovation. The advantages, however, are that activities are practiced more broadly, they are embedded in the system, and incremental learning can occur. In the following chapters a closer look will be taken at how the sample companies worked with the opportunities afforded by their national systems, how they made use of the advantages each offers, and how they dealt with the drawbacks.

## NOTES

<sup>1</sup>Among the most useful studies of the schooling and training systems in European countries designed to facilitate cross-national comparisons are those conducted by the European Centre for the Development of Vocational Training (CEDEFOP). See for example CEDEFOP, *Vocational Training Systems in the Member States of the Community, Comparative Study* (Berlin: CEDEFOP, 1984).

<sup>2</sup>John Grimond (ed.), *Youth Unemployment and the Bridge from School to Work* (London: Anglo-German Foundation for the Study of Industrial Society, 1979), p. 1. The study provides a succinct overview of differences in traditions and current practices in dealing with the transition phase. The conclusions and recommendations arrived at are quite controversial.

<sup>3</sup>The *Hauptschule* (ca. 10-16 years generally lead to unskilled work or training in less demanding occupations); the *Realschule* (ages ca. 10-16, usually leads to training in more demanding occupations, including those requiring additional academic

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education); Gymnasium (ca. 10-19 years, leads to university studies). In the late 1960's *Gesamtschulen* (comprehensive schools) were introduced in the Federal Republic of Germany to overcome the separation of students into the traditional three-tier system and to avoid premature decisions on streaming. They have been the subject of political and educational controversy and have not replaced the traditional schools. The decision as to which type of school a pupil is to enter is generally made at the age of ten on the basis of grades and extensive consultations between the teachers and the parents.

<sup>4</sup>During the 1970s in Great Britain, comprehensive schools gradually superseded the "dual" system of grammar and secondary modern schools which selected entrants on the basis of success or failure of the 11+ exam, and then tracked pupils through "academic" or "non-academic" syllabi, and on into bounded educational or employment sectors.

<sup>5</sup>Until 1988: the General Certificate of Education, Ordinary Level (GCE 'O' level) and the Certificate of Secondary Education for 16-year-olds; the GCE 'A' (Advanced) level for 18-year-olds. (The examination system is organized somewhat differently in Scotland.) The examination system has recently been reformed again and 16-year-olds now sit the new General Certificate of Secondary Education which replaces GCE O' levels (General Certificate of Education, Ordinary Level) and CSEs (Certificate of Secondary Education) with a unified exam designed to accredit the majority of pupils. There is some controversy over whether this will move further away from "streaming" or "tracking" pupils.

<sup>6</sup>See, for example, D. N. Ashton and D. Field, *Young Workers from School to Work* (London: Hutchinson, 1976); also "Young People and Work," Research studies commissioned and managed by M. Colledge, G. Llewellyn and V. Ward for the Office of the Manpower Services Commission, HMSO, 1978/1.

<sup>7</sup>David Finegold and David Soskice, "The Failure of Training in Britain: Analysis and Prescription", *Oxford Review of Economic Policy*, vol. 4, no. 3, (Autumn 1988) p. 23.

<sup>8</sup>*Youthaid Bulletin*, No. 3, May-June 1987.

<sup>9</sup>Laszlo Alex, "Berufsausbildung und Bevölkerungsentwicklung" in *Handbuch der Aus- und Weiterbildung* ed. Carsten Kreklau, Karl Josef Uthmann, Geerd Woortmann (Cologne: Deutscher Wirtschaftsdienst n.d.), Section 3060, p. 6.

<sup>10</sup>R. Breen, "Does Experience of Work Help School Leavers to Get Jobs?" *Sociology*, vol. 20, (May 1986) p. 209.

<sup>11</sup>S. Forbes and J. Miller, "What Should Employers Ask of the Education System?" *Personnel Management*, March 1988, pp. 32-36.

<sup>12</sup>Steve Sharples and Vikki Carty *Vocational Training in the United Kingdom*, (Berlin: CEDEFOP 1987), p. 25.

<sup>13</sup>Ibid, p. 88.

<sup>14</sup>Ibid, p. 28.

<sup>15</sup>Department of Education and Science (DES) and Central Office of Information, *City Technology Colleges: A New Choice of School* (London: DES October 1986).

<sup>16</sup>*Gymnasien* have traditionally been oriented to preparing students for university studies, but they, too, are starting to introduce some of the vocational programmes discussed here as increasing numbers of school leavers seek to pursue occupations outside the university system.

<sup>17</sup>See, for example, John Grimond (ed.), *Youth Unemployment and the Bridge from School to Work*, (London: Anglo-German Foundation for the Study of Industrial Society, 1979).

<sup>18</sup>"Training in Britain: Key Statistics," *Employment Gazette*, March 1988, p. 140.

<sup>19</sup>British Association for Commercial and Industrial Education (BACIE), *Transition from Education through Employment*, May 1987.

<sup>20</sup>"Broader Base for Recruiting Craft Trainees," *Personnel Management*, March 1988, p. 8.

<sup>21</sup>See, for example, "Young People and Work," Research studies commissioned and managed by M. Colledge, G. Llewellyn and V. Ward for the Office of the Manpower Services Commission, Her Majesty's Stationery Office, 1978/1.

<sup>22</sup>Space does not allow for a detailed description of the history and present characteristics of the vocational training system in Germany. A more thorough treatment is provided in Joachim Münch, *Vocational Training in the Federal Republic of Germany*, 3rd ed. (Berlin: European Centre for the Development of Training [CEDEFOP], 1987).

<sup>23</sup>Der Bundesminister für Bildung und Wissenschaft (BMBW), "Zur verfassungsrechtlichen Pflicht der Arbeitgeber, betriebliche Ausbildungsplätze bereitzustellen," Studien zu Bildung und Wissenschaft, no. 10 (Bonn: BMBW, 1985).

<sup>24</sup>For a careful analysis of the role of the social partners in the West German training system, see Wolfgang Streeck, Josef Hilbert, Karl-Heinz van Kevelaer, Friederike Maier, and Hajo Weber, *Steuerung und Regulierung der beruflichen Bildung. Die Rolle der Sozialpartner in der Ausbildung und beruflichen Weiterbildung in der Bundesrepublik Deutschland*, (Berlin: edition sigma, 1987).

<sup>25</sup>The discussion about the impact of the level of the apprenticeship stipend on the willingness of companies to invest in young people is controversial. There is no conclusive evidence on the relationship between the level of the stipend and the willingness of companies to train. Furthermore, proposals to introduce low stipends in other countries overlook the major role that the long cultural tradition plays in the willingness of society to accept the current conditions of apprenticeship in the Federal Republic of Germany.

<sup>26</sup>For a comparative review of the material standing of apprentices in the Federal Republic and the United Kingdom, see Volker Köditz, *Youth Unemployment and Vocational Training. The Material and Social Standing of Young People during the Transition from School to Working Life, Synthesis Report*, (Berlin: CEDEFOP, 1981). A detailed investigation of the relationship between costs and productivity of apprentices in various industries in Germany is in Ingeborg Noll, Ursula Beicht, Georg Böll, Wilfried Malcher, Suzanne Wiederhold-Fritz, *Nettokosten der betrieblichen Berufsausbildung*, Schriften zur Bildungsforschung 63 (Berlin: Beuth, 1983).

<sup>27</sup>For an informative examination of the role of the Western Allies in the introduction of civics courses into vocational school curricula after World War Two specifically to socialize workers into democratic practices, see M. E. Taylor, *Education and Work in the Federal Republic of Germany*, (London: Anglo-German Foundation, 1981), pp. 29-120.

<sup>28</sup>Werner Clement, "Is the Dual System Responsible for Low Youth Unemployment in the Federal Republic of Germany?" *European Journal of Education*, vol. 20, nos. 2-3, (1985) p. 211.

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<sup>29</sup>Its growth was clearly reflected in the MSC's budget, which increased from £125.4 million in 1974-75 to over £2 billion in 1984-85. See J. Sheldrake and S. Vickerstaff, *The History of Industrial Training in Britain*, (Aldershot: Avebury, 1987) p. 36.

<sup>30</sup>The Manpower Services Commission as such no longer exists. It was reorganized and as of 1989 called the Training Agency of the Department of Employment (in 1988 it was briefly the Training Commission). See Richard O'Brien, "The Rise and Fall of The Manpower Services Commission" *Policy Studies*, vol. 9, p. 2, 1988, pp. 3-8.

<sup>31</sup>For example, the Job Creation Programme (1974), the Subsidy for School Leavers (1976), and the Work Experience Programme (1976).

<sup>32</sup>Manpower Services Special Programmes Division, *Young People on YOP: A National Survey of Entrants to the Youth Opportunities Programme*, MSC Research and Development Series No. 3, 1981.

<sup>33</sup>*Ibid.*

<sup>34</sup>The Youth Training Scheme is described in some detail here since it is the central feature of the effort to combat youth unemployment among the companies sampled for this study. Other MSC measures have not been included because the sample companies did not generally use them.

<sup>35</sup>Richard Rose, "What's New in Youth Unemployment Policy: From Producing Jobs to Producing Training," *Studies in Public Policy*, no. 177, Strathclyde Center for Public Policy, 1989, p. 27.

<sup>36</sup>"The Evolution of A Training Scheme," *Transition from Education through Employment*, April 1986, pp. 17-21.

<sup>37</sup>David Finegold and David Soskice, "The Failure of Training in Britain.: Analysis and Prescription," *Oxford Review of Economic Policy*, vol. 4, no. 3, (Autumn 1988), p. 32.

<sup>38</sup>In 1988 regulations were changed, and scheme organizers were required to achieve Approved Training Organization status (ATO) from the MSC. The designation of Managing Agent (MA) is used in this report since it was prevalent during the period under study.

<sup>39</sup>David Finegold and David Soskice, "The Failure of Training in Britain.: Analysis and Prescription," *Oxford Review of Economic Policy*, vol. 4, no. 3, (Autumn 1988), p. 32.

<sup>40</sup>K. Roberts, S. Dench and D. Richardson, "The Changing Structure of Youth Labour Markets", Department of Employment Research Paper no. 59, 1987.

<sup>41</sup>The most explicit was the threat to charge a levy to finance training if the business sector did not succeed in providing 12.5 per cent more apprenticeships than actually required each year, in order to give the young applicants a choice of occupations. The basis for this threat was a section in the Training Promotion Act of 1976 (*Ausbildungsförderungsgesetz*) sponsored by the Social Democrats. In 1980 this clause in the law was declared null and void by the Supreme Court, because of a formality in the legislative process. Attempts by unions and Social Democrats to reintroduce a law requiring a levy have been unsuccessful.

<sup>42</sup>Bernard Casey, "The Dual Apprenticeship System and the Recruitment and Retention of Young Persons in West Germany", *British Journal of Industrial Relations*, vol. 24, no. 1, (March 1986), p. 71.



<sup>43</sup>Bundesminister für Bildung und Wissenschaft (BMBW), *Berufsbildungsbericht 1987*, (Bonn: BMBW, 1987) p. 3. The calculations conducted by the unions and some researchers point to much higher deficits each year. See, for example, the minority opinion published in *ibid.*, pp. 28-29.

<sup>44</sup>"Die Entwicklung der beruflichen Bildung für Abiturienten im dualen System", Unterrichtung durch die Bundesregierung, Deutscher Bundestag, 10. Wahlperiode, Drucksache 10/5835, Bonn, 10 July 1986, p. 4.

<sup>45</sup>Harald Brandes, Walter Brosi, and Angela Menk, "Wege in die berufliche Bildung. Befragung von Lehrlingen in fünf Bundesländern 1983 und 1984", *Mitteilungen des Instituts für Arbeitsmarkt- und Berufsforschung* no. 2, 1986, p. 289.

<sup>46</sup>*Ibid.*, pp. 290-291.

<sup>47</sup>School leavers from the *Gymnasium* traditionally sought entrance to higher education, but a significant drop in the orientation to university studies has been observed in recent years. In 1970, 90 per cent of *Gymnasium* graduates intended to pursue higher education, whereas in 1984 only 59 per cent of them wanted to study, 24.8 per cent were unsure, and 15.9 per cent definitely did not plan to go to university. By the mid-1980s *Abiturienten* represented 10 per cent of all apprentices. See: Reinhold Weiß, "Abiturienten im dualen System" in *Handbuch der Aus- und Weiterbildung* ed. Carsten Kreklau, Karl Josef Uthmann and Geerd Woortmann (Cologne: Deutscher Wirtschaftsdienst, n.d.) Section 2410, p. 1.

<sup>48</sup>Cordia Schlegelmilch, *Taxifahrer Dr. phil. Akademiker in der Grauzone des Arbeitsmarktes* (Opladen: Leske + Budrich, 1987), pp. 5-10.

<sup>49</sup>*Programm des Bundesministers für Bildung und Wissenschaft für die Förderung der Berufsausbildung von benachteiligten Jugendlichen*. Overall, the funds allotted to vocational training by the German Federal Labour Office increased from DM 1.94 billion in 1976 to DM 5.11 billion in 1986. The actual involvement of the public sector is even higher, since this figure refers only to federal funds: the expansion of government investment in vocational training is even greater when one takes into account the substantial programmes funded by the *Land* and municipalities. For example, in 1984 North-Rhine-Westphalia budgeted DM 204 million for 20,000 unemployed youths.

<sup>50</sup>Bundesminister für Bildung und Wissenschaft (BMBW), *Berufsbildungsbericht 1987*, (Bonn: BMBW, 1987), p. 109.

<sup>51</sup>Such subsidies were treated as an exceptional solution and it was always stressed that they were not to be interpreted as a policy shift away from company-financed apprenticeships. Bundesminister für Bildung und Wissenschaft, *Berufsbildungsbericht 1986*, (Bonn: BMBW, 1986), p. 262.

<sup>52</sup>The number of female apprentices in technical occupations dominated by men (i.e. by over 80 per cent) increased from 13,000 (2.5 per cent) in 1977 to 59,000 (7.9 per cent) in 1985. Bundesminister für Bildung und Wissenschaft, *Berufsbildungsbericht 1987*, (Bonn: BMBW, 1987), p. 101.

<sup>53</sup>For a description of the various types of models and the results of a survey among employers in this area, see Helga Herrmann and Reinhold Weiß, *Jugendarbeitslosigkeit. Bestandsaufnahme und betriebliche Programme*, Beiträge zur Gesellschafts- und Bildungspolitik, Institut der deutschen Wirtschaft, no. 94 10/1983 (Cologne: Deutscher Instituts-Verlag, 1983), pp. 53-103.

<sup>54</sup>Karen Schober, "Jugend im Wartestand: Zur aktuellen Situation der Jugendlichen auf dem Arbeits- und Ausbildungsstellenmarkt", *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*, vol. 18, no. 2, 1985, pp. 249-252.

<sup>55</sup>Friederike Maier, "Jugendarbeitslosigkeit in der Bundesrepublik Deutschland. Ein ungelöstes Problem", (Berlin: Wissenschaftszentrum Berlin für Sozialforschung, 1983) IIM/LMP 83-18, p. 42-43; Bundesminister für Bildung und Wissenschaft, *Berufsbildungsbericht 1987*, (Bonn: BMBW, 1986), p. 192, and Sigrid Kümmerlein, "Ausbildung von ausländischen Jugendlichen," in: *Handbuch der Aus- und Weiterbildung*, ed. Carsten Kreklau, Karl Josef Uthmann and Geerd Woortmann (Cologne: Deutscher Wirtschaftsdienst, n.d.) Section 2510, March 1988 p. 2.

<sup>56</sup>Hans E. Maier, Marcella Corsi, Gunnar John, and Frank Moeller, "The Role of Small Firms and Craft Businesses in the Professional Integration of Youth: A Comparison of the Federal Republic of Germany, France, Italy and Ireland", (Berlin: Wissenschaftszentrum Berlin für Sozialforschung, 1986) IIM-LMP 86-18, pp. 2-54.

<sup>57</sup>Bernard Casey, "The Dual Apprenticeship System and the Recruitment and Retention of Young Persons in West Germany", *British Journal of Industrial Relations*, vol. 24, no. 1, (March 1986), p. 68.

<sup>58</sup>"Überbetriebliche Ausbildungsstätten," *Informationen aus Bildung und Wissenschaft*, no. 9, 1988, pp. 123-124.

<sup>59</sup>Experts studying forms of access to the labour market differentiate between three kinds of occupations: those that are "closed" to young people, those for which young people compete with other workers ("exposed"), and those for which only young people can compete, termed "sheltered". Even among unskilled occupations, experts in Great Britain find that the majority of jobs are "closed" to young people because employers would always prefer an adult, not always for legal reasons. Adult workers are usually preferred at the "exposed" points of entry. Apprenticeships are the most clear cut "sheltered" occupations for young people in both countries. In Britain some sales and clerical opportunities are among the few other such job opportunities for young applicants. Since the apprenticeship system is so much more widespread in the Federal Republic of Germany than in Great Britain, British school leavers have significantly fewer "sheltered" points of entry than do their German counterparts. See, for example, D. N. Ashton, and M. Maguire, "The Vanishing Youth Labour Market", *Youthaid Occasional Papers* no. 3, Youthaid, London, 1983.

<sup>60</sup>Lazslo Alex, "Berufsausbildung und Jugendarbeitslosigkeit", in *Handbuch der Aus- und Weiterbildung*, ed. Carsten Kreklau, Karl Josef Uthmann, and Geerd Woortmann (Cologne: Deutscher Wirtschaftsdienst n.d.) Section 3240, p. 13.

<sup>61</sup>Bernard Casey, "The Dual Apprenticeship System and the Recruitment and Retention of Young Persons in West Germany", *British Journal of Industrial Relations*, vol. 24, no. 1, March 1986, p. 77.

<sup>62</sup>Deutscher Industrie- und Handelstag, *Berufs- und Weiterbildung 1984/85* (Bonn: Deutscher Industrie und Handelstag, 1985), pp. 31-32.

<sup>63</sup>Christoph F. Büchtermann, *Befristete Arbeitsverträge nach dem Beschäftigungsförderungsgesetz (BeschFG)* (Bonn: Der Bundesminister für Arbeit und Sozialordnung, Forschungsbericht 183, Sozialforschung, 1989), p. 120. Note that temporary contracts for former apprentices have always been possible (e.g., for young men before entering military service) if explicit social reasons were given.

<sup>64</sup>Casey, pp. 32-33.

## **4 CORPORATE RESPONSES TO YOUTH UNEMPLOYMENT: AN OVERVIEW OF THE SCHEMES**

What have companies in Great Britain and the Federal Republic of Germany done about youth unemployment? The interviews in the sample companies revealed an abundance of schemes in both countries to help young people enter the labour market successfully. Some of the activities had been introduced specifically to combat youth unemployment and was designed to have an immediate impact on the problem. Others were less direct and more long term in their orientation. Some activities existed earlier and had been intensified or expanded in the past few years.

In both Great Britain and the Federal Republic of Germany the sample companies were engaged in activities spanning all three phases of the insertion process into the labour market.

■ First, starting with school children and teachers, they were involved in schemes to provide practical contact with the world of work, information about the variety of occupational possibilities available, and advice on the job search process. By preparing them for the recruitment procedure through such activities, companies can help young people match their abilities to the needs of the labour market and improve their chances of being selected.

■ Second, a large number of schemes were conducted for school leavers to help them make the transition into the labour market and particularly to obtain the necessary training for skilled work.

■ Finally, companies contributed to reducing youth unemployment by offering employment opportunities to young people under special arrangements or assisting them in becoming self-employed.

The managers interviewed reported that in each of these areas there were a number of different ways companies could become involved. They could choose to set up and manage a scheme of their own creation. Another option was to contribute to a programme organized by the business community or other non-governmental actors. A third possible route was to

participate in one of the government schemes, often adapting and enriching skeletal guidelines.

## **I. NATIONAL PATTERNS IN COMPANY RESPONSES THE IMPACT OF DIFFERENT TRADITIONS**

Before looking at the specific kinds of schemes the respondents were involved in, it is important to get a feeling for the differences between the thrust of these activities in the two countries. The three broad categories in the bridge from school to work--school, transition, and employment--used in this chapter are helpful for grouping and looking at the experiences in both countries together. However, this cross-national analytical approach cannot be allowed to mask underlying philosophical differences between Great Britain and the Federal Republic of Germany. Each country's traditional conceptions of the responsibility of business in society in general, and of the provision of training in particular, for example, influenced the approaches that the sample companies took in responding to the issue of youth unemployment.

### **A. FLEXIBLE ADAPTATION IN THE FEDERAL REPUBLIC OF GERMANY**

Overall, the response of West German companies to the problem of youth unemployment can be characterized as a flexible adaptation of the existing system for the transition from school to work. Although activities were also found at both ends of the bridge--school-based schemes and employment measures--the main thrust of the responses by the sample companies was to expand the traditional training system.

This focus resulted from the fact that the transition from school to work has traditionally been seen in light of training, and the responsibility of business in this process is particularly clear in the German understanding of the overall role of business in society. Furthermore, a well-trained labour force is considered to be one of the cornerstones of West German competitiveness. One of the respondents stated the case with particular emphasis when he said that "the primary responsibility of business towards society is to provide job security". As several other managers also stressed, this can be achieved only through maintaining competitiveness, which in West Germany is conceived of as depending on the availability of

appropriately and flexibly skilled workers. As one company put it: "It cannot be our role to try to reduce youth unemployment per se, that is the job of employment agencies . . . . More important, it is a matter of how good, how future-oriented, and how expandable the training is. Providing good training and, thereby, the basis for future-oriented jobs is the task of such a business as ours."

## **B. VOLUNTARISM AND DIVERSITY IN GREAT BRITAIN**

By contrast, the response of British companies can be characterized as voluntaristic and varied. There appears to have been more leeway for experimentation, a freedom that may be attributable somewhat to the lack of a traditional formalized system for inserting young people into the world of work comparable to the German system. The sample companies seemed to have been quick to respond to school requests for a variety of schemes. There was some resistance to government youth training schemes, due in part to the voluntaristic tradition in British business and to the fact that there is no societal consensus that training is the solution to the problem of youth unemployment. The individualistic approach in Great Britain generated a wide range of schemes for youth over and above government-sponsored activities, and they are well reflected in the responses of the sample. Some were organized by individual companies, others by a group of businesses, yet others by business organizations. The introduction of schemes to stimulate an interest in self-employment and inculcate an "enterprise culture" among young people were another indication of the broader and more experimental nature of the response by British companies to the issue of youth unemployment.

## **II. SCHOOL-RELATED ACTIVITIES**

Every company in the sample in both countries had some kind of contact with schools, and in larger companies, every site or subsidiary had links with the schools in their catchment areas. Indeed, the interviews revealed a wide variety of ways in which companies could contribute to helping schools prepare young people for the world of work, ranging from participation in educational consultative bodies to schemes for individual school children.

The activities in this area can be seen as contributing indirectly to reducing youth unemployment through preventive or anticipatory ap-

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proaches to the problem. Companies provided inputs into the vocational preparation of young people, giving them more information about the world of work and enabling them to make more informed choices. The personal contacts that emerged between potential employers and future recruits were also useful. British respondents commented that it was generally within the last three to five years that the requests from schools had begun to flood in. One manager noted "schools have got more resourceful as spending on education has decreased."

Contrary to the commonly-held belief that the educational world is insular, the interviews with the sample companies showed that a large number of schools in both countries were eager to involve companies in their work. In most cases schools were interested specifically in obtaining the advice, knowledge and expertise of businesses to prepare young people for the transition to work. Only a few companies had been asked for money or equipment by schools. The responses from managers indicated that companies were far more likely to say "yes" than "no", even when very little direct advantage could be seen to accrue from the initiative. A great deal of time and energy was put into school activities by managers in many of the companies interviewed in both countries.

### A. WORK EXPERIENCE SCHEMES AND *PRAKTIKA*

The groundwork for many school-related activities was often laid by the experience and contacts gained through work experience programmes, or *Praktika* (as they are called in the Federal Republic of Germany) for school children. Managers in both countries saw the primary purposes of these schemes as giving school children "a chance to get a feeling for the world of work and information about an occupation". Work experience opportunities can be seen to influence the issue of youth unemployment in a number of ways.

#### 1. "A taste of work": making a contribution

Many managers were strongly critical of the vocational preparation provided in schools, and they believed that this factor played a role in the problem of youth unemployment. Some respondents therefore believed that it was their duty to help correct this deficiency, feeling that work experience was a valuable scheme in this regard. As one West German personnel director said, "if I criticize the schools, then I have to do my part and offer

the young people an opportunity to get more practical experience." The work experience project, or *Praktikum*, also provided young people with their first opportunity to apply for placement in a company, an important skill in future job searches.

2. "Sounding each other out"

Yet another way in which work experience schemes can indirectly influence youth unemployment is that they give both the company and the individual a first opportunity to sound each other out. This kind of benefit was more likely to be appreciated by smaller companies that were less well-known and by retailers and engineering companies, since these industries felt that they needed to make greater efforts to attract young applicants. British managers were more likely than their West German counterparts to mention this recruitment interest as an explicit factor. Most West German managers stressed that it was not a motivation behind *Praktika* but rather a side effect when young people later applied to them for jobs or training. The motivation to provide *Praktika* specifically to "give both parties an opportunity to get to know each other and consider a longer-term relationship in the future" was mentioned by West German managers as playing an important role in company programmes for university students.

3. Snowballing involvement

The most indirect, but possibly most important, impact of work experience schemes seemed to come from the contacts developed between schools and business in the course of organizing work experience schemes. A "snowballing" effect was very apparent in both countries. Once a company had indicated its willingness to help, it was often approached by other local schools as well, or was asked to engage in further projects with the first school. Relationships were built up, people came to trust each other, and other ideas took shape that they could cooperate in achieving. Managers reported, for example, that some teachers were initially suspicious of industry representatives, but training managers who visited were able to allay this by demonstrating that they were well aware of the difference between education and training. As one respondent formulated it, "over time, people get to know each other, then it is easy to get someone to participate."

Over two-thirds of the companies in the sample in each country had responded positively to requests for work experience and *Praktika* slots. A closer look reveals interesting differences between the two situations. The fact that the *Praktika* are a required part of the school curriculum in the Federal Republic of Germany has several implications.

4. Differences between work experience in Great Britain and *Praktika* in the Federal Republic of Germany

a. "Standard" versus "special" behaviour. West German companies appeared to consider it a "standard" part of their role in society to provide *Praktika* for school children.<sup>1</sup> By contrast, companies providing such opportunities in Britain were more likely to feel that they were doing something "beyond the norm" of what was expected.

b. *Embedding schemes into the curriculum.* Another result of the required nature of *Praktika* seemed to be that both schools and companies had years of experience in handling the task and in embedding the project into the educational development of young people. The importance of this factor is underscored by a recent article reviewing work experience programmes in Great Britain. It suggests that such placements are less valuable there than they might be because of a lack of pre-set objectives, common approaches and integration with the curriculum.<sup>2</sup>

A move in the direction of more structured and purposeful curriculum development programmes in Great Britain can be seen in the introduction of Technical and Vocational Education Initiative (TVEI) and Certificate of Pre-Vocational Educational (CPVE) schemes, through which the content covered by the pupils can be organized and documented. Just under a third of the sample companies provided this kind of work experience placements. The managers who participated in project work in these schemes thought it was an effective way of conveying information on, for example, how a company sets about designing or costing an innovative product.

c. *Providing a meaningful experience.* Since *Praktika* are a more central and planned part of the transition from school to work in the Federal Republic of Germany than work experience programmes are in Great Britain, it is perhaps not surprising that most of the companies in the West German sample emphasized that they put quite a bit of thought into how to occupy the school children. They recognized that "the kids really want to work while they are here, not just sit in a corner and stare at the wall," as one



Hamburg training manager expressed it. In practice, they explained that this meant that the company had to ensure that it had the capacity to provide a meaningful experience before accepting an application. Respondents specified that "capacity" involved two considerations: the availability of a work station with appropriate tasks, and of a person who is able and willing to take care of the young person.

## B. PLANT VISITS

A further way of providing young people with practical information to guide their search for work is by giving them an opportunity to visit companies. Companies in both countries opened their doors to visits from local schools to show young people the working environment of different occupations. Almost all the West German companies in the sample conducted these as a matter of course. Several managers commented, however that such visits were not as useful to the school children as they might be because they often were not well prepared for the experience. Two suggestions emerged for ways in which companies could make plant visits more valuable.

### 1. Apprentices as role models

A few firms in both countries involved apprentices or trainees in plant visits for school groups, because the school children could identify better with the young people than with older employees. A Hamburg company was using full-day school visits as an opportunity for its apprentices to exercise organizational and communication skills by giving them the responsibility for scheduling the tours and meetings through the various departments and for making presentations about the way the firm functions and the course of the apprenticeship. Several other companies also mentioned the benefit to the trainees of this experience.

### 2. Shadowing

In order to provide school children with a more intense experience, a few of the British companies had arranged for them to shadow staff members on a one-on-one basis. The respondents reported that shadowing was seen to have an instructive effect, either educating young people on the nature of particular roles or motivating them to aim for managerial positions. (Shadowing was mentioned only in one West German company and was designed for apprentices, not school children.)

### C. CAREER COUNSELLING

The school-related activity most directly aimed at combatting youth unemployment was the involvement by managers in providing vocational guidance. British as well as West German respondents referred to two kinds of information business is particularly well suited to provide young people with before they look for work: information about specific occupations and insights into the job search process.

#### 1. Helping young people select an occupation

One of the causes of unemployment mentioned particularly often by the respondents--and a view shared by many experts--was the tendency of young people to focus on too narrow a range of potential occupations.<sup>3</sup> Since they felt this was often due to a lack of information about alternatives or unrealistic expectations about "dream" jobs, managers in many companies felt that they could help by broadening the perspectives of young people. As a British manager commented, the "myriad" of jobs available to youngsters in the 1980s is "mind-boggling" and teachers are not knowledgeable enough to guide children's career choices. Business is in principle in a good position to identify the kinds of occupations in demand and should therefore help direct the young people to the areas in which they are most likely to find jobs. About two-thirds of the respondents in both countries indicated that they and other managers in their company "give lots of talks in schools, particularly to young people during their last year of school to help them select their future occupation and to communicate what business expects from young people." A Hamburg respondent explained, "we do not want young people to apply just because they hear that apprenticeships are available: we want to be sure that they know what the occupation involves. It is much more expensive to provide the basic information about the occupation during the application interview than in advance." A London-based computer company respondent remarked that it was essential to "dispel the myths" about "computer boffins". While employers, particularly in Britain, sometimes also used these occasions to publicize vacancies within their own companies, even those with few jobs suitable for teenagers seemed willing to give information on their industry or the professions available within it.

2. Practicing the job search procedure

An additional area of expertise managers shared with young people in schools was the application procedure, covering the letter of application, the interview, and tests. Managers went into schools and participated in role playing, for example, to practice interview situations. A West Midlands training manager used this approach to "emphasize the two-way process of an interview" by asking one pupil to play an obstreperous or indifferent applicant and another an interested and keen applicant then analyzing the situation with the pupils. He added that he "makes a fool of himself and jokes along with them because they expect to see a very formal guy in a suit and tie sitting behind a desk and being very dictatorial" because he wanted to break down their fears and misconceptions. A Hamburg training manager recommended the "job-search day" organized by a local school. People from the business community and the labour office were invited to the event to practice the whole gamut of job search activities with the young people. The pupils first went to a career counsellor, then they learned how to write an application, after which they interviewed with a manager. If the pupil was not "hired," the manager discussed the reasons for the decision, and the pupil returned to the careers counsellor for further advice and tried again.

D. BUSINESS SIMULATIONS AND ENTERPRISE AWARENESS SCHEMES

Managers in both countries criticized the unrealistic notions and generally negative attitudes school leavers often had of the business world and some believed that such misconceptions contributed to the difficulties some young people experienced in the transition to work. Two kinds of activities to counteract this problem were undertaken in Great Britain for which there was no equivalent in the Federal Republic of Germany.

1. Business simulations

About a third of the British companies in the sample engaged in a variety of business simulation initiatives launched by employers' organizations, such as the Industrial Society's "Challenge to Industry Conferences" or the Confederation of British Industry's "Understanding British Industry" projects. The competitions and conferences provided student groups with an industry representative to tutor, guide and tease teams through enter-

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prise and problem-solving exercises.<sup>4</sup> One respondent considered this the best way "to stimulate awareness of industry". Another commented that the value of these initiatives lay "in starting to relate subject matter to real things that are happening". This company was participating in a Schools' Council Industry Project, by which designers and engineers coaxed pupils through product development exercises. Those respondents who had taken part indicated that they enjoyed these events more than anything else. (None of the West German companies in the sample used business simulation games with school children, although a handful used them with their apprentices and two used them with university students.)

### 2. Enterprise awareness schemes

These schemes were designed to provide school children with a first taste of setting up a business and to inculcate an "enterprising" spirit among young people. Over a quarter of the companies in the British sample were participating in the schools-based schemes that have attracted the most publicity: the Young Enterprise and Mini Company initiatives, which one author has estimated now draw in 850 secondary schools in England and Wales.<sup>5</sup> Managers acted as tutors to groups of school children who set up their own small businesses in school. The children were invited onto company premises to hold Board Meetings in the Board room, and occasionally to manufacture using company facilities. One respondent commented that Young Enterprise is a "really first class" scheme and that "we had the wonderful opportunity of watching them work throughout the year; we got an exciting lot of feedback from the kids".<sup>6</sup>

Business simulations and enterprise activities were very highly rated by the British respondents, who thought it valuable for young people to understand better the way companies operate before they entered the job market. Managers often felt that the experiential learning afforded by these schemes was the best way for youngsters to grasp the nature of managerial and production problems. The case for entrepreneurship should not be overstated, however, since it is a serious alternative to unemployment for very few young people and the risks of failure are high, particularly for the inexperienced. However, an introduction to this option opens a perspective for young people that can be useful in the long run.

## E. SCHEMES FOR TEACHERS

Schemes for teachers are a further contribution to a long-term strategy for bridging the gap between school and work and may therefore be seen as having an indirect impact on reducing youth unemployment. Companies in both countries were involved in schemes designed to assist teachers in preparing their pupils for the world of work. In addition to providing more information about specific occupations and the business world in general, these activities had a social and psychological component. They contributed to improving relations between teachers and business by dismantling misconceptions, a factor that can also be passed on to the pupils and can influence their attitude and preparedness to work in industry. In most cases careers and vocational teachers were singled out for this kind of attention.

### 1. *Praktika* for teachers in the Federal Republic of Germany

Just under a third of the West German sample companies mentioned that they took teachers on work experience schemes. For example, a Berlin company that offered teachers a four-month *Praktikum* (funded by the state government) put them through a part of the same basic training given to apprentices, then placed them in actual production for a time. The teachers attended classes at the vocational school and were given some special training short-courses. They also tried out the application tests and discussed the incoming applications with the personnel and training managers so as to understand the recruitment procedure their pupils needed to be prepared for.

### 2. A variety of options in Great Britain

Several British companies offered headteachers places on internal management courses (e.g., organization development or personnel management). A few companies participated in Teaching Company schemes, whereby graduates studying for Post Graduate Certificate of Education teaching qualifications spent time in relevant departments in order to appreciate the industrial application of their subject. A few companies offered placements ranging from two weeks to two months during which time the teachers either conducted an assignment on behalf of the company or familiarized themselves with work within a company. In both cases the intention was for the teachers to apply this experience in their lessons.

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Pursuing the broader aim of promoting understanding between the business and teaching communities, a British manager reported that his company had joined the regional unit in the Schools-Industry Liaison Group (a national scheme) because they felt they needed a forum to appreciate the changes taking place in both education and industry. In his opinion, "hostility is based on ignorance of what's happening in each area" so "it is necessary for the average manager and teacher to start talking to each other." This engineering company was involved in secondary school projects that were aimed at "getting teachers to think how they can approach companies for projects, identifying their own needs and coordinating them with an advantage to industry, appreciating the benefits to both sides and gearing project requests accordingly. In other words, he said, they were intended to show "how teachers can sell, because if you don't sell, you don't get."

### **F. CONTACTS WITH COLLEGES AND UNIVERSITY STUDENTS**

A number of respondents in both countries mentioned a variety of activities to establish or maintain contacts with colleges and with university students. The relevance of these activities to the issue of youth unemployment differs in the two countries.

#### **1. In Great Britain: Competition for graduates**

The level of unemployment among university graduates was low (4 per cent) during the period under study in Great Britain, and the competition among firms for young people with higher education qualifications was very intense. About a quarter of the British sample companies sponsored students through college, adopting them after A-levels or midway through a course. Schemes for university students were therefore useful to companies as a way of ensuring access to a pool of qualified candidates rather than as a contribution to reducing youth unemployment.

#### **2. In the Federal Republic of Germany: Multiple links between unemployment and higher education patterns**

By contrast, there was serious concern in the Federal Republic of Germany about the unemployment problems faced by university graduates. Furthermore, many German managers were almost as critical of the university system as they were of the school system. For both reasons, then,

activities on the part of German companies to "bridge the gap between ivory tower theory and working life," as a personnel manager in a computer company said, could help improve the situation for this section of the youth population.

Just as significant was the fact that schemes oriented towards university students had repercussions for younger cohorts as a result of changing patterns of career development. Whereas school leavers with the *Abitur* (university qualifying examination) usually used to aim directly for the university, increasing numbers of them have been seeking apprenticeships before going to the university (to study business or engineering, for example). Young people pursued this dual qualification approach in response to signals sent by industry that the combined practical vocational experience and academic degrees were needed. However, many engineering and retail companies, in particular, complained that this trend was a wasted investment for the training company, since the youths left to study after completing the apprenticeship. Managers were therefore often reticent to take these school leavers. Such frustrations were not experienced by those respondents who had introduced more or less organized contact schemes with former apprentices during their university studies. The young people then often returned after graduation. Since these managers were taking a longer-term perspective, they were willing to give *Abiturienten* opportunities when other companies turned them down.

The schemes in this category ranged from work experience, research opportunities, vacation jobs and special seminars to the sponsorship of university chairs and special partnerships between companies and certain academic establishments. Almost all the British and a third of the West German companies provided vacation jobs and work experience for students on thick or thin sandwich courses, and this was often the precursor of a more lasting association. Interestingly, a couple of West German companies had students from British universities.

#### G. MODEL SCHOOL PROJECTS IN GREAT BRITAIN

Several experimental projects were being introduced in the educational area in Great Britain, either by a group of companies or in cooperation between the private and the public sector. These activities were intended to serve as models for future expansion, so although only a few of the sample

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companies were participating, they are worth looking at more closely as a source of ideas to be tried elsewhere.

### 1. City Technology Colleges (CTC)

Four companies in the sample were involved in providing financial and vocational assistance in the framework of the City Technology College programme. One respondent summed up for the others the motivation for doing so: CTC's are "lighthouse" projects that would encourage other schools to follow suit and provide young people with a stronger technical and practical preparation for the world of work. A Birmingham respondent commented that three or four more were needed in the area if it was to escape "dead trouble": "we believe that unless we can provide technical training for a range of young people, we will be in a very bad state in the West Midlands."

### 2. School links

A third of the British companies in the sample had established "formal links" with specific schools (some through the Department of Education Links Programme) and a quarter had representatives on school governing bodies. These links provided the framework for the variety of school-based activities in which the companies participated. Though many companies confined themselves to links with only one or two local schools, the majority were open to working with any school in the vicinity. In two cases the respondents had deliberately cultivated contacts with schools with youngsters from lower-class or ethnic minorities, who were more likely to be threatened by unemployment than other groups. (No such "formal linking" programme exists in the Federal Republic of Germany, although some companies there do establish close and broad relations with one or more local schools.)

### 3. London Education Business Partnership and the London Compact

One of the sample companies participated in the London Education Business Partnership (LEBP), an organization modelled on the New York Partnership, in which representatives of business and the Inner London Education Authority worked together on a wide range of issues and projects. Perhaps the best known aspect of the LEBP's work has been the establishment of the London Compact, which was designed to reduce youth



unemployment, increase pupils' knowledge of the working world, and encourage higher achievement amongst participants by demonstrating the benefits of passing exams and attending school. Three of the companies interviewed in Birmingham were involved in the planning of a "Birmingham Compact".

## H. COMMON THREADS RUNNING THROUGH THE SCHOOL-RELATED ACTIVITIES

### 1. Bridging the gaps

To summarize the range of school-related activities in both countries, it can be said that an underlying objective of many initiatives illustrated in the sample companies was to "bridge the gap"--

- from school to work;
- from childhood to young adulthood;
- between theory and practice and
- between companies and schools.

In each of these cases, managers wished to engender more positive attitudes towards industry (or their parts of it), help young people to make well-informed career decisions, and prepare them for vocational choices. By directing teenagers to available opportunities, the managers sought to alleviate any youth unemployment which was not of a structural nature.

### 2. Mutual benefits

The responses from the managers interviewed clearly revealed that both the young people and the managers learned and benefitted from these various activities. Some companies consciously used these activities as skills development exercises for their employees, ranging from specialists to trainees and apprentices. Managers, trainees or apprentices in various departments (e.g., marketing or data processing) were often drawn into presentations and discussions with schools to give them an opportunity to practice communicating about their industry and occupation. The respondents expressed great enthusiasm about the careers work in particular. The managers who moved beyond simply criticizing young people and the school system for not meeting business standards developed a better understanding for the obstacles young people faced. In actually helping to deal with the

problem they perceived, they came to appreciate the difficulties involved in choosing a career, understanding the expectations of business, and applying for an apprenticeship or first job.

### **III. TRANSITION SCHEMES**

The differences in the social, economic and political context in which business functions become particularly obvious when one looks at the ways companies have dealt with youth unemployment in the transition phase between school and work in Great Britain and the Federal Republic of Germany. Whereas it was possible in the previous section to present the findings from the two countries jointly, highlighting only the variations, the schemes pursued by business in the second phase differ so greatly between the countries that they must be looked at separately.

#### **FEDERAL REPUBLIC OF GERMANY**

The primary focus of West German company responses to the issue of youth unemployment was on the transition phase, specifically on expanding the traditional dual training system. In press campaigns, speeches, and even stickers leaders of the business community took up the appeals made by politicians, repeatedly calling on employers to "prepare for the future ... train!"<sup>7</sup> Companies "who train now contribute to opening vocational perspectives to young people and thereby to strengthening the social stability of our society," explained the heads of the key business associations in pamphlets they signed together and distributed to all their members.<sup>8</sup> These political appeals corresponded to the traditional role of business in society, and companies perceived it to be in their economic and political interest to maintain and strengthen this role. "There is no alternative to company-based vocational training for the majority of young people, neither from the perspective of these young nor from the perspective of business," stressed the peak business associations.<sup>9</sup>

As illustrated in our sample, companies built on existing expertise by following one or more of four broad routes:

- augmenting their training capacity;

- participating in government training schemes for young people who would otherwise not have been selected for apprenticeships;
- setting up or expanding cooperative training schemes; and
- running preparatory programmes designed to prepare young people for apprenticeships or work.

## A. AUGMENTING TRAINING CAPACITY

All of the companies in the West German sample had indicated on the preliminary questionnaire that they had increased their training commitment since the late 1970s, and almost all had marked that they had pursued a policy of "training above need". The subsequent interviews revealed a more complex reality, for which it is necessary first to understand the way companies calculate "need" under normal conditions.

All the managers explained that the decision on the number of apprentices to take on is normally based on a combination of factors relating to personnel planning in a three- to five-year time frame (since the majority of apprenticeships last three to three and a half years). The age structure of the workforce, the company's past fluctuation rate, and strategic plans for expansion, reduction, or reorientation are taken into consideration. Most managers indicated that their company's apprenticeship planning calculated in the fact that a number of young people will not stay on with the company after completing the programme. As one training manager in a big engineering company explained, "if we want to hire a hundred later, we have to train a hundred and twenty or so." A rule of thumb often mentioned by the German respondents is that the number of apprentices a company has at a given time should be about 10 per cent to 12 per cent of the number of skilled workers it employs.

### 1. Training above need

It is important to note that the interviews were conducted at a time when the costs to society of indiscriminately training above need were already evident. The problem of unemployment had in fact only been postponed a few years for some young people because too many of them had been trained in occupations for which it was relatively easy to provide apprenticeships but for which there were no jobs later because of insufficient demand on the market for these skills. The political costs to the

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companies were also becoming visible. Whereas it had been considered morally imperative to "train above need" a few years earlier, by 1986 the logical consequence of such an approach, namely the inability of companies to employ these young people, had become "socially irresponsible". During the interviews, a few managers indicated that they had never embarked on this policy because they had recognized the "irresponsibility" of it from the outset. Other respondents contradicted their written response, without, however, giving any rationale for not having embarked on the policy of training above need.

Ultimately, fewer than two-thirds of the sample in the Federal Republic of Germany claimed to have trained "above need". Of these, a third had been able to offer jobs to all qualified and interested apprentices after all. Such a result seems to call into question the existence of the policy in the company in the first place or the exactitude of its manpower planning techniques. But the managers interviewed attributed this unplanned outcome to unforeseen improvements in the business, the introduction of early retirement schemes during the same period in the Federal Republic of Germany, and the use of a variety of special employment measures. The extent to which the policy of "training above need" was actually pursued can therefore not be measured exactly, but the slogan nevertheless seemed to have served as a rallying point for the exploration of new and different approaches by managers to stretch the limits of their company's possibilities. It is therefore worth looking at how companies sought to open their doors to more apprentices in their traditional programmes.

### **2. Expanding existing programmes**

The two basic approaches companies reported to expanding their own training were to increase the number of apprentices in occupations already trained for, and to examine possibilities for introducing new training occupations. Most of the companies in the sample did a combination of both and their experience showed that many different possibilities existed within each of these two categories.

The first approach to expanding existing training programmes was to see whether more training stations could be squeezed into the lab, the training center, the production floor, or the office. Numerous training managers reported that they had discovered unexpected leeway. For example, a few companies that had traditionally trained only in headquarters found that

they could introduce training in their branches. As one central training manager noted, "the branch managers responded well because they were interested in contributing to solving this societal problem."

The second possibility for expanding existing programmes was to revise the content of training schemes by reexamining their optional components. For example, one pharmaceutical company found that it had traditionally been including a three-month section to the training that was not required by law. By concentrating this material into four weeks, the company was able to free training capacity to handle more apprentices. Similarly, another section of the training programme proved to have become irrelevant to current practices and was dropped.

A third way of expanding training capacity used by several managers was to restructure the programme. By making more use of block releases or a "shift" approach to training, for example, they found that they could make better use of company training facilities. While one group of apprentices was in vocational school, for example, another could be in company training.

All the managers who changed their training arrangements in these ways to increase training reported that the issue of youth unemployment had, in effect, served to stimulate a reevaluation of company practices. It had thereby led to improvements in their traditional training programmes.

### 3. Introducing new occupations

Approximately a third of the West German companies had chosen to expand their training capacity by introducing new occupations into the company training programme. Slightly more than half of them found that it was possible to train young people for jobs the company required but for which it had previously hired skilled workers from the labour market. The types of jobs that were mentioned most often in this context were infrastructural, like cooks, packers, and warehouse workers. One large company had even started training its own roofmakers.

A few companies had increased their training capacity by introducing new occupations beyond those regulated in the dual training system. The computer companies, for example, reported that the business required new kinds of skills not appropriately provided for in traditional occupational categories. Several companies in Hamburg had started training young people in the "*Hamburger Modell*" programme, which prepares apprentices

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for a special combination of office skills. The vocational profile is not yet included in the standard dual system but is officially recognized and certified by the Chamber of Commerce in Hamburg. A few companies had also introduced training schemes for jobs at the lower end of the skills spectrum, in sales and warehouse work, for example. In these cases, the managers believed that the upgrading of vocational profiles that had taken place, largely as a result of the introduction of new technologies, had left gaps that could be filled by less qualified personnel, for whom appropriate training programmes and certification were needed.

The development of new occupations is relevant for dealing with the problem of youth unemployment in the Federal Republic of Germany because it represents an attempt by business to improve the preparation of young people for emerging jobs rather than simply sticking to the old occupational description and risking unemployment in the short or long run. In order to establish the new occupations firmly in the traditional system--and to counter criticism that they are simply attempting to circumvent training regulations--sample companies worked closely with the Chambers, trade associations, works councils, unions, and state educational authorities to have the training programmes and the resulting job titles officially recognized.

It is worth noting that the expansion of training in these different approaches was funded almost entirely by the individual companies. Only two respondents reported having used the public subsidies designed to stimulate the creation of additional training slots.<sup>10</sup> It was not clear from the interviews why the uptake of this particular government programme seemed to be so low among the sample companies. Size might have been a factor, since the subsidy of a maximum DM 5000 per additional training slot may be seen to be a greater incentive in small companies than those in the sample, which all had more than 250 employees.

#### 4. Primary considerations in expanding training programmes

Regardless of whether the management decided to pursue a policy of training "above need" or to maximize training capacity for company needs, there were two primary considerations in the sample companies.

*a. To maintain the quality of training.* All the respondents stressed this aspect and pointed out that a company must be careful not to take on more apprentices than the trainer can handle. In the engineering and chemical

companies the most commonly mentioned figure was a maximum of 15 or 16 apprentices per trainer. Retail stores, where much of the training is on-the-job, did not have as clear a rule of thumb. Those with smaller outlets mentioned two to three per store manager. The respondents were emphatic that taking on more young people at the expense of quality was simply counterproductive.

*b. To train for jobs with a future.* The managers stressed the importance of training in occupations for which there are job prospects. A major criticism levied by respondents at training conducted outside business was that such schemes are often out of touch with the labour market and risk training for occupations in which there are no jobs.<sup>11</sup> Several managers advised that it is "important to look beyond the most traditional and well-known occupations to determine what is really needed today and in the future. There is no point in training people in occupations which will only lead to unemployment. This is only postponing the problem by three years."

As one manager noted, this perspective is important both for the young people in question and for the company itself because "training young people in an occupation in which they cannot find work later is a major psychological strain on a company." Many of the managers interviewed had found that the employees responsible for apprentices invested emotionally in this work and were therefore frustrated when the effort seemed to come to nought if the young person joined the ranks of the unemployed. It then became difficult for management to motivate employees to take on apprentices again.

## **B. PARTICIPATION IN GOVERNMENT-SUBSIDIZED APPRENTICESHIP SCHEMES**

Over a third of the companies had participated in government-subsidized schemes to train young people facing the highest risk of unemployment: children of foreign workers, young Germans from socially disadvantaged backgrounds and often not having completed school, and young women.

The difference in content between this type of apprenticeship programme and the traditional one lay only in the additional supporting measures introduced to help the young people deal with the challenge, such as language courses, coaching sessions for vocational school, and special counselling. Both the theoretical and the practical content were the same, and

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the apprentices on the special programmes took the final examination alongside other regular apprentices.

### 1. Distribution of the schemes

The type of scheme that was least well represented among the sample companies was that designed to reduce the unemployment rate of young women by opening apprenticeships to them in occupations traditionally dominated by men. These were not applicable to the retail sector. The majority of respondents in companies with technical occupations for which such a scheme might have been relevant gave several reasons for not having done so. They indicated that their evaluations of applications were not sex-biased, that they already had young women apprentices in technical occupations and that the number of female applicants was too low to permit schemes to run anyway.

By contrast, about a third of the companies in the sample had participated in special schemes for young foreign workers and young Germans. Of the companies in the sample running such schemes, half had run the government schemes for foreign youths before running one for disadvantaged young Germans. Most of the respondents indicated that this was usually because the conditions for the government scheme had changed over time so that fewer foreign youths qualified. The companies therefore applied their experience and opened training to young Germans whom they would not otherwise have taken on the normal training contingent. A training manager explained that the shift in his company had been a conscious one: "We had done something to help the children of foreign workers, so we thought we should do something for our own."

### 2. Organizational considerations

The level of responsibility taken by the company for the young people differed significantly. It ranged from full integration of the apprentices into the regular programme to the provision of three to six months of on-the-job training modules for young people whose apprenticeship contract was held with another organization (e.g. the training agency of the Employers' Association or a church-based youth organization). Most of the companies took the young people in for the whole apprenticeship, but arranged the formal contract through an external organization because regulations generally required that the government subsidy be paid to a nonprofit



organization rather than directly to a private company. About a third of the companies running such schemes cooperated with different organizations at the same time and took in young people for shorter periods from each of them.

The extent to which subsidies were used for these schemes differed. Depending on the programme, government funds could be obtained to help defray the outlays for the apprentices' stipend, materials used in training, and for the trainer's time. The subsidy never covered the whole cost, however. As one personnel director pointed out, "a company probably takes things more seriously if it invests in it as well and recognizes its own interest in the project than if it gets everything for free."

### 3. Supporting measures

The respondents stressed that running such schemes was definitely more demanding than the usual programme. The young people needed much more attention and help to complete the apprenticeship successfully than did the usual apprentices. The managers in the sample who had dealt with these target groups either in apprenticeships or in preparatory schemes noted the problem of the high drop-out rate, a phenomenon they were not accustomed to on their regular training programmes. They had used a number of supporting measures to help the young people deal with the educational requirements of the apprenticeship and social demands involved in becoming integrated into the workplace.

On the educational side, almost all the companies had found it necessary to introduce special coaching sessions to help the young meet the requirements of vocational school. The trainer, other employees, or a specially hired teacher gave classes in the company to make up for the educational deficiencies of the young people.

To deal with the social adjustment problems, almost all the companies had assigned counsellors or mentors to the young people. Most of the companies had found that the identification of mentors was valuable because they helped the young people to get to know the ropes socially as well as technically. Several respondents stressed the value of establishing contact with the parents from the outset, for example, by inviting them to a recruitment interview or to a meeting and plant visit at the beginning of the apprenticeship in order to enlist their support, too, for their child's commitment to the apprenticeship. Several companies had found that the

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young people benefitted from developing a group identity rather than being individually isolated among the workforce.

A particularly far-reaching scheme had been conducted by a food retail company in West Berlin. The pilot project, run under the aegis of the Federal Ministry for Youth and Family, had pursued the dual goal of training young people from two of the groups facing particularly high risks of unemployment and at the same time promoting cultural understanding between young Germans and Turks in West Berlin. While the costs of duplicating the scheme would be prohibitive for a company without public funds, it generated ideas that were transferable at little or no cost. The company had paired young Turkish apprentices with young German ones throughout the training period and had enriched the programme with numerous social activities designed to help the young people share and appreciate their cultural differences. The personnel director commented that many of the lessons the company had learned in running this project were equally applicable to other groups of apprentices. The scheme had underscored the importance of the social aspect of training, ranging from the involvement of parents, the development of a group identity among the young people, to the organization of leisure activities with other employees. The project highlighted the fact that the successful completion of a training scheme depends not only on the individual, but also on the commitment of his or her social environment.

### C. ORGANIZING COOPERATIVE TRAINING

The concept of cooperative training is not new in the Federal Republic of Germany but it was consciously developed in the past few years to expand the business community's overall capacity to absorb school leavers in order to reduce the problem of youth unemployment. Half of the sample companies were involved in cooperative training: almost all the engineering and electronics, half of the chemicals and a few of the retail. In both West Berlin and Hamburg managers from companies with years of training experience had actively sought to persuade other companies that had not trained in the past or that could not continue training because of the requirements stipulated in the new regulations to consider this option. Two basic forms of cooperative training can be distinguished.

1. **Company-based cooperative training**

The traditional approach has been for one company to take on the apprentices of another. The respondents explained that this was done when one company did not have the necessary equipment or expertise to handle the entire training programme. The sample companies showed that there are several possible models of cooperation.

One approach could be called "cooperative training by exchange". In this case, one company offered one portion of the training programme and another company a different one, depending on their area of expertise. Several chemical companies in West Berlin, for example, had been working together in this way, since one specialized in tablets, another in salves, and a third in liquid medication. Together they were able to offer apprentices experience with the full range of products and techniques.

The other, more common, company-based cooperative training arrangement found in the sample was fee-paying. Instead of exchanging apprentices, one company paid another to conduct part of the training for its apprentices. Almost all the large companies in engineering and several in chemicals took on apprentices from smaller companies, usually into the training workshop or laboratory. The retail companies involved in cooperative training offered a period of practical experience to apprentices from other companies, focussing on areas in which help was needed, such as showcase decorating.

2. **Cooperative training in business-run centres**

The second basic type of cooperative training scheme represented in the sample made use of specially founded training centres run by an agent of the business community (often related to the relevant employers' association). The respondents involved in such ventures explained that companies collaborated to set up joint training centres because they believed that the training provided by business is best. Rather than letting government or unions "encroach" in this area and arrange for training, the companies had organized centres for themselves. One of the cooperative training ventures was funded exclusively by the business community, the three others were run with the help of public subsidies under the government programme promoting the development of such centres. The respondents in chemicals and engineering reported that the average monthly fee charged per participant in cooperative training was DM 800-

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1,200 (in addition to the apprentice's stipend, which was paid directly by the company to which the young person was apprenticed).

### 3. Organizational considerations

The respondents provided some organizational insights that applied equally to both forms of cooperative training, company-based or centre-based. The most common approach towards organizing the training schedule among the sample companies was for the apprentices to spend the first year at the training site, covering the breadth of the basic training. They then returned to the "mother" company for most of the remaining period, intermittently attending blocks of special courses at the training centre or training company and often for a last preparation before the final examination.

One of the issues that the managers brought up frequently in the context of cooperative training was the maintenance of contact with the apprentices by the company with which the apprenticeship contract had been signed. Most of the companies made special efforts to keep in touch with the young people by sending the company trainer to the other training site or by ensuring that the apprentices came in to the "home" company at regular intervals. As one training manager stressed, "it is important to make sure that the feeling of estrangement doesn't even start to emerge, the young people need to feel that they belong to us."

This concern underscores the importance attached to training as a socialization and bonding process during which the young person comes to know and understand the company. A couple of companies had not actively built bonds with their apprentices during their training elsewhere and they subsequently reported having more difficulties integrating (and therefore keeping) the young people after their return from the cooperative training scheme.

## D. PREPARATORY PROGRAMMES

Probably the most significant change to have occurred in the traditional transition system in the Federal Republic of Germany in the past decade--as a direct response to the issue of youth unemployment--was the addition of the pre-training phase. Two-thirds of the companies in the sample had been involved in some kind of preparatory schemes. A few companies ran the schemes themselves, most worked in cooperation with

another organization (e.g. non-profit social or business association). The majority of the schemes were partially or fully subsidized.

### 1. Objectives

The purpose of schemes run under this heading was two-fold: to prepare the young people for an apprenticeship and/or for work. Some respondents noted that the two types of purposes can be at odds with each other. The labour office tended to want to get the young people into work, whereas the companies tended to believe that it was in the best interests of the young people to take up an apprenticeship because, in their opinion, "just working can never be more than a short-term solution."

### 2. Model scheme

A great variety of activities were observed under the banner of preparatory schemes, so it is not possible to describe a "typical" approach. The model run by a major chemicals company in the sample (and anchored in a collective bargaining agreement in the chemicals industry) can illustrate one of the possibilities. The scheme consisted of a year-long programme, starting with three four-week introductory courses in the company in a number of different areas. These were designed to give the young people a feeling for the range of possibilities and basic training in each. The participants then decided which of the areas they wanted to focus on and they were given work experience in the company for the remaining nine months.

### 3. Considerations in running preparatory schemes

A main concern expressed by respondents running such schemes in all three industries was that the content of the programme must be seen to be substantial and the length appropriate, so that the young participants did not feel "exploited" or experience the scheme as a mere "parking place". One approach to the content aspect used by several firms was to document the material covered by the participants during the scheme and provide the young people with a certificate they could show to future employers. Most of the schemes ran a year, but the amount of time spent in the company ranged from three months to a year, depending on the type of occupation involved and the arrangements made by the external agency (if the company was not the sole organizer of the scheme). Some managers stressed the

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importance of giving the young people a goal to work towards: in a few companies the participants were promised an option for an apprenticeship or a job from the outset if they completed the scheme successfully.

The second main consideration in running preparatory schemes was to provide appropriate support programmes. All the respondents who had had experience in this area noted that, over and above the compulsory schooling the young people pursued during this year, strong support was needed from counsellors specially trained in social work. In many cases the companies had also identified "mentors" for the young people to help them deal with both the technical requirements of the job and with the challenge of social integration at the workplace.

### **E. CONCLUDING COMMENTS: HIGH RESPONSE RATE FROM WEST GERMAN COMPANIES IN TRANSITION PHASE**

In summary, all but one of the companies in the West German sample had undertaken one or more kinds of measures to expand their training capacity in response to appeals to help reduce the problem of youth unemployment. Although some of the companies suffered from the recession during this period, their training commitment was not curtailed but rather actually increased. The respondents in these companies attributed this fact to recognition of the long-term need for a more highly skilled workforce and the awareness of the impending decline in the numbers of school leavers. Over two-thirds of the sample companies ran preparatory and/or training schemes for disadvantaged groups, West Germans or young foreign workers, in addition to their regular training programme. This seems to demonstrate a relatively keen problem awareness of the specific difficulties faced by these young people and a willingness on the part of the companies to make special efforts to integrate them into the world of work.

## **GREAT BRITAIN**

British companies, like their West German counterparts, could elect to help young people make the transition into the workplace by participating in government schemes or by running their own schemes. The dominant government scheme for this purpose was the Youth Training Scheme

(YTS), and the research among our sample companies indicated that the focus of activities by British companies during the transition phase had been on offering youths placements in this scheme. Of the companies in the sample, only one had never participated in the programme, and between them the other companies were taking about 1,600 trainees per year through this route. As evidenced in the sample, companies also developed their own schemes, sometimes after having worked with YTS for a time, and they participated in schemes run by other organizations.

The economic, organizational and technological pressures on the British sample companies influenced their general youth employment and training policies. The respondents indicated that decisions on the number of trainees to take on were largely determined by company forecasts of manpower requirements. Although the British companies in the sample, like their West German counterparts, reported that they use a two- to five-year timescale, for the vast majority of respondents throughout the 1980s this scope was, in fact, subject to stringent headcount controls based on turnover and profitability. By contrast to the situation in the Federal Republic of Germany, only one company in the sample set out with the explicit intention of maintaining a set percentage of the workforce (that is, 2.5%) as "youth in training". In a few cases, the express permission of the Chief Executive or Board was required for all recruitment. One training manager commented: "Every year I ask for more than I get because the Board cuts the numbers down from a cost point of view". For other firms, parent companies imposed headcount restrictions on what were supposed to be autonomous profit centres. In light of this manpower policy, it is not surprising that only one company (in one of its locations) consciously set out to train "over and above need". (In effect, all companies that offered YTS placements for young people who did not ultimately go to work for them could be said to have been training "above need," but it is interesting to note that this did not become either a positive or a negative slogan in Great Britain the way it did in the Federal Republic of Germany.)

A further factor reducing opportunities for young people evidenced in the sample companies is that many organizations had frozen or dispensed with the types of jobs formerly taken by teenaged recruits. This applies to white-collar administrative and clerical posts, unskilled production jobs and apprenticeships. Other respondents reported that changing needs for skills had raised the entry criteria for recruits. Companies in sectors with tradi-

## ***Making Ends Meet***

tionally high labour turnover rates were still engaged in almost continuous recruitment, though not necessarily in the youth labour market.

As can be seen, there are a variety of ways in which recruitment of young people was "squeezed" by the sample companies in terms of overall numbers, the numbers entering certain kinds of jobs, and the levels of ability and achievement represented. Participation in the various schemes designed to counteract youth unemployment by providing training or work experience within companies was influenced significantly by such mainstream recruitment and employment policies. In turn, schemes like YTS were a major determinant of the employment and training activities adopted by many companies.

### **A. PARTICIPATION IN YOUTH TRAINING SCHEMES (YTS)**

Of the 35 companies in the sample, 28 were participating in YTS at the time of the interview. Only one company had never taken part, although it had wanted to, because its scheme did not get off the ground. The remaining 6 had conducted YTS at some stage, but had stopped for various reasons. In two of the cases the companies had replaced YTS with a scheme of their own. Almost half of the companies had previously participated in the forerunner of YTS, the Youth Opportunities Programme (YOP), and only one of them had failed to follow this up with YTS.

#### **1. Vocational orientation and scale of schemes**

The flexibility of the modules designed by the Manpower Services Commission (MSC) for YTS permitted the companies to conduct the scheme for a wide variety of vocations and on an equally broad spectrum of scales. In fact, many of the sample companies were running more than one scheme. The two largest companies accounted for nearly one-third of the total placements in the sample and five had just over 1,000 trainees amongst them. The larger engineering companies (two out of three with headquarters in Birmingham) and the high street retailers were the providers of the largest schemes. By far the most common were white-collar schemes, which were usually small, generally ranging from just a few to a dozen participants. About a third of the companies conducted schemes that contributed to craft or technician apprentice training courses. The majority of these, too, involved small numbers, with the exception of one that provided four hundred places. For some of these companies, YTS



represented an opportunity to restart or expand training, particularly apprenticeship, schemes that had suffered during the recession. Five additional schemes were run in the manual trades, and further schemes provided training in places such as laboratories, canteens, stores, and gardening.

Since many of the companies in the sample had national coverage, it was difficult to ascertain where trainees were based, but it would appear that more YTS placements were being provided by the sample companies in the West Midlands than in West London, probably at a ratio of 2:1. The three retail chains with headquarters in London spread trainees thinly across the whole country, whereas other employers tended to concentrate trainees on fewer training centers.

## 2. Modes of organization

Two-thirds of the companies in the sample used external managing agents to organize the scheme, take care of the paperwork with the MSC, and arrange the off-the-job training. A third of the companies were, or had been, managing agents themselves. Some companies with managing-agent status used it to run a scheme just for their own YTS trainees, while others helped coordinate schemes for other companies too.

## 3. Sample schemes

Since YTS was designed to cater to a wide variety of companies and young people, it is worth taking a look at a few schemes to get a feeling for the range of ideas companies put into practice. One company, for example, served as a managing agent for a group of about twenty other local, mostly engineering, companies varying in size from over two hundred employees to one-man operations. The company training officer and his staff coordinated the scheme, visiting participating companies to ascertain their needs and to ensure that guidelines were observed, processing applications, acting as mentors to trainees and coordinating with tutors at the local further education college. An appropriate training scheme, based on a company's individual requirements, was agreed at the outset. Trainees were sent for up to six months' of off-the-job training at the local college, after which time they proceeded to work experience in the company that had selected them. After a two-year YTS programme they went on, if appropriate, to pursue the

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remainder of the engineering Industrial Training Board craft and technician apprenticeships, for which their YTS certificate gave them exemptions.

This scheme may appear too ambitious for the majority of companies, but the training officer commented that after the "headaches" of setting it up, costs were covered by MSC grants. Since the company's own apprentice training centre had to be closed, the scheme also provided continuing employment for its trainers. And, as the respondent noted, "youngsters are the lifeblood of industry. If a company is going to survive, it has to pull youngsters in at the bottom, it's essential." This respondent advocated company-based managing agents, and he used arguments similar to those heard for company-based training centers in the Federal Republic of Germany. He felt that managing agencies which run YTS "as a business" could not provide as good a training as engineering companies could: "they have no engineering background to fall back on and their knowledge of it is very limited. They can't get companies to do work experience for them. They have to go cap in hand. And they get fewer jobs at the end, whereas the lads on my course sell themselves."

A pharmaceuticals company that also had managing-agent status ran a secretarial YTS for up to twenty-five teenagers a year. Trainees were put through a company selection process, and not necessarily all training places were filled if the company could not find applicants it believed were not of the right calibre. The off-the-job training for which the company was responsible as its own managing agent was provided by two tutors from the local college, who were hired to come to the company. There was thus always a tutor in the workplace. Trainees spent half a day training and the rest of the day working. During their training time they acquired formal secretarial qualifications. The costs of the scheme were covered by the managing-agency fee that the company received from the MSC, although the labour costs of the trainee's supervisor were not included in the YTS budget.

A West Midlands retailing operation achieved managing-agency status for each of its stores, but the schemes were still overseen by headquarters. As part of managing-agency regulations, an equal opportunity policy had to be drawn up and company executives became aware of racial issues. After conducting a staff "census", the management decided that in a multi-cultural area it was "unacceptable" that "stores tended to be white only". The company introduced a Code of Practice on equal opportunities, monitored the

racial origins of applicants, formalized recruitment procedures and set targets against local census figures for ethnic minority groups. The company set about "very consciously trying to attract black applicants", targeting local schools and black community organizations in the city. "The more you know, the more you change stance. You can't say any more, 'well, they don't apply,'" commented the respondent. After three years, the YTS intake was said to "reflect the local population" in its makeup. The company reported that it was "reasonably selective" in choosing YTS trainees, using communications skills, basic numeracy and appearance as selection criteria. However, there was a policy of taking on a certain number of trainees each year at below the usual calibre for staff. These trainees usually numbered a third of the total. The respondent noted "they're not taken on as employees, so we give them a chance. Time often makes a difference."

Yet another approach to training young people is illustrated by a West Midlands chemicals company that used "Employed YTS", an option taken by very few companies in the sample. The trainees had full employment contracts with the company. The company received a grant from the MSC and was obliged to release the young people for training. A handful of teenagers were taken on each year in white-collar technical areas. They were put through a comprehensive training programme, which entailed circulating between departments to learn about estimating, surveying, purchasing and contracts so that they could "see the process right through," as the respondent explained. They were also sent to college on a day-release basis to study for BTec. The personnel manager said the company was trying to second them to subcontractors to see products being used or installed on customers' premises. The trainees were in a unique position in the company of having experience in all aspects of the contracts process, and their development enabled the company to recover from staff cuts during the recession. As the manager noted, "maybe if we hadn't had Employed YTS, we would be feeling the strain more."

#### 4. Tension between training and employment

A major issue that emerged from the interviews with the sample companies is the relationship between YTS and "proper jobs". This debate underscores the fluidity of the borderline between training and employment in the British system and at least four themes appear to run through it.

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*a. The perspective of a job after training.* One theme touched on by many respondents and on which they had different views and policies was the responsibility of the company to provide the participant a job after training had been completed. Several employers recognized that trainees in such schemes could suffer from prolonged periods of suspense, uncertainty and "probation". Therefore, they made it clear from the outset that there would almost certainly be no job at the end of the training period for the majority of the trainees. Other companies indicated that all trainees would subsequently be employed if, as one respondent put it, "they keep their noses clean". Many respondents believed that training of itself offers little or no intrinsic motivation to teenagers, and obviously thought that the only extrinsic motivator was the promise of a job, which they then tended to offer. In that instance, the trainees became part of the company by being absorbed into mainstream recruitment, training and manpower policies.

*b. A job before completion of training.* A second issue discussed by the respondents was the appropriateness of offering trainees jobs before they had completed the training scheme. In the sample companies the trainees were often taken out of a scheme they had not yet completed and were given a permanent job. Opinions differed significantly on whether this is right. Some managers felt it was "unfair" to keep them on YTS longer than absolutely necessary. Others, scared of losing the best trainees to permanent jobs elsewhere, made a point of securing talented trainees as early as possible by offering "proper jobs" to them. As one manager said, "the fact that she's come off YTS doesn't matter. Never mind whether or not she's going to college every week, she has a full-time job which she enjoys doing and we're getting something for it. I regard that as a success story." A minority ensured that in those circumstances training was completed on a day-release basis, but the majority of respondents seemed to share the teenagers' view that a "proper job" is more valuable than a training scheme. One company offered "Employed YTS" status to valued trainees as a means of retaining them.

*c. Rate of pay.* Some employers disapproved of YTS pay rates and augmented them. Others augmented basic rates progressively over the course of the scheme in order to retain trainees who might be tempted away by higher rates of pay in "proper jobs". Over half of the employers paid for extra training for nationally recognized qualifications like BTec, City and Guilds and Royal Society of Arts certificates, many because they regarded

these as better incentives to complete the scheme than the YTS certificate. These employers believed it was important that trainees acquire "meaningful" qualifications during the YTS period and have their learning certificated in a widely understood way.

*d. Length of training.* With the exception of the providers of craft and technician apprenticeships, respondents tended to regard the second year of YTS as largely redundant. One training manager, who had been on a study trip to the Federal Republic of Germany, commented that he could not imagine what West German companies do with their trainees for two or three years. Another said, "if you can provide a two-year training place, then you ought to have someone working there anyway."

## 5. Taking stock of YTS

*a. Assessing quality.* The majority of the respondents thought that their own schemes were good or excellent. Even the companies with a more instrumental attitude valued training highly. Some noted that YTS trainees received better training than did payroll staff. Although they often criticized the guidelines of the MSC, they were happy to relate MSC approval of their work with the young people. The majority deplored other employers who "abuse" YTS, the most frequently criticized being hairdressers; non-retailers criticized retail schemes, but the retailers themselves were at pains to refute this charge.

*b. Improving training.* In a handful of cases, the adoption of YTS had stimulated improvements on other training schemes, which were adapted or became more systematic because YTS was seen to be more sophisticated or effective. In one instance staff demanded to participate in some elements of YTS. Respondents also often commented on the beneficial effects on other employees of YTS trainees. Some employers valued it for its "internal PR" advantages, but more spoke of the satisfaction gained from teaching one's job to someone else, having teenagers about the place and seeing them "blossom".

*c. Becoming developmental.* Perhaps the most notable effect of participation in YTS was the changed attitude it engendered in the majority of employers in the sample towards the issue of "transition to work". For many, this was the first time they had actually worked with 16- and 17-year-old recruits. One noted that she had been "shocked" to realize "how young they are at 16" and how "awe-inspired they are at first". Other employers

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had come to see teenagers much more as "latent potential" and many of them pointed to the useful function served by YTS in personal development terms. A word frequently applied to new trainees was "mouse-like". Apparently, the school leavers did not know at first how to relate to people in an office, factory or shop setting; they were reluctant to use their initiative and had no self-confidence; they could neither answer telephones, nor open bank accounts nor fill out forms. Some had attendance and punctuality problems. Improved work performance very frequently accompanied an increase in self-confidence, especially when trainees were academic low-achievers.

It may be that MSC grants encouraged the sample companies to take a more "developmental" attitude towards young people by removing the pressure upon them to obtain "a fair day's work for a fair day's pay". One respondent commented, "We're not Mum, we're not school and we're not an employer - we're in between. It's hard work, but when you see the changes in them, it's worth it".

*d. Fruits of versatility.* In summary, the experience of the sample companies suggests that YTS was attractive because of its chameleon-like quality. It could be adapted to meet the requirements of companies with quite dissimilar recruitment and training needs. The scheme served a variety of functions, including recruitment and selection, basic training for company needs, financial assistance with company-specific training, and transition or acclimatization to work for raw recruits. The longevity of schemes in over half the companies surveyed was a reflection both of the concern about the issue of youth unemployment and of the way YTS could contribute to a company's own manpower needs. As one respondent put it, it can be "a win/win situation".

*e. Limits of responsiveness.* Unfortunately, however, it is striking that very few companies had consciously used YTS to develop those young people most at risk. Although several employers commented that it was essential to select trainees at the appropriate level of ability for the likely job vacancies for which trainees would be eligible, the majority were in pursuit of the "best available". This policy was particularly evident in West London, where teenagers in YTS were very often perceived to be "unemployable and untrainable". This seemed to be because the burgeoning economy of West London could absorb all but the least able school leavers, making YTS the repository of what one respondent harshly called "the dregs". But these

were the very individuals most in need of assistance by youth unemployment schemes. Ironically, it was a company that had abandoned YTS that expressed the most positive attitudes towards teenagers of lower ability, making a virtue out of its need to recruit large numbers of youngsters. "They're not trash, they're not no use. They're raring to go, they're hard workers. They're great kids, properly motivated." This company regarded training as a great motivator, giving such employees the chance to "prove themselves" and "achieve something". Less than half a dozen companies seriously tackled the issue of racial equality within YTS, and about the same number faced up to sexual stereotyping. "Problem" youngsters were still more likely to be sacked than "rehabilitated".

## B. "PRIVATE" SCHEMES

A few companies in the sample had launched their own schemes or contributed to schemes run by other private organizations. In most cases private schemes were run instead of YTS. The reasons for doing so ranged from frustration with the regulations and a weak YTS infrastructure in the area to a sense of corporate responsibility. Sometimes more than one of these various reasons were involved. As one respondent said, "why put them on a £25-a-week training scheme when we can train them and mould them into what we want anyway, using our own resources? It seems a little bit unfair when we've got vacancies and we can employ them."

These schemes were all small and therefore represented only a drop in the bucket in terms of dealing with the problem of youth unemployment. It is, however, worth looking at a few of them briefly to obtain a sense for the different kinds of options some companies were pursuing.

### 1. Giving the "unemployable" a chance

Out of a sense of wanting "to do good", a pharmaceutical company that had had experience with YTS in the London area and had relocated to a more rural setting where YTS was moribund decided to replace it with a vocational training programme for local "unemployable" youth. The departments that had been involved in YTS came forward to take part in the company's own scheme. The trainees signed a contract with the company for a year's training and were assigned to departments that had drawn up a programme of learning based on managers' analyses of departmental responsibilities. Trainees were given day release to pursue an appropriate formal

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qualification. The personnel administration officer served as mentor to the teenagers, monitored their performance each month and ensured that they received sufficient guidance and tutoring from managers. The initial plan had been to take up to six trainees a year, but ultimately three boys were taken. Headcount restrictions made it unclear how many would ultimately be able to stay on with the company. However, the company intended to take on three more recruits in a second year of the scheme because the managers believed that the young people would be more employable by the end of a company-based vocational training programme.

### 2. A "Youth Development Programme"

A decision to pull out of YTS because of "red tape" prompted another company to set up its own "Youth Development Programme" for young employees with potential. Trainees were "seconded" from their jobs for six months' development, including block release to an appropriate business or social studies course, rotational attachments to observe product development from beginning to end, up to six weeks of community service with a charity, and Outward Bound courses. Line managers served as "developmental coaches" for the trainees. The objectives of the scheme included developing the "character, responsibility, life and social experience, work experience, and commercial profit awareness" of the trainees; addressing the "social and community needs of the area"; reestablishing the image of the company "as a caring, community organization"; and conveying to the participants "the importance of the business in the community ethic".

### 3. A scheme for ethnic minorities

A retail chain had adopted a scheme it called "Rough Diamond," designed to recruit and train black youth. The personnel director commented that the dozen participants had experienced discrimination in their lives but "there is nothing wrong with these kids, they are not opposed, not criminal. They are alienated. They've had no investment, no attention, no challenges". One of the main factors that had stimulated the creation of this scheme was the puzzling "mismatch" between perennial staff shortages and the large numbers of youths "hanging about on street corners". The director said that they couldn't get jobs because they had never been employed. Yet "these kids are as good as any other kids in the country" and "if you give them a challenge, like the vast majority of people, they respond".



The scheme consisted of a twelve-week course of standard company training modules interspersed with "life skills" classes and gradually extended periods of work experience in stores. The manager estimated that the costs of the scheme would be recouped if half the participants remained with the company for a year. At the time of the interview this target looked attainable. The respondent indicated that the scheme would be run again in the near future and "if it works, it will be regular".

#### 4. Experimenting with the German model

A British subsidiary of a West German multinational company had been involved in developing the equivalent of the German apprenticeship for management trainees together with the German Chamber of Industry and Commerce in London. The pilot project, which was scheduled to start in late 1988, was based on the structure and content of the German apprenticeship and adapted to British needs. The training period was designed to be compressed into two years, instead of the three years in West Germany; the vocational school that is part of the state education system in the Federal Republic of Germany was to be specially established and funded by the participating companies; the syllabus was adjusted in such points as accounting, for example, where the content differs in Great Britain. Parallel to the German dual system, the apprentices from the participating companies were to attend vocational school for eighteen weeks a year, but six-week blocks were used since some of the participating companies were not located in London. The specially hired vocational school teacher would be responsible for liaising with the companies to ensure that the theoretical side of the course was well integrated into the practical training conducted within the companies. All the apprentices were to follow the same course of study during the first year, then specialize either in commercial banking or in business administration and export management during the second year. The trainees were to obtain BTec or a similar accreditation in the British system through the National Council of Vocational Qualifications, and the apprenticeship was to be recognized in the Federal Republic of Germany through the German Association of Chambers of Industry and Commerce (*Deutscher Industrie- und Handelstag*).

**C. SUMMARY OF BRITISH ACTIVITIES IN THE TRANSITION PHASE**

The British sample contains a wide variety of YTS and privately-run schemes. Very few of these schemes had been started specifically in response to the issue of youth unemployment, but, as was true in the Federal Republic of Germany, the decision to participate in a scheme--irrespective of the source of funding--was in itself an expression of concern about the problem. The dearth of "private" schemes in the sample companies may be a reflection of the adaptability of YTS to a wide range of business needs. The primary purpose of all the various schemes was to provide new entrants to the labour market with the knowledge, skills and experience that should enable them to secure permanent paid employment, though not necessarily with the training company. For the majority of organizations in the sample, however, this period also represented an opportunity to form a recruitment pool, to conduct an "extended interview" or to complete their own induction and basic training off the payroll. As a result, it is difficult to see where unemployment policies and straightforward employment and training policies begin and end, except in those cases where a greater number of young recruits joined the company than would normally have been taken on.

**D. ASSESSING THE CONTRIBUTIONS OF TRAINING SCHEMES TO REDUCING YOUTH UNEMPLOYMENT IN GREAT BRITAIN AND THE FEDERAL REPUBLIC OF GERMANY**

In neither country is it possible to measure exactly how many additional young people eventually found employment as a result of the schemes introduced in the sample companies. Companies may have increased their intake of young people through special schemes at the expense of other forms of recruitment or other groups in the population. For example, as British companies recruited more young people through YTS and used it as an "extended interview", they tended to take fewer "untried" young people directly from the market. Other respondents observed that YTS opened jobs that would not otherwise have gone to teenagers because in other circumstances an experienced adult would have been taken on. Similarly, West German companies that increased training in occupations they did not previously train for no longer needed to seek these skilled workers on the open market.

In both countries, the training schemes appeared to have "brought recruitment forward". The vast majority of British companies were not recruiting greater numbers than their manpower forecasts indicated, but in many cases YTS grants enabled companies which had been hit by budgetary constraints to keep a fuller complement of staff. Respondents in many West German companies reported that they had actively sought to build up a reserve of young workers in anticipation of the drop in school leavers forecast for the next decade. Thus, it appears that teenagers benefitted more from jobs being brought forward than from actual job creation. Only very rarely did managers mention that new jobs had resulted from the training scheme. In one British company, for example factory staff pointed out to the management that tasks could be merged to form new jobs.

What is clear from the responses by the managers interviewed is that in many cases they had recruited for the schemes young people whom they would not otherwise have considered hiring. YTS encouraged British companies to take on school leavers for positions that would not usually have gone to young candidates. A manager explained that the company "had gained a higher opinion of the abilities of teenagers to do the job" and had therefore employed more teenagers than they would have expected. In West German companies weaker candidates were given a chance that they would not have had without the special schemes. Having once passed through the door, these young people had an opportunity to prove themselves, and companies often appeared to have developed a commitment to them. After having invested both time and money in the development of these young people, many of the respondents in both the Federal Republic of Germany and Great Britain reported that the managers involved sought ways to help the young people from the preparatory or training scheme into a real job (either in the training company or with another firm).

#### **IV. EMPLOYMENT AND ENTERPRISE SCHEMES**

The findings in this third category are meagre in both Great Britain and in the Federal Republic of Germany. In principle, three approaches can be identified by which companies can help young people make the final step in the transition from school to work. Schemes to get young people into jobs can focus on providing employment within the original company, helping the young person find work in another company, or assisting the

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young person to become self-employed. In neither country were any cases found of jobs that had been added specifically for unemployed young people. To the extent that young people were offered "a real job" in companies, it was only after they had participated in one of the schemes described in the second step of the transition phase.

Only three kinds of schemes were found in the sample companies that were designed specifically to promote employment opportunities for young people: temporary and part-time contracts in the Federal Republic of Germany, placements on government-subsidized retraining and job-creation schemes for unemployed adults in the Federal Republic of Germany, and enterprise schemes in Great Britain.

### A. TEMPORARY AND PART TIME CONTRACTS IN THE FEDERAL REPUBLIC OF GERMANY

The traditional focus on training in the Federal Republic of Germany has two consequences that emerged clearly in this study: very little was done specifically for young people after training because this step has generally "taken care of itself", and what *was* done often took the form of more training.

#### 1. Temporary contracts

The companies that expanded their training "above need" usually informed the apprentices from the outset that they could not be guaranteed a job in the company afterwards. Over a third of the companies, however, had given temporary contracts, ranging from three months to a year, to the apprentices they could not offer permanent work to. This option was promoted by the clause in the law passed in 1985 simplifying the conditions under which temporary contracts may be concluded.

The respondents mentioned several reasons for offering former apprentices temporary contracts. Many managers pointed out that it was important to give apprentices enough time to concentrate on their final exams without having to search for a job. Half a dozen companies in Hamburg extended the contracts of male apprentices to bridge the gap until they are called up to military service, which is compulsory in West Germany (but not in Berlin). Several respondents noted that young people could draw unemployment benefits after having worked six months, and the companies were willing to help the young become eligible. The reason

mentioned most often was to avoid losing the young people the company had invested in. To keep the young people they had trained well, many managers found that it was worth offering them a temporary contract until a job opened up, which usually happened within the year. Several respondents spoke of "smuggling the youths in somehow". In a couple of cases the training department had helped overcome headcount restrictions by continuing to list the former apprentices in its budget until a slot opened up in the department in which the young person was working.

## 2. Part-time work

A handful of companies offered former apprentices part-time jobs until full-time slots became available. Two interesting approaches were mentioned. One company had introduced a job-sharing model in which one slot was split between a former apprentice and another employee. The respondent noted that in many cases the option was taken up by an older worker seeking to reduce working hours before retiring. A few companies offered young people a part-time job linked with a further training scheme to develop special skills. One company, for example, sent former clerical apprentices to study languages part time after work.<sup>12</sup>

## B. RETRAINING AND SUBSIDIZED JOB-CREATION SCHEMES

The other two kinds of schemes that could have been used to reduce youth unemployment in the Federal Republic of Germany were company participation in government retraining or job-creation programmes. These schemes were not targeted specifically at young people but could include them. In practice, however, they seem to have had an insignificant impact, as evidenced by the fact that the respondents mentioned their existence only after repeated prompting.

### 1. Retraining

A third of the West German companies reported that they had conducted government-subsidized retraining schemes designed to give unemployed people new skills when they could not find work in the occupation for which they had originally been trained. About half of the schemes in the sample were for white collar-jobs; the other half for blue-collar occupations. According to the respondents, very few young people under 25 years of age were among the participants.

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### 2. Job-creation

Very few West German companies in the sample had participated in government job-creation schemes, which is not surprising, since the conditions under which private companies can participate are extremely restrictive. One chemical company, for example, provided placements in the framework of a special programme whereby unemployed young people who had not completed their basic schooling could do so while working part-time. A retail company provided work experience for three months in a scheme designed to reintegrate long-term unemployed persons, a couple of whom happened to be under 25 years old.

### C. ENTERPRISE AGENCY ACTIVITIES IN GREAT BRITAIN

Of the activities pursued by the business community in response to unemployment, enterprise agencies have received the widest public attention in Great Britain. However, the results of the interviews showed that far fewer companies were contributing to such activities than the media coverage might lead observers to expect. The companies in the sample that were involved in enterprise agencies were under the impression that the majority of companies did so, which was in fact erroneous. They were in the minority, even in this "self-selecting" sample.

Several companies in the British sample had participated in schemes such as Project Fullemploy, one of the first enterprise agencies and one of the few that focuses on young people. It offers a range of skills for people who are starting up small businesses and for owner-managers, including the development of a business plan, advice on grants and sources of finance and business advice. A few of the sample companies had provided finance and material assistance. They had also offered expert advice to course members on such matters as marketing or budgeting. These respondents mentioned that their companies had seconded staff on a full- or part-time basis. Project Fullemploy attributes its success to the principle of partnership between agency, central and local government, the private sector, and the community. It was one of the pioneers of this approach, blending resources, skills and ideas from the different sectors to develop projects to benefit minority ethnic communities.<sup>13</sup>

#### **D. A NON-SCHEME WITH AN IMPACT: INFORMAL PLACEMENT ASSISTANCE**

One employment-related activity found in sample companies in both Great Britain and the Federal Republic of Germany was not a "scheme", but its effect should not be underestimated, namely, the informal placement assistance given to young people by managers. This was a sensitive issue for West German respondents, since the labour office has a monopoly on job-placement services. Nevertheless, numerous West German and British respondents mentioned that they used their contacts with companies they knew well to help place the young people they had come to know on a scheme when a position could not be offered in their own company. While such efforts cannot actually create jobs, they show how the human bond that develops between young people and the company can be an important stimulus in the search for ways to help the young person to make the next step in the transition from school to work. Managers who had become committed to young people through the chances offered by schemes drew on the trust that had gradually developed with other managers to find appropriate jobs. It comes as no surprise that such recommendations were often more effective than applications submitted through the labour office.

#### **V. CONCLUSIONS**

Reviewing the full scope of schemes in which the sample companies were involved to help young people enter the labour market successfully, one is struck by the imbalance in the distribution of activities over the different phases in the transition from school to work. Companies in both Great Britain and the Federal Republic of Germany were active in a variety of ways in schools, where they contributed generously of their time and expertise. Numerous schemes were also found in the second phase, both privately funded and government subsidized. West German as well as British companies had opened their doors to young people for periods ranging from a few months to three years to prepare them for work. Employees at all levels in the majority of the sample companies usually made considerable effort to teach young people essential skills and help them adjust socially to the working environment. The interviews revealed that one activity often led to another, so that companies were generally involved in several schemes at a time in the first two phases of the transition process.

By contrast, there were conspicuously few designed specifically to provide young people with employment. Once young people had reached this end of the bridge from school to work, companies tended to view them like other members of the labour market. This corresponds to the perspective of policy-makers in both countries, who did little to stimulate job-creation in general or to develop schemes specifically for this group of unemployed. In effect, if school leavers did not succeed in finding an appropriate job through the "window" into the labour market afforded by schemes in the second phase, they dropped from sight, and decision-makers in business as well as government turned their attention to the next cohort of school leavers.

The interviews produced no evidence of schemes to redistribute work between the "have's" and "have not's" of the labour markets in Great Britain and the Federal Republic of Germany. Other than one job-sharing scheme in a West German company, no attempts had been made by the sample companies to experiment with new ways of reorganizing workloads to reduce (youth) unemployment.<sup>14</sup> Unfortunately, the narrow focus by top management on "headcounts" essentially seemed to have precluded any experiments in this direction. Despite surveys indicating that significant numbers of job-holders would like to work fewer hours,<sup>15</sup> the research did not uncover any indications that companies were pioneering innovative responses to these interests. The societal costs of such limited perspectives were high, for options for reducing youth unemployment were left untried. The long-term costs to companies may well be even higher, because they failed to use opportunities to get onto a crucial learning curve early. They lost valuable time needed to prepare themselves for the inevitable reorganization and redistribution of work that remains one of the major challenges facing business and society in both Great Britain and the Federal Republic of Germany.

## NOTES

<sup>1</sup>In fact, both *Praktika* and plant visits were considered so routine by most of the German respondents that they did not mention them of their own accord in the interviews. The emphasis placed on these kinds of activities in the British companies, where managers strongly volunteered examples of schemes in this area, prompted us to add more explicit questions to the Germans, who then almost always answered "of course we do".



<sup>2</sup>John Berkeley, "A Better Payoff from Work Experience", *Personnel Management*, April 1988, pp. 55-61.

<sup>3</sup>In 1980, for example, 40.4 per cent of young men seeking apprenticeships focused on ten occupations. The concentration among young women is even greater: 40.3 per cent on the "top 5" occupations and 60.6 per cent for the top 10. By 1985 these figures had dropped by 3-4 percentage points. See: Bundesminister für Bildung und Wissenschaft (BMBW), *Berufsbericht 1987*, (Bonn: BMBW, 1897), p. 46.

<sup>4</sup>For further information see, for example, The Industrial Society, *The Industrial Society at Work in Education* (London 1988).

<sup>5</sup>Ian Jamieson, "Schools and Enterprise", in *Industry in Education*, ed. Ian Jamieson (Harlow: Longman 1985).

<sup>6</sup>For a more detailed discussion of the range of activities undertaken under this heading as well as of the controversies surrounding them, see Jamieson, "Schools and Enterprise".

<sup>7</sup>Kuratorium der deutschen Wirtschaft für Berufsbildung, "Vorsorge treffen ... ausbilden" Schriften zur Berufsbildung, (Bonn: Kuratorium der deutschen Wirtschaft für Berufsbildung 1979) (this author's translation).

<sup>8</sup>Aktion Jugend und Beruf 1983, Kuratorium der deutschen Wirtschaft, Bonn (pamphlet; this author's translation).

<sup>9</sup>Ibid.

<sup>10</sup>This subsidy should not be confused with the schemes focused on increasing training opportunities for special groups among the youth population facing particularly high risks of unemployment. The apprenticeship creation subsidy was granted on the basis of the number of slots added in a company, irrespective of the target group.

<sup>11</sup>This blanket criticism overlooks the fact that precisely such processes occurred in the business community in those areas in which it is relatively easy and inexpensive to train and where apprentices are able to make a productive contribution early in their training. This was the case in small companies, particularly in the trades; it has not been observed in companies of the type and size interviewed in this study.

<sup>12</sup>For descriptions of a range of models, see Hans-Jürgen Podzun and Reinhard Zedler, *Nach der Lehre: Modelle zur beruflichen Eingliederung von ausgebildeten Jugendlichen*, Beiträge zur Gesellschafts- und Bildungspolitik no. 105, Institut der deutschen Wirtschaft (Cologne: Deutscher Instituts-Verlag, 1985).

<sup>13</sup>For more information, see *Project Fullemploy Review*, September, 1987.

<sup>14</sup>See, for example, Burkhard Strümpel, "Arbeitsplätze sind teilbar," in *Der Arbeit ewigwacher Strom*, ed. Hoesch AG (Dortmund: Hoesch AG, 1989) pp. 251-256; and Meinolf Dierkes and Burkhard Strümpel (eds.) *Wenig Arbeit - aber viel zu tun. Neue Wege der Arbeitsmarktpolitik* (Opladen: Westdeutscher Verlag, 1985).

<sup>15</sup>Michael von Klipstein and Burkhard Strümpel, (eds.) *Gewandelte Werte--Erstarrte Strukturen. Wie die Bürger Wirtschaft und Arbeit erleben* (Bonn: Verlag Neue Gesellschaft, 1985).

## **5 THE LIMITS OF STRUCTURAL EXPLANATIONS**

To what extent did the size and type of ownership of the companies seem to influence what they did to help young people make the transition from school to work? Did the kinds and levels of activity vary according to regions? Can patterns be identified in the sample that might point to industry-specific forms of response? The results of the interviews need to be analyzed according to such structural characteristics as a first step towards understanding what influences the interest and ability of companies to contribute to dealing with a societal concern.

### **I. REGIONAL PATTERNS**

Fewer regional differences in the level and type of response to the issue of youth unemployment emerged in the West German sample than in the British. One might be tempted to conclude that British companies were more responsive to the problem than were their West German counterparts. A closer look at the relevant characteristics of the regions under study shows, however, that this finding is largely attributable to the fact that the differences between the sample regions were less significant in the Federal Republic of Germany than in Great Britain. The gap between the levels of youth unemployment in West Berlin and Hamburg was smaller during the period under study than that between West London and the West Midlands. Furthermore, although the same number of companies from each sector was studied in every location, the nature of the businesses varied more between West London (tending to be high-tech and pharmaceuticals) and the West Midlands (mostly low-tech engineering and industrial chemicals), than between the two regions in the West German sample.

#### **A. Higher Levels of Activity in the West Midlands than in West London**

The companies in the West Midlands seemed to be more actively involved in schemes to combat youth unemployment than were those in West London. One reason was that the level of youth unemployment was

much higher in the former than in the latter. As a result, the managers in the companies located in West London experienced less urgency for initiating schemes and they had a harder time filling the slots they were willing to offer for YTS, for example. Second, the West London companies (which were primarily high-tech and high-chem) tended to seek qualified and experienced people. They had fewer openings that were suitable for school-leavers. The West Midlands sample was dominated by manufacturing companies in the engineering and industrial chemicals industries which had more of the types of jobs for which young people are considered. A third factor was that the majority of the West Midlands sample was deeply embedded in the community, while few of the London companies appeared to have built up the kinds of relationships to specific actors or a sense of commitment to the community as a whole that seem to be important in generating involvement.

#### B. Hamburg and West Berlin: Similar Levels for Different Reasons

The main difference between the regions under study in the Federal Republic of Germany is the "island" location of West Berlin. One labour market implication is that the labour pool on which Berlin companies can draw is more geographically restricted than in Hamburg, to which workers commute in from neighbouring states. Since the mobility of school leavers is lower than that of others in the labour market, the interdependence between young people and companies is greater in West Berlin than in other regions.

More companies in West Berlin than in Hamburg had run schemes specifically for the children of foreign workers, which is a reflection of the particularly high proportion of foreign workers in the city. The equal distribution of schemes for weaker German candidates between the two locations suggests that the higher incidence of youth unemployment in Hamburg was offset by the more problematic social structure in West Berlin (e.g. more broken homes, higher proportion of welfare cases).

West Berlin respondents "credited" the Wall with helping pull the business community together to cooperate in projects. As one manager said, "the Wall is ugly, but sometimes it helps make people stand together." The same kind of factor seems to exist under a different name in Hamburg, where a respondent noted the "close-knit behaviour of the Hanseatic mentality." A look at the data on the participation in cooperative projects

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between companies shows no significant difference in the levels of the two regions. It appears likely that the objective fact of geographical proximity of companies in both these city-states has a greater impact on facilitating cooperation between companies than does the subjective concept of a "local identity" (although the motivating influence of believing in a "special mentality" should not be underestimated).

## **II. INDUSTRIAL PATTERNS**

### **A. COMMON CONCERN TO ALL INDUSTRIES: NEED FOR SKILLED WORKERS**

Before looking at the differences that emerged between the industries studied, it is worth noting a striking similarity. Across the board in both countries numerous respondents stressed the changes their industries are undergoing and the implications these changes have for the need for skilled workers who understand the processes or products of the industry. They pointed out that meeting this need requires training for multi-skilling and cross-skilling, and it implies an ability to deal with change. Despite the industry-specific differences in the types of skills needed (and the country-specific differences in the concept of training), managers in both countries repeatedly noted that the introduction of new technologies is demanding higher skills for many jobs, so training--and further training--are seen as an increasingly important function. (The fact that the introduction of new technologies also leads to deskilling in certain jobs, where complex machinery only needs to be "minded" was rarely mentioned by the respondents.)

In industries where this trend implies an important shift from their traditional image and composition of the workforce, efforts were made to communicate this message to young people as early as possible. Several West German respondents stressed that the age-old distinction between "dirty" blue-collar jobs and "clean" white-collar occupations is being blurred or actually eliminated, a process that new technologies are accelerating because they are reducing the manual demands of production work. A manager in an engineering company in Birmingham felt that the image of engineering needs to be corrected: "Engineering is about discovery, innovation, experimentation and resolving problems." The sample companies in the electrical and engineering industries in both countries

were actively gearing their school-related activities to informing young people about the opportunities available in order to attract capable applicants. An additional factor at work among these companies in the West Midlands was the need perceived by managers to dispel the impression, created by the plant closures and redundancies of the early 1980s, that engineering is a perilous option. A training manager commented that his company, unlike many local competitors, succeeded in filling all its training places because it regarded "the recruitment of school leavers . . . as a year-round activity."

The retail sector is also experiencing a shift in image and profile. To a certain extent, new technologies are playing a role here, especially in the Federal Republic of Germany. A West German manager noted that "it used to be possible for people to come in and work if they enjoyed contact with people, but now the increasing computerization of retailing (scanners, microprocessor, central computers) is requiring higher skills." Of greater importance in both countries were the changes most respondents were making in their sales and marketing strategies after the stagnation, or even crises, in the past decade. They stressed the need for sales personnel to advise customers knowledgeably, moving away from a concept of sales purely as self-service. A British manager put it concisely in commenting that retailing is now "a thinking man's business." Many respondents therefore drew a very explicit link between training and business success. The retailers were making significant efforts to attract young people who might not otherwise consider retail work, and at the same time they were participating in programmes to develop the young people at the lower end of the ability spectrum.

In Great Britain the sample retail companies operating in very competitive markets had extensive and sophisticated modular training courses with well-marked levels of achievement, designed to maximize sales and customer satisfaction. Training was also seen to serve other functions, such as motivation and improved staff retention rates. Almost all of these companies had very youthful sales staff, partly because of the massive annual turnover rates that are common in this sector, partly for image reasons, and in at least one case because it was thought that older sales staff could not stand the pace. Half of the high street retailers in the sample were using YTS extensively to train sales staff. Their motives were mixed: while all found YTS made an important contribution to manpower recruitment and

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training, some stressed the "social policy" behind the scheme, noting "a company this size can't say they're not going to do it." Others said "its a way of getting labour economically, and its a very good system for training kids."

The retail companies in the West German sample had been somewhat more inclined than those in the other industries to participate in programmes to train young people from disadvantaged groups, both West German and foreign. They recognized that the projected drop in school leavers would make it increasingly difficult in future to draw in the stronger candidates, so several companies were consciously collecting experience in integrating the weaker ones.

### B. DIFFERENCES WITHIN INDUSTRIES: HIGH-TECH/LOW TECH, HIGH-CHEM/LOW-CHEM

Contrasts emerged not only between, but also within, industries. The sample companies in the electrical/electronic sector fell into two distinct categories, namely, high-tech and low-tech companies. Youth employment and training schemes were major planks of the overall manpower policy in the traditional engineering companies in both countries. The British computer companies, by contrast, have a low intake of school leavers, preferring to take on older and more qualified staff with work experience. One respondent in this group, when asked her opinion on youth unemployment in Birmingham, replied simply: "There is no unemployment in the computer business." The computer companies in West Germany had numerous training options for strong school leavers from *Gymnasien* and for university graduates. The respondents from these companies did not perceive any possibilities in their organizations to integrate weak candidates from disadvantaged groups (although one multinational pointed with pride to the programmes for just such young people run by the company in the United States).

The British computer companies and other high-tech firms were able to participate in YTS by offering placements in clerical and secretarial areas, and the majority of the companies in this group did so in quite a systematic way. Because headcount restrictions were particularly tight in these companies, YTS trainees often became an essential resource of over-stretched office staff. Respondents from these companies very often expressed surprise--as did respondents in many other companies or departments which did not usually have contact with young people--that, given an

"acclimatization" period, teenagers could become very effective and competent workers.

The engineering ("low-tech") companies in the British sample all ran apprentice and technician-training courses. All of these companies had undergone one or more redundancy programmes in the last decade, either because business was bad or because new production methods and products or the search for higher productivity led to decisions to reduce staffing levels. For all of them, technological changes had had extensive implications for training and retraining. All ran apprentice and technician-training courses, and all but one of them had cut back programmes at some time during the recession. They now used YTS money to raise the numbers in training back up again and had taken advantage of mechanisms allowing transfer from YTS to apprenticeship. All undertook to fulfill their own skill requirements by training, and several respondents clearly felt that this was the ethical thing to do. Two of the companies had organized cooperative training with smaller companies in the area, arrangements that represented a net outlay for them on behalf of others. In several of the companies, significant numbers of senior executives had themselves once been craft trainees and they were said to be personally committed to the principle of training. Respondents often drew a very clear link between competitiveness, prosperity, and skill training. All of these companies were located in the West Midlands. One had been set up relatively recently, but the others, which were between forty and over a hundred years old, saw themselves as members of the local community with an important part to play. This underlying attitude seemed to have a significant effect on their behaviour, since these respondents displayed a great willingness to participate in schemes and projects that affected the young people in the community.

In the Federal Republic of Germany the computer and other high-tech companies were the most likely to introduce new occupations designed specifically for school-leavers with university-qualifying certificates (*Abiturienten*) or university graduates. The candidates for these openings were not those young people who ran a high risk of unemployment; such measures can be said to have contributed to combatting youth unemployment only to the extent that they trained young people for jobs with good future prospects. Furthermore, by drawing on the *Abiturienten*, they reduced competition for occupations traditionally taken by less qualified school leavers (*Haupt- or Realschüler*).

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In the chemical and pharmaceutical sector, too, a high-tech/low-tech (or high-chem/low-chem) distinction can be discerned in the sample. The implications for the intake of young people were greater in Great Britain than in West Germany among the sample companies. The British pharmaceutical companies tended to recruit highly qualified chemists and pharmacists on the one hand, and unskilled production workers on the other, leaving few opportunities to train school leavers, except in white-collar areas. Where YTS was adopted, companies were likely to stress their "sense of duty to the community", minimizing any immediate advantage except public relations and image enhancement. Two of the four companies in this group had "mission statements", devised by American or West German parent companies, explicitly setting out company obligations to stakeholders (patients, professionals in the medical field, investors, and the public or the community). This emphasis on "duty to the community" and corporate obligations may be a by-product of pharmaceutical industry concern about public opinion.

All but one of the British industrial chemicals companies ("low-chem"), most of which were situated in the West Midlands, participated in YTS. The Birmingham-based companies were more involved in youth schemes than were the London-based companies, and they stressed both the social and the economic value of YTS, although one expressed this negatively by saying YTS was "the next best thing to unemployment." The smaller companies used youth training schemes in a limited, but systematic way, to contribute to their own personnel needs. One of the larger companies ran a "showpiece" scheme for what the respondent called "solid" reasons and another scheme for its own training purposes.

The distinction between the level of activities for young people in high- and low-tech companies was less great in the West German than in the British sample, both in the electronics/engineering and in the chemicals/pharmaceuticals sector. The existence of apprenticeships for a wide range of occupations as a sheltered entry point for young people into these companies seems to play an important role here. The overwhelming majority of companies trained for numerous occupations, requiring different levels of skills. The chemical and engineering companies, for example, train for several kinds of technical occupations, different types of office workers, and in many cases other less demanding infrastructural services (such as cooks and warehouse personnel). Most of the West



German respondents made a point of trying to select "the right person for the right job", rather than creaming off the top of the class for every conceivable occupation, so the respondents found that there was considerable leeway for participating in a range of activities to combat youth unemployment.

### **III. SIZE, OWNERSHIP AND FINANCIAL CONDITION**

Some of the respondents believed that "only a big company like ours can handle this kind of programme" and others claimed that "only smaller companies can offer the young people the necessary attention required by such a scheme." Similarly, managers in family-owned companies tended to believe that "the caring attitude needed comes from the family ownership of the company", while others were persuaded that "the fact that the majority of the shares are owned by banks means that we are freer to devote resources to such schemes than a privately-owned company." Interestingly, however, no clear patterns emerged from the data to indicate that either the size of a company or its form of ownership was a significant determinant of the number or type of schemes the company is involved in. It is not surprising that the largest companies with the highest demand for young workers tended to find it easier to run the largest programmes, but the number and type of schemes could not be predicted from the size of the company. The results of the study seem to lend greater support to the position of such companies that stressed "anyone who really wants to can do it."

The financial health of the company in the previous five years did not seem to have had a major determining influence on the willingness and ability of companies to embark on programmes in the first two categories of activities (school-based and transition), although it did, of course, have an impact on the number of jobs available for young people in a company. The sample contained companies that had been doing very well throughout the period as well as a significant number in each of the industries that had been facing financial difficulties. The fact that many of the schemes were heavily subsidized and that the young participants contributed at least something to company productivity helps explain the relative unimportance of financial health in a company's decision to become involved in schemes, although the burden of the indirect costs of managing the schemes should not be under-

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estimated. It was by no means true that only prosperous companies could afford to participate in such activities. On the contrary: as pointed out by the head of training in a West German company that had embarked on a large scheme at the very moment the company was facing bankruptcy: "What is the point of surviving a crisis if there are no skilled workers to carry on afterwards?"

## **IV. BEYOND STRUCTURAL PATTERNS**

This analysis linking the structural characteristics of the sample companies with their activities reveals patterns whose contours are not hard-and-fast. There was no strict correspondence between any one kind of activity and any one size, location, financial condition, economic sector, or form of ownership. This finding suggests that there could be considerable leeway for cross-fertilization between companies of different sizes, ownership types, regions and industries within the two national systems. The actual content of activities is, of course, often specific to the occupation or industry, but many of the ideas for schools, for running preparatory schemes, for helping weaker candidates through training programmes, and for secondments to enterprise agencies, for example, could be transferred from one company to another if more information on the experiences could be shared. A second conclusion to be drawn from the analysis is that the characteristics examined so far can explain only a part of the willingness and ability of companies to contribute to dealing with youth unemployment. A closer examination of factors internal to the companies must be undertaken to obtain a clearer idea of the conditions that encourage a company to commit resources to dealing with such a societal problem.

## **6 INSIGHTS INTO THE MANAGEMENT OF CORPORATE SCHEMES**

In order to avoid reinventing the wheel or repeating others' mistakes, it is not enough to know only *what* has been done, but also *why* and *how*. For this reason, a major focus of this study has been on decision-making processes. A wide range of approaches to introducing and managing schemes was reported by the respondents. They reflect the variety of personal and organizational styles in the sample. Significantly, the national context did not appear to exert much influence on managerial behaviour. As different as many of the schemes were in terms of content, the interviews revealed extensive similarities in management experience between the two countries.

This chapter first examines why the sample companies were involved in the various types of schemes described. The responses showed that this question needs to be looked at from three angles: What motivated the companies to become involved in the first place? What role did external stimuli play in the decision? What unexpected benefits emerged to maintain their involvement? The second part of the chapter examines how the managers introduced their schemes. It looks at the implications of the different approaches for gaining the support of employees to deal with the additional work and for promoting the success of the scheme. Third, how did the managers run the schemes? The respondents passed valuable advice on to managers in other companies about running schemes, including selecting participants and choosing partners to work with. Lastly, the chapter turns to how the companies assessed the schemes and decided whether to continue them. Formal decision-making procedures were rarely applied; instead, the respondents provided insights into their experiences with the "softer" approaches and criteria used.

### **I. REASONS FOR INVOLVEMENT**

Why does business get involved in dealing with a societal issue such as youth unemployment? The respondents in both countries gave a broad range of reasons for having embarked on schemes for helping young people

enter the labour market successfully. Three valuable insights emerged from these responses:

■ The length and diversity of the list illustrates the multiple facets of the business-society interface; the interviews showed how many different ways managers can perceive the role of their company in society.

■ In practice the interviews showed that the decision to become involved usually resulted from a mix of reasons.

■ Over time, new reasons to maintain involvement emerged beyond those that had originally led to the decision at the outset of the scheme.

## A. COMPANY MOTIVES FOR BECOMING INVOLVED

### 1. Corporate social responsiveness

When asked to explain why their company became involved in a given scheme in the first place, the majority of respondents in both countries placed a sense of corporate social responsiveness at the top of the list of reasons. The interviews showed how the notion of corporate social responsiveness encompasses a variety of different attitudes towards the role of business in society. As one British manager put it "no-one with a social conscience can be unaware of youth unemployment" and a West German respondent said "you can't just close your eyes and hope it will pass." Some companies explained that as members of society they felt that they had to contribute to its well-being. Many shared the view expressed particularly succinctly by a British respondent: "Social affairs are an integral part of business affairs." Others felt like the British manager who pointed out "you can't go around earning a profit and not have some kind of social involvement," and the one who said "it's only right we should put something back into the community." Several managers believed that (as stated by the owner of a Hamburg company) "the responsibility of business goes beyond making profit, because it is a part of a whole. Youth unemployment is a problem that affects us all, and it is too easy to point to others. We have to come up with initiatives." Others tended to see themselves as "good Samaritans" in that they were concerned about the social fabric of the community and willing to help solve its problems where possible. The most frequent comment by British companies was: "It's no good, as industry, complaining. You've got to be prepared to try to do something, prepared to try to influence things."

Corporate social responsiveness as a motivation for involvement seemed to be strongest among companies with long-standing and extensive connections to the community. In the British sample the manufacturing companies in the West Midlands evidenced this kind of behaviour particularly strongly, whereas it was weak in West London. It was also mentioned by a few British as well as West German companies that had located in an area recently. "You can't just sneak in," a managing director in Hamburg explained. Companies need to gain acceptance in the community into which they have moved.

An interesting interplay emerged between company activities and the sense of responsibility and commitment to social concern experienced by individuals. As a manager in West Berlin said, "It may sound strange, but all of us here agree that it is our social responsibility to do something for young people". In every case respondents indicated that the idea somehow had to fit in the company, they could not simply push their pet projects through the organization. But many found a high level of congruence between what they believed should be done and what was appropriate for the company. A training manager for a West German pharmaceutical company explained "we feel it is important, and the company gives us the opportunity to do something about it." The need for this match was stressed by a manager in a British high-tech company, too, who noted that schemes have "a lot to do with the ability and the commitment of staff rather than company initiative. If staff bring ideas in, then the company will take the effort to organize and manage them."

## 2. Manpower needs

A reason mentioned just as often as that of corporate social responsiveness was a concern about recruitment. Managers in both Great Britain and the Federal Republic of Germany saw involvement in the various schemes as a way of ensuring a pool of young people to draw on. The time frame ranged from the immediate present to the 1990s. It differed according to the type of scheme and, to a certain extent, according to the country.

Schools activities were conducted with a long term perspective in both countries. By contrast, most British companies were motivated to participate in YTS for immediate manpower reasons, particularly those companies operating under very tight headcount restrictions, for which YTS

trainees provided badly needed assistance. A few British companies had a somewhat longer-term perspective: they saw YTS as "pennies from heaven," as one manager dubbed it, because it helped to rebuild apprenticeship programmes they had had to cut back in the course of the recession. The West German managers tended to treat all the schemes with a longer-term perspective than did their British counterparts, with the exception of the British companies that also had a traditional commitment to apprenticeships. This difference between the two countries might be partially explained by the fact that all the West German companies in the sample had apprenticeship programmes, while only a few British ones did. The very length of apprenticeships automatically imposes a longer term perspective on personnel planning. In most of the West German sample companies managers expressed a concern for the recruitment problems they expected to face in the 1990s, and they saw current schemes as a hedge against future shortages on the youth labour market.

### 3. Economic considerations

For some companies, contributing to the solution of youth unemployment was essentially an economic issue. As one British manager expressed it, "anything we do to stimulate the economy is good for us," and others in both countries concurred that the existence of large numbers of unemployed people curtailed corporate profitability. This view was captured in the axiom "a healthy high street: healthy back streets."

### 4. Public relations

Public relations were also mentioned as a type of self-interest in conducting various schemes. At the most general level, the majority of respondents in both countries were concerned with their image and said that they wanted to be "perceived as a caring company in the community". The companies with a high intake of young people (apprentices or employees) saw the public relations benefit of such activities as building up a reputation as a good trainer and employer for future reference, when labour shortages are expected. A few British managers who brought up public relations linked it to product visibility, for example in a toiletries and a computer company.

5. **Mixed motivations: the importance of mutual benefits**

Although it is useful for analytical purposes to distinguish between the various forms of motivation, it is important to recognize that in practice the distinctions are not as clear. Most companies in both countries indicated a mix of reasons for their involvement. Many British respondents in particular reported that the initial motivation had been social but that over time the company discovered that it, too, benefitted from a scheme. Only very few managers emphasized that "we resist the altruism; our motives are economic, not social." In the Federal Republic of Germany, these were the companies doing the least, but this was not the case in Great Britain.

In some interviews the mix of motives gradually emerged in the course of the discussion, while in others the managers stressed the importance of actively seeking the linkage between societal responsiveness and self-interest. "Our operating companies are not charitable organizations. Managers are always ready to listen, keen to get involved in youth issues, if at the end of the day there is some degree of mutual benefit." Such a mix of motivations and benefits was seen to promote continuity and quality. As a West German manager pointed out "when a programme is run purely for reasons of corporate social responsiveness, it will be stopped if the company does not see that it is fulfilling one of its own needs". Other respondents underscored that the combination of motives served to guarantee greater attention to the quality of the scheme.

B. **EXTERNAL STIMULI**

The decision to become involved rarely stemmed exclusively from internal motives. External stimuli played a significant role. Indeed, virtually all of the schemes adopted by the sample companies in Great Britain had been taken on after an approach from the outside. A larger proportion of the West German companies had undertaken schemes proactively, but the influence of external stimuli was nevertheless great. It took a variety of forms, ranging from moral suasion from the government, key business associations and unions, to appeals from scheme organizers, such as labour market authorities, schools, and nonprofit organizations, to personal requests from employees or their children. The enormous number of applications that companies received from young people also stimulated an awareness of the problem and the need to do something about it.

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### 1. Moral suasion

In both countries, prominent figures in the political and the business community appealed to companies to take on more young people. When asked about the impact of such appeals, some respondents stated that the pressure exerted had definitely made a difference. Others denied the impact of external pressure, "because we put ourselves under pressure," as a West Berlin manager stressed. The mechanism of self-obligation was particularly visible in the companies most involved in business associations. A good example of this factor at work in Great Britain was the Community Action Programme in Birmingham, where, as one of the respondents commented "if anything significant was going to happen in the Birmingham area, then it would have to be employer-led." Approaching this kind of self-obligation from a different perspective, a manager in West Berlin explained: "Since we are in the Chamber of Industry and Commerce and tried to exert pressure on other companies from there, we had to participate as well."

### 2. Requests from scheme organizers

The most effective type of approach, according to the respondents, were personal appeals at meetings, through letters or phone calls. Mailings from the labour office or organizations managing government also stimulated involvement. In fact, many respondents in both countries mentioned that they did not need to look around for more ideas because they received so many from outside sources.

This phenomenon generated an additional form of motivation for participation, namely "why not?". This was particularly true of activities that did not require too high a commitment in terms of time and money. When asked by schools to come in and talk with the pupils, for example, respondents generally reacted positively even though they did not immediately see a benefit in doing so. (In some cases companies felt so inundated with requests that they even had to "pull their horns in," as one British manager put it.)

### 3. Role of employees and their representatives

Both British and West German managers mentioned that the appeals made by employees, particularly for their children, had often stimulated the company to become involved in schemes to reduce youth unemployment. The role played by the unions and works' councils was not clear or uniform.



In Great Britain all but one of the respondents indicated that the unions had generally been sympathetic. In a few companies there was union resistance to YTS trainees, which usually centred on pay. In those companies, basic YTS rates were usually supplemented in order to counteract objections. A few respondents in West German companies noted the positive effect of pressure generated by the unions or works council, while others either denied the existence of any effect or found the attempts to exert pressure to have been detrimental. The most visible positive effect was in the West German chemicals companies, where many activities were based on agreements worked out with the unions.

#### 4. Cross-fertilization

The experience of the sample companies in both countries showed that cross-fertilization between organizations was an important factor in spurring interest in schemes to combat youth unemployment. This type of external stimulus came about in two ways:

■ Individuals brought with them to new organizations previous experience in running schemes and contacts from former activities. In a few British companies respondents had previously been teachers, and they tended to retain links with schools and remain interested in educational matters. In some instances respondents had moved from organizations that were very active to companies that were less so. They often said they felt guilty that their current employer did not do more, a feeling that was translated into action in several cases. For example, one British manager had transplanted ideas from her previous employer, a high profile, "socially conscious" corporation, into the design of a new scheme set up by her new employer.

■ Cross-fertilization also occurred in committees and consultations outside the company. Both West German and British respondents often mentioned bringing back ideas or the names of contacts from such meetings. The West German respondents in particular stressed the positive value of committees, almost always mentioning participation in those organized for trainers by the Chamber of Industry and Commerce, for example, as a primary source of impulses and an opportunity to compare notes, learn from others and find out what is applicable from their experience. In both countries participation in such meetings served as additional potential for external influence because the interest and accessibility of the managers

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encouraged the organizers of schemes to follow up initial contacts with specific proposals.

### **C. UNEXPECTED BENEFITS**

Above and beyond the motives and stimuli that had led companies to get involved in the first place, respondents noted a number of additional benefits that emerged in the course of their participation. These benefits often seemed to be the motor for continuing commitment over time.

#### **1. Personal satisfaction--"fun"**

The factor mentioned the most frequently in both countries was the satisfaction experienced by the employees involved in working with the young people. Time and again the respondents spoke simply of "fun". A British manager commented: "There's a whole world out there screaming for things to be done and there you can really affect things and influence things and do things and it's most interesting. I don't know why more people don't get into it. It's good fun and it's doing things for people." Several sources of such personal satisfaction were mentioned: the feeling of being able to contribute personally even in a small way to dealing with the societal problem of youth unemployment, the pleasure of teaching one's job to someone else, and having teenagers about the place and seeing them "blossom".

#### **2. Increased internal training**

A second unintended benefit experienced by some companies in both countries was the positive impact on the training and development of employees. In some cases the experience with the schemes had served as a stimulus to revise or enrich other company youth training activities. A couple of companies that had not previously done much training and whose skill requirements were increasing found that the older employees became interested in training and retraining as a result of the company schemes for the young people. For example, in some British companies the experience with the YTS training program led to a revision of the regular training conducted in the company. The impulse to improve regular training sometimes came directly from the employees. In one British retail company employees demanded to be given the same quality training as the YTS participants when they saw that YTS recruits benefitted from a broader and

more detailed training program than the other employees. Similarly, in West German companies that had recently started training, the effects had been to stimulate older workers to seek to obtain new skills.

### 3. Opportunities to develop employees

Recognizing the value to the individual of involvement with young people, some companies started to see such activities as a potential source of personnel development. Examples were mentioned at all levels of the organization.

*a. Developing presentation skills.* Both British and West German managers reported that they had found it useful to ask either the trainees or the experts to make presentations to visiting groups or schools in order to provide them with an opportunity to learn to communicate concepts about their work and to express themselves better.

*b. Generating a sense of responsibility.* A few West German companies had assigned semiskilled workers to be mentors for disadvantaged young people on preparatory programmes. While they had originally done so in the interests of the young, they discovered that this stimulated the employees, who developed a great sense of responsibility and commitment to the young people; it also gave them additional status in the organization.

*c. Management development.* A type of benefit reported only in Great Britain was that derived from secondments to youth-related projects in a non-profit organization, an activity never mentioned by West German sample companies. The primary aim of secondments was to support the organization in question. However, the companies found that this could also serve two kinds of functions for its own managers. In a couple of cases companies took a positive developmental attitude towards secondments. Staff were released for such duties in their early or mid-careers as a step toward a change in career direction. An assignment of this kind had come to be seen as a valuable opportunity for management development. As one manager explained, since the managers are seconded to help develop small enterprises "it does tend to bring you back to basics quite well. The fundamentals of what business is all about ... It is easy in large organizations to forget the fundamentals, you become too sophisticated." In a few cases respondents found that such assignments could give "a number of good, faithful company servants who were just a bit too good to retire early . . . a sort of opportunity to wind down gradually."

4. An emerging logic and evolving schemes

A common thread that ran through the interviews was that new reasons and ideas emerged regardless of the initial impulse for participation. As one manager put it "the schemes served as a catalyst for more ideas. It was not planned, but I see it now." Another added "one thing led to another, it just developed naturally." In many cases the managers in such companies had come to see training as the first step in a life-long learning process, so they introduced a variety of further training courses and activities for their employees.

## II. INTRODUCING AN IDEA

How does an idea enter an organization? There are several facets to this question. The interviews showed that different actors were involved in the process of receiving and bringing external impulses into the company. Top managers and those at somewhat lower levels played different roles in introducing an idea into the company. Different strategies for selling the idea inside the company were reported by the respondents. Common to the majority of cases in both countries was the fact that informal decision-making processes dominated. Certain strategies depended on the level of the manager involved, others were related to the style of the individual or the organization.

### A. OF "SPONSORS" AND "CHAMPIONS"

As the experiences of the sample companies revealed, ideas were brought into the organization by top managers (the chief executive officer or a member of the Board) or by managers at the operating level (generally the person responsible for training). Both top-down and bottom-up patterns of introduction were found, but with only a few exceptions, all schemes ultimately had a "sponsor" among top management and a "champion" at a lower level. Top management tended to introduce themes whereas lower managers focussed more specifically on a scheme.

#### 1. Sponsoring

Where senior executives had a particular personal concern--educational standards, training, or the enterprise economy, for example--they set the general theme for company involvement. A West German head of

personnel related, for example, "the Board member came back from a weekend seminar on social issues and said to me: 'we have to do something about the problem of youth unemployment. Come up with some ideas.'"

The intensity of sponsoring varied. In some cases it took the form of very active promotion of the idea and the company's overall commitment to it through speeches, written appeals and recommendations for action. In others it was rather a low key form of support, such as when the respondents indicated that they knew they could count on a positive vote if they needed it. Numerous respondents indicated that it sufficed for the responsible manager to provide top management with information. As one British training manager exclaimed: "The managing director is running 50 companies! From time to time the Board do want to know what our involvement is, because each of our executive directors tends to be involved in committees of various kinds, and if it comes up in conversation, it is nice to know the answers. But normally they would expect me and the local operating companies to make decisions on these things." Similarly, a West German training manager pointed out that some activities "have become so routine that no major decision-making procedure is involved. We have the general OK from top management to take on participants when we feel we have the capacity free to do so."

As a rule, the interviews showed that the more experience the company had in the area, the less top management needed to be involved in introducing schemes. The newer, the more expensive, and the more visible the scheme, the more important an active sponsorship from the top appeared to be for its successful introduction. This was, however, also a matter of personal and organizational style. Some chief executives chose to be involved and preferred to pursue more active and interventionist management styles.

## 2. Championing

The establishment of an active "champion" to develop and fight for a scheme at the operational level was probably the single most essential ingredient to its successful introduction into the organization. The willingness and imagination of training and personnel managers greatly affected the programmes adopted. Where imagination and commitment ran high in the sample companies, there seemed to be almost no limit to the activities adopted. The interviews showed that there were essentially two routes this

process could take. Either top management sought a champion, or the idea originated with a manager who was willing and able to champion it.

■ In those cases in which the idea started at the top, the senior manager generally devolved responsibility lower down the organization. Either someone already in the company was selected for the task or someone was recruited specifically for the purpose if the idea required new competencies (e.g. the introduction of a large training scheme). The actual content of the scheme and the form it took in practice was then usually defined by a staff person (such as the head of training), a working group, or the managers in the relevant operating units. In larger organizations, responsibility for schemes was often spread amongst several individuals or departments, but in smaller companies responsibility for a whole range of projects tended to be vested in a particular individual, who became the "expert" and focal point for activity.

■ Numerous activities in both countries started at a lower level in the company, that is, directly with the manager who was to "champion" their implementation. When this was the case, the activities were focussed on a particular scheme from the outset, since the idea generally emerged from the specific work situation in the company or a suggestion made by a counterpart in another organization to participate in a given scheme.

No difference emerged between the two countries in the incidence of "champion-initiated" schemes, although the nature of the impulse appeared to differ. The British managers generally introduced schemes in response to a request, whereas more West German managers reported having actively sought out new ideas to champion. Four key sources of ideas were cited by these managers: (1) participating in external networks of professional counterparts, (2) actively cultivating internal networks with other departments to determine the needs of the organization, "seek to understand the needs and concerns of all areas, ask a lot of questions," (3) attending conferences and reading literature, especially to be knowledgeable about new technologies they will have to prepare young people to deal with, and (4) listening to the young people: "The most important thing is to maintain contact with the apprentices themselves," because "one is flooded with ideas with the young people." In most cases the "champions" then had to identify sponsors at higher levels to support their project, particularly if the project was large, requiring the participation of several units in the organization.

There were two exceptions to these patterns.

■ **Top management as champions.** In certain situations the top management did not delegate the responsibility to a champion at a lower level but retained the responsibility himself. This occurred in enterprise agency activities in Great Britain, for example. These schemes were then very limited because of the competing demands for the time of top management. In general, if an idea was introduced at the top of the organization and no champion willing and able to operationalize it was found, it seemed to be condemned to remain rhetoric.

■ **No sponsor.** The sample contained examples of ideas that had been introduced without any kind of sponsorship. In a very few cases, projects were set up despite the indifference or objection of top management. These happened to be in British companies, but there were so few instances that they cannot be assumed to have any particular national component. Schemes introduced this way seemed condemned to be short-lived. In some cases they were cancelled as a result of opposition at senior levels. In other cases the commitment to the scheme did not take firm root. A scheme to familiarize school children with computers in a high tech company, for example, became apparent to top management only when the media took an interest. It is perhaps not coincidental that this scheme folded when the champions left; there was no sponsor at a higher level to maintain company commitment and stimulate the search for a new champion.

## **B. SELLING AN IDEA**

The next step after introducing the idea is to generate acceptance for it in the organization. This means establishing the necessary link between the "sponsor" and the "champion" and obtaining the support of other employees who will be involved in implementing it. Both top managers and trainers in Great Britain and in the Federal Republic of Germany spoke of this function as "selling the idea" and "getting people excited about it."

### **1. Selling "down", "up", and "across"**

The level of the manager who introduced the idea obviously had some impact on the approach taken to the internal marketing of an idea. Top managers had to sell "downwards", for support from the top was not enough to commit a company to schemes in practice. The personnel director of a British company explained that "The company says 'we will support this endeavour', and the managing director means it, and the Board means it, but

then you've got to find people to actually do it. . . . It's only people who make things happen; it's not companies. Find someone who's committed, someone who wants to do it, and it'll be done."

Lower-level managers had to sell "upwards" "across" and "down" in the company. "What you've got to get is commitment; a person at the right level, especially the highest level, is advantageous" commented a British manager. Another said: "The whole company has to be willing to accept the idea if you're to do it properly. You can't if you've got people there who make it particularly difficult."

Several valuable points were made by the respondents on the selling process.

## 2. Fitting the corporate culture

An idea "has to fit" the company in order to be accepted. The concept may be a fuzzy one for outsiders, but it is well understood by those inside the company. Simply put, "Get something that fits the system, the overall ethics, and the circumstances", recommended a British manager. The managers interviewed referred to company traditions, specific policy statements made by a top manager, or general policy statements in company publications. "There are no fixed criteria; decisions are based rather on a feeling of 'what we should do, what we can do,'" noted a West German manager. A corporate training manager in a British company whose policies were based "more on culture than on specific procedures" explained that "our role is to provide a model to encourage the culture which makes it legitimate to get involved . . . . We can't do everything, so it sets the tone and commitment for the rest of the group."

## 3. Meeting needs and matching interests

Respondents reported a pragmatic approach to selling the idea by adjusting the arguments to match the interests of the manager in question. They stressed management development concerns to some managers, social responsiveness to others, financial aspects to others, and technical concerns to others. As one West German manager explained, the point is to "get the other person to understand how it meets his or her interests, that it is a positive thing for him or her as well, and show how it relates to the company." Those managers who had developed internal networks on which to draw for ideas also used them in coalition-building for getting schemes accepted.



4. Incrementalism--"building a good track record"

The overwhelming majority of respondents preferred "to persuade with one good idea," to try out a scheme ("suck it and see," as one British manager formulated it), and to "get down to doing something about it rather than going through lengthy, complicated and bureaucratic decision-making processes." This is not to say that the respondents made a practice of rushing into schemes; quite to the contrary, they often emphasized the careful planning and incremental development of an idea. But the majority recommended doing this informally rather than formally. As one British respondent advised, companies should become involved "gradually and sensibly and progressively because it's essential to ensure levels of commitment match levels of activity."

The majority of the respondents in the Federal Republic of Germany spoke of building a "good track record" to earn and maintain freedom in deciding on and implementing new ideas. Many managers took the approach described in detail by a head of training who explained: "When I want to do something in the company, I develop an excellent plan, think through any arguments someone could have against it and work out the counterarguments so that we can agree on a common goal." The strategy described by most of the West German respondents was to think through the idea so clearly and prepare the necessary groundwork so thoroughly before introducing a scheme that it was "bound to find acceptance and be successful". As one of these managers summarized: "If you have been successful once before, it is easy to get people excited about an idea again."

Most British respondents discussed this part of the selling process somewhat differently. Their recommendations focussed more on the design than on the planning of the schemes. Specifically, several suggested "gear it to what you think you can offer", as one manager put it. Closely related to this was the advice: "don't be overly ambitious, don't oversell, keep promises within resources." The results of inappropriate designs were pointed out by a manager: "Schemes fall down because people try to emulate schemes which were tailor made for someone else, and they therefore inevitably fall flat on their face."

5. Above all, communicate clearly

A key message repeated by managers in both countries was to "make sure that you communicate properly what you are trying to do". In both

Great Britain and the Federal Republic of Germany, how they actually galvanized support for the scheme in the organization depended on personal and organizational style. Some managers kept schemes within their own departments, whereas others drew in managers from other departments. To a certain extent, the approach taken was also related to the size of the company and the size of the scheme. In large organizations or holding companies, respondents had to ensure that commitment was maintained on site. The managers noted that this could be achieved through some mix of direction and persuasion. In every case, no matter what the size of the company or the scheme was, respondents stressed that it is impossible to impose ideas on unwilling listeners. As one British manager in a major group noted, "I am not, nor is any other headquarters manager or director, able to instruct (with one or two exceptions) our operating companies to do things. . . . You have to influence people through persuasion." He called his approach "unsought-for consultancy"; other respondents suggested creating models of good practice for subsidiaries to emulate.

### 6. Sharing ownership while maintaining leadership

When the actors on whom the implementation would ultimately depend were involved from the outset, they "shared in the ownership of the idea", as several managers put it. Their intention was to overcome any resistance early in the process. In a number of companies the respondents had had good experiences with ad-hoc working groups or informal groupings to generate support for an idea and elaborate the details of a scheme. Others preferred to work things out separately with the different employees. In either case, "someone has to be there to overcome doubts and resolve difficulties", as a training manager explained. "Somebody has to be identified with the idea and lead it through the organization."

### 7. Overcoming fear

A factor mentioned often by managers in both countries was the need to overcome fear on the part of the employees at all levels of the organization. Managers as well as workers were afraid that they might not be able to handle the responsibility, for example, or that the new idea would disturb the company routine. A few respondents described how, for instance, top managers had been reluctant to have young people "shadow" them. A Board Director who had been very excited about introducing this

idea at the Board level explained how his colleagues had pinpointed their fear of the unknown situation: they were concerned that information might be leaked through such channels. Not only did this not occur, he reported, but the members of the Board discovered that the personal contact with the young person afforded by the shadowing experience became a very useful way for them to establish communication links deep into the organization. In several companies older employees had felt threatened by the young people who were receiving more training; having understood this fear, the management provided more training for the older workers.

The managers in both countries commented that these fears had to be taken seriously, and that after these hurdles had been overcome colleagues became enthusiastic and committed. A British manager reported, "I am always amazed. I force people out into the community to do a job and they say 'I don't know if I can do that' and they come back and say 'I really enjoyed that. Can I come back and do it again?' But getting them out there, that's the hard part."

### C. CONSIDERING COSTS AND ALTERNATIVES

How were the decisions on whether to commit resources to a scheme actually taken? Two significant findings on the decision-making processes emerged from the interviews, cutting across the entire range of schemes and companies in both countries: (1) informal decision-making procedures predominated, and (2) the process could be distinguished as "idea-led" or "cost-led".

#### 1. A preference for informal decision-making

In only a few cases was there evidence of long and complicated official decision-making processes. Contrary to some expectations, no use of formal tools such as cost-benefit analyses were reported and very rarely had several alternatives been considered. In fact, many respondents emphasized that it is impossible to conduct a cost-benefit analysis of such initiatives. If a scheme required extensive resources or did not fit into an existing pattern of activities, it had to be passed by top management. Even then, the process was generally quite smooth and simple. As one West German manager said, "if the idea is good, if its usefulness is obvious, there are only very uncomplicated approval processes to go through."

The majority of respondents reported that schemes were not discussed formally at Board meetings, although Board members were said to be "interested" and "supportive." A British personnel director commented that Board meetings are inappropriate places for discussion of schemes: they are convened to "formalize decisions," while another manager noted, "In any case, I would prefer the Board to concentrate on the future, not on the day-to-day, leading them to losing initiative for the future."

### 2. Idea-led versus cost-led decision-making

The respondents seemed to fall into two categories: those in which the discussion about the possible introduction of a scheme was dominated by the consideration of costs and those in which the idea played the predominant role. In none of the companies were costs treated lightly; the distinction lies in the point at which costs entered into the decision-making procedure. In order to understand this phenomenon, a few observations are necessary about the types of costs entailed by the activities undertaken by the companies and the "objective" ability of the companies to bear them.

■ Most of the activities required relatively little corporate funding. The school-based schemes involved almost no direct financial outlays, and the overwhelming majority of the training schemes in both countries were heavily subsidized. (This was, of course, not true of the regular apprenticeship commitments of West German companies, nor of financial investments in enterprise activities in Great Britain, and donations from charity or PR budgets).

■ All activities required the commitment of human resources at various levels of the organization. In other words, no activities were "free"; they all involved some cost that the company needed to consider.

■ Structural features and the financial condition of the companies did not correspond closely with the level of activity observed. These factors did not explain why some companies were more likely than others to introduce an idea or more willing to commit resources to working with young people.

To a large extent, then, the role assigned to costs in the decision-making procedure was a matter of attitudes embedded in the organizational culture. The interviews showed that when the consideration of a scheme was idea-led, costs were seen in a different light than when the costs themselves were the focus of discussion. After people became excited about

the idea and saw the advantages it could bring, they were more likely to seek ways of finding the necessary resources. A West German manager illustrated this concept well when he explained, "if the cost question is posed first, it is often the last question, too, because everything is too expensive if looked at that way." A few managers reported that in some cases the costs were calculated post-hoc in response to an outside request for information. Some respondents commented that the company in fact had not made a "formal calculation of the costs, figuring it would balance itself out." The frustration of a personnel manager in the West German company doing the least of all those interviewed provided a striking counterpoint: "Decisions take a long time around here. The company is in a rut, I see it in all the areas. It is probably because the owners plan from the point of view of costs."

Although both idea-led and cost-led decision-making processes were observed in each country, a greater concern for costs, both direct and indirect, emerged in the British interviews. British companies were more likely to take account of the costs involved in training and employment programmes, though this was much less stringent than one might have expected. A few British companies measured the costs entailed by managerial and administrative time and several managers spoke of a hypothetical level above which activity would be questioned. By contrast, the West German respondents were more likely to share the view of the training manager who explained that "the costs are not an issue when I can prove that the scheme is good and necessary and when I can show that the department for which the youths are destined supports the idea."

This distinction may be at least partially attributable to the different traditions in the two countries. West German companies generally tend to see training as an investment while in Great Britain it is more often treated as a cost. This was also reflected in the fact that many German respondents pointed out that the additional schemes were often just "a drop in the bucket" next to the costs of standard training activities. Secondly, during the period under study, most of the British companies in the sample stressed that they were functioning under tight headcount restrictions, a factor the West German managers mentioned less often and less emphatically. This would suggest that the British companies generally had a narrower margin of human resources to draw on for running youth-related activities than did their West German counterparts.

### **III. RUNNING A SCHEME: LEARNING ABOUT THE HUMAN FACTOR**

After having gotten the idea approved and the scheme launched, respondents in the sample companies generally seemed to have quite a bit of latitude in organizing schemes, and the great majority of managers interviewed were evidently very personally committed to the success of the projects. The factor they mentioned most often in contributing to the success of any scheme was the human element. With great frequency the managers noted that this was something they learned about over time, a consideration they had underestimated at the outset of a scheme.

The advice the respondents passed on can be treated under three headings. The selection of people, especially the selection of the employees to work with the young people, was considered of primary importance for the success of the scheme. The respondents also provided several insights about how to clarify the nature of the task and the responsibilities for all involved; in Great Britain they added the need to monitor the schemes to be sure that the training messages had actually been understood by the managers. A third area the respondents had found very important after years of experience was the preparation and care needed by employees as well as the young people. They reported on some of the approaches they had found useful in helping both partners deal with the new situation.

#### **A. SELECTING EMPLOYEES, YOUNG PEOPLE, AND COOPERATING ORGANIZATIONS FOR THE SCHEMES**

##### **1. "Pick the right people for the job"**

The most frequent advice the companies gave about running schemes was to "pick the right people for the job." Almost every respondent stressed the importance of carefully selecting the employees who are to work with the youths, be it as trainers, mentors or other responsible positions. By this they meant that it was not sufficient to identify an employee who was technically competent; the human side of the decision was equally significant. The main qualification was that the employee should "enjoy working with young people" and be able to communicate with them. In companies or departments that had had little contact with young people in the past, the responsible manager made a point of assigning the young

person to an employee "with a reputation for getting along well with others." Both British and West German companies in which young people had not previously worked or been trained found that employees with little experience with them can develop this interest and ability after discovering how satisfying it can be to help the young person develop.

A number of the West German respondents had given some thought to the age of the employees assigned to help the young people. They reported different experiences with this factor, and a change seemed to be taking place because of the introduction of new technologies and work processes in all three industries. Some managers had come to prefer younger employees for the job. Several respondents shared the view of a manager who remarked: "Whereas the best trainers usually used to be the older ones who could transfer their experience to younger workers, today knowledge is outdated so quickly that it is generally better to have younger people do it."

## 2. Selecting young people: qualifications and qualities

All but one or two of the sample companies stressed the importance of establishing appropriate selection criteria, depending on the type of scheme and the kind of occupation. Some respondents looked for qualifications and said "you must recruit what's best for the job," while some sought the "right qualities" like enthusiasm and interest: "It's essential to look for kids with motivation." The selection of the young people for special schemes is a process to which both British and West German managers found that more attention needed to be paid than they had first realized. A few respondents saw selection and recruitment as an active search process on the part of the company. As a British respondent advised "If you want young people, you've got to go out and find them. Unless you are the Lucases and the Rovers and you have that sort of kudos. If you're not, you've got to make an effort to get them, and the only way you're going to do that is to get out and meet them and make yourself acceptable to them. It's not a case of 'We're going to offer you employment, young man, so you've got to conform and do what we want.' You've got to meet them part of the way."

The West German respondents provided more detailed advice on the selection issue than did their British counterparts. This may be partially attributable to the difference in legal status. In the Federal Republic of Germany the relationship between the young person and the company in an apprenticeship is more binding on both partners than YTS participants in

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Great Britain. The contracts are signed in the majority of cases directly between the young person and the company, and in those cases where the managing agent has the contract, a supporting agreement is signed with the company. West German managers therefore have a high stake in the selection process. A second factor may be found in the years of experience the West German sample companies had in recruiting apprentices. The respondents distinguished between apprentices and other employees, and they also differentiated between the young people they took on through regular channels and those they took through special programmes. They adjusted their expectations and procedures accordingly.

The normal recruitment procedure for apprentices in the West German sample companies usually involved a letter of application with school grades, a written test, and one or two interviews, often one being a group interview. The focus of the selection process for young people coming in on special programmes was on the interview. Essentially, the managers were interested in finding out whether the youth was motivated enough to participate in the programme. As a respondent explained, the interview was designed to discern "if the young people are really interested in doing something to improve their lot, if they show an interest in staying with the company, and if they are willing to give as well as to take."

### 3. Selection of external partners

The careful selection of external partners was also considered to be an important factor in the success of the scheme by respondents in both countries. In Great Britain this referred to the choice of a managing agent; in the Federal Republic of Germany it meant deciding on the organization to provide the support for the special scheme or the company with which to undertake cooperative training.

*a. Great Britain: shopping around or opting out.* Several British respondents had shopped around to find a managing agent for their YTS scheme. They were often very critical of managing agents who seemed to do little to match the young trainees with the needs of the company or provided insufficient support during the scheme. About a third of the companies had opted to become managing agents themselves. A respondent in an engineering company recommended that only "company schemes" should be used for apprentice training: "There are more facilities. Look carefully at the facilities and make sure of places for work experience. Those are the main



ingredients. Discretion on training and industrial experience are essential. A workshop in isolation is not so good because it can't compete."

Several British respondents advised not only against trying to find good managing agents. They went further to recommend that if the resources were available, other companies should set up their own schemes instead of using YTS. "Do your own scheme if you can, in preference to YTS because you have more control over training and the scheme is more meaningful to trainees."

*b. Federal Republic of Germany: supporting organizations should provide support.* Besides emphasizing that the quality of the special schooling or training to be provided by external organizations had to meet the company's standards, all the West German respondents stressed that attention also had to be paid to the social side of the arrangement. This was particularly important in the schemes for disadvantaged youths, for which the need for good support by qualified counsellors in the external organizations running the scheme was heavily stressed. The respondents felt that this support was central not just at the outset of the scheme in order to prepare the young people for their experience but throughout the programme. A head of personnel warned, "if the organizing agency does not provide consistent counselling support, the scheme is totally useless."

Several West German respondents involved in cooperative training commented on the need for care in the selection of partners in this context as well. The advice had a technical and a human dimension. Some noted the need for the larger company to be clear about the training needs of the smaller company. A respondent who had been very active in stimulating companies to start training and participate in cooperative training in West Berlin also emphasized that it is important to make sure the firm has the "right attitude" to young people before embarking on such a venture.

## **B. CLARIFYING THE CONDITIONS FOR A VALUABLE EXPERIENCE**

### **1. Define meaningful assignments**

Respondents in both countries stressed that the programmes provided should be "meaningful" to the young people. This advice had two components. Companies found that the young people really wanted to contribute to the working of the organization while they were on the scheme; participants

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on all schemes--school children on work experience just as much as 3-year apprentices--needed to feel that their task was somehow significant, not merely something assigned just to keep them occupied. Secondly, the respondents also recommended that the schemes should provide tangible and beneficial outcomes for participants. As many respondents put it, trainees had to have a "goal" to be motivated. Ideally, this meant a "proper job" at the end of the training programme, but since this was not always possible both West German and British managers noted that it was important to be honest with the young people about whether the company expected to be able to provide such a job after the scheme.

### 2. Monitoring schemes

British trainers often commented that they had had to monitor schemes quite strictly to ensure that trainees were not being "abused" by line managers and staff. Part of the difficulty, the respondents found, was that it was a problem for many companies to separate work experience and actually working, especially since most participants felt that doing a "real job" was among the most motivating parts of the course. One trainer concluded from this experience that he would accept trainees only in office areas because if placements were provided in the factory, "I'd lose control over them because I'd be away from them physically" and they would inevitably end up working rather than training.

## C. PROVIDING SUPPORT FOR EMPLOYEES AND YOUNG PEOPLE

### 1. Preparing employees

Most of the companies recognized that the responsibility of helping the young people was a big one and could greatly add to the work load of the employees involved. The management task was slightly different in the two countries as a result of the different training traditions. British "champions" had to persuade their colleagues that it was in their interest to train; West German trainers had to prepare their colleagues to understand the special demands placed by slower learners or socially disadvantaged young people.

Some British respondents commented that it was difficult to get managers to accept the need for off-the-job training. As one manager summarized: "You have to make sure managers actually want them so that they give

them proper training." Several managers advised that it was important not to "put too much strain on supervisors so that they are willing to help." Respondents found that the best way to develop an understanding and commitment to training the young people was to do everything possible to make sure that the first experience was a success. "We had to be careful. Some managers needed considerable pressure and persuasion. The youngsters were ambassadors. Line managers who got good trainees then came back for more."

A great deal of attention was generally paid to preparing the employees for the task in West German companies. The main task with special schemes was to communicate the importance of being patient with the participants who did not meet the standards of the company's regular apprentices. In addition to the preliminary preparation, a few respondents mentioned the need to provide support for these employees throughout the scheme. A handful reported that "the employees are not left alone with this responsibility". The employee working closely with the young person was in constant contact with the trainer and with the head of the department, and there are internal working groups to exchange experiences.

## 2. Rewarding employees

The inherent satisfaction of working with the young people was apparently seen to suffice as recompense. No additional financial remuneration was provided to the employees who had taken on special responsibilities, such as the mentors. In a few cases top management made a point of personally congratulating the employees for their commitment.

## 3. Caring for the young people: How much is possible? How much is needed?

Respondents in both countries found that employees needed to learn how to help the young people become integrated into the world of work. The managers pointed out the need to differentiate between a caring, developmental attitude and an overly protective stance, which not only went beyond the possibilities of a company but also risked actually harming the young person.

*a. Taking time to coach.* For many of the sample companies in Great Britain, YTS had provided the first contact with school-leavers, so the managers had had no previous experience to draw on. As a result, many of the

## *Management of Schemes*

managers were surprised to discover how much care the young people needed and they were equally surprised to find how quickly the trainees developed once given a chance. Many respondents in the British sample therefore gave simple, but important, advice like "you need to spend a lot of time with trainees because at sixteen they are still very young." Managers explained that this meant "be interested, try to coach them."

*b. How much care?* Such a developmental attitude was not shared by all the respondents in Great Britain. Some employers had highly negative views of YTS trainees, particularly in West London, where the unemployment problem was much less severe than in the West Midlands. As a result a few companies had either dropped YTS altogether or had become very selective about trainees. Some reported that they weeded out youngsters with problems either before or during the course by "sending them back to the managing agent." (This is feasible since, unlike apprentices, the YTS trainees have a contract with the managing agent, not directly with the company.) Some respondents commented that they did not have the resources to help teenagers with emotional or learning difficulties and that they had had to expend too much time and energy on such individuals. "When all is said and done, the company is there to produce products, not nursemaid people through difficult periods." As much as many companies stressed the importance of providing the necessary human care and support for the young people (particularly the disadvantaged on special programmes in West Germany), many managers also found that "wrapping them in cotton wool" could become counterproductive and end up by hindering their integration. The respondents noted that while it was not possible to "treat them like every other employee" one should not "smother them with overly intensive care," as several managers said.

Even with these supporting measures and careful selection, however, the respondents emphasized that one had to accept that many youths on special programmes would have adjustment problems and would not complete the programme. A major task of the manager responsible for the scheme was to keep the spirits of the employees up when such frustrations occurred and to keep the company trying.

## **IV. EVALUATION PROCESSES**

How do companies decide whether a scheme is worth continuing? How is the experience evaluated and success measured? The most striking result of this part of the research process was that informal, qualitative methods predominated. The decision-making process at this phase of a scheme was therefore consistent with that observed at the outset.

### **A. PREDOMINANCE OF INFORMAL, QUALITATIVE METHODS**

#### **1. Measuring success in human terms**

No formal evaluation procedures were used for youth-related schemes by managers in either Great Britain or the Federal Republic of Germany. According to the respondents, decisions were based on "gut feelings" and success was measured in human terms. As one German manager said, they "do not evaluate on the basis of numbers: having helped any youths to complete their schooling and get a better start (particularly if they can then go on to an apprenticeship) is success enough to continue." Managers in both countries warned against "number crunching" and unnecessarily formal quantitative procedures. Rather, "it is a matter of individual importance, and it is very satisfying and motivating, that is the most important thing." Although some companies reviewed costs when budgets were being settled for the next financial year, companies rarely reassessed their commitment in financial terms. A few respondents commented that a major increase in expenditure would be necessary before such questions were raised. Respondents were much more likely to question the amount of time and effort they had to spend on paperwork (particularly in Britain with respect to the MSC), which was usually described as "red tape."

#### **2. Avoiding mistakes and learning from experience**

Almost no respondents could identify what they would call "mistakes." The West German managers in particular referred back to the extensive planning and preparation they had invested in before launching a scheme designed specifically to avoid the emergence of problems that could be termed "mistakes." This did not appear to be a matter of post-hoc rationalization on the part of the respondents. Instead, it seemed to signal a

learning approach because these managers all stressed the importance of revising ideas in light of experience.

More British respondents than West Germans spoke of preferring to stick to a scheme once they had developed it. Having found it to work for them, they generally chose to keep it. By contrast, the great majority of West German respondents described the scheme development process as "alive." They used both formal and informal feedback procedures to improve on the content and approach from one time to the next. A training manager explained "when one has been in this business for a while, one senses how things are going from the way participants respond, the look in their eyes." He supplemented this "feeling-approach" by distributing evaluation forms to the young people participating in the scheme and by talking to the other managers with whom the youths worked to see if they felt that the course had achieved its goals. The respondents who took this learning approach clearly found the continuous evaluation and adjustment process to be not only effective but also personally stimulating. They thereby strengthened their "track record" and heightened the motivation of the young people and the other employees to continue the commitment.

### 3. Reasons for discontinuing schemes

Managers rarely withdrew from schemes once they had become involved. As long as the managers had a sense of mutual benefit, on which the respondents predicated their feeling of success, schemes tended to be continued. As one manager expressed it: "The company gets something, the community gets something and the people who are doing something enjoy it." The managers identified three reasons for abandoning a scheme:

*a. Insufficient demand.* In both countries the discontinuation of schemes was usually associated with insufficient numbers of applicants or requests for support from external organizations.

*b. Concern for quality.* In a few cases the "low calibre" of applicants was cited as a reason for discontinuing a scheme.

*c. Bad experiences.* Several respondents reported that they had had to withdraw from a scheme, at least for a time, after a particularly bad experience had caused the managers in the department in which young people were to be placed to refuse further applicants.

**B. A MAJOR CHALLENGE: LINKING INDIVIDUAL AND INSTITUTIONAL COMMITMENT**

Two key threads ran through the discussions about commitment in both countries. Personal commitment was *the* most important component of launching, implementing, and continuing a scheme, and the decision-making procedures were relatively informal, both in introducing and in evaluating an activity. A British respondent summarized this state of affairs as "it's only people, not companies."

As humanly satisfying as this observation might be in some ways, it has its costs as well. When the champions or sponsors involved lost interest, became overburdened, or left the company, there was often no organizational back-up to the activity. The reports from the sample companies showed that schemes were rarely "killed" in a formal decision but that they "died" for lack of care if they were not anchored somehow in the organization. In one company, for example, a scheme that had attracted considerable publicity and acclaim collapsed on two occasions because the managers who had run it completely voluntarily changed jobs.

In short, the experience that was built up and the contacts that were developed risked being wasted when individual commitment was not somehow institutionalized as organizational commitment. This outcome would appear to be particularly likely in a business environment that is characterized by high mobility among managers. The British respondents reported much shorter tenure in their jobs than did their West German counterparts, a factor that might indicate that British companies may suffer from lost investments and the costs of "reinventing the wheel" more than West German ones.

In a very few cases the respondents had given this problem some thought. How can individual learning be anchored in organizations? Does the flexibility of informal decision-making have to be sacrificed to achieve organizational continuity? One British manager who had worked in both a financial institution and in a high-tech company commented that she could organize schemes more effectively in a more formal, rule-bound organization than she could in an informal, fluid structure where managers were said to be "anarchical." In fact, the experiences in the British sample showed that schemes were more likely to be smaller, more informal and relatively short-lived in fast-growing companies with rapidly evolving systems (notably high-tech companies). By contrast, some of the very

bureaucratized organizations tended to have formalized arrangements and designated roles that seemed to generate continuity and sophistication. The bureaucracy did not inhibit the imaginativeness of schemes in these cases; it may even have enhanced innovations, because ideas grew and evolved over time.

The results of this study cannot be a clarion call for more bureaucratization as a guarantee of organizational memory and commitment. Rather, they point to the need to develop strategies to capture individual learning in the company. At least two ideas are to be found in the experiences of the sample companies.

■ **Job descriptions.** When the responsibility for a task was written into a job description, the commitment lived on beyond the tenure of a given individual. This is not to say that the next manager fulfilled the task in exactly the same way. When giving advice for a successor, in fact, the respondents often stressed the need to discover new approaches and develop an individual style.

■ **Obtaining stamps of approval, often post hoc.** Another strategy mentioned by a couple of West German respondents was to submit a scheme formally to top management at some point in the process--usually after it had been working successfully. They stressed that this was essentially just a formality, but once the scheme had an official stamp of approval, it took on a life of its own beyond the tenure of individuals whose excitement had launched it. It could no longer just "die"; it would have to be "killed".

In summary, the personal commitment of individuals is what gives schemes their vitality; institutionalization seems to be the best guarantee of their continuity.



## 7 POLICY IMPLICATIONS

Many decision-makers in business and government may be persuaded that the youth unemployment problem is about to be resolved. Overall unemployment figures have been declining over the last two years, and the size of the 16-to-19-year-old age group is projected to fall in the years to 1995. After having dealt with the bulge of children from the baby boomers entering the labour market, European countries are faced with the prospect of a "baby bust", as a leading weekly colourfully put it.<sup>1</sup> What, then, can be learned by policy-makers from this study? The insights from the interviews with the sample companies in Great Britain and the Federal Republic of Germany can be applied in three ways.

■ To continue reducing youth unemployment. Although demographic changes may make more of an impact on youth unemployment than any other measure since the late 1970s, the problem is far from resolved. Certain groups of young people will continue to be threatened by unemployment in the years to come. In addition, the young people who were not able to find gainful employment for much of the 1980s have yet to be integrated into the workforce.

■ To confront skills shortages. Some industries are already suffering from skills shortages in both countries. The problem will be exacerbated by the projected shortfalls in the numbers of school leavers in the first half of the 1990s.

Although these issues may appear contradictory at first glance, their successful resolution depends on them being treated jointly. Both require competencies for recruiting and developing young people. Many of the schemes run to combat mass youth unemployment during the 1970s and 1980s contain elements that are extremely relevant for the labour market problems of the 1990s. The ability of companies to deal with these issues may have serious consequences for their competitiveness, both nationally and internationally, particularly in light of the upcoming single European market.

■ To manage other public policy issues. The strategies for introducing and running schemes successfully to combat youth unemployment can be applied to other public policy issues that require joint action by the business community and government. Environmental protection, urban renewal, and equal opportunity, for example, are all areas for which support from companies must be generated.

## **I. YOUTH UNEMPLOYMENT: MAINTAINING THE FOCUS**

Happily, the problem of youth unemployment appears to be shrinking as the number of school leavers drops in both countries. Contrary to the perceptions of many decision-makers in business and government and to the impression being generated by the media, however, the problem will not disappear immediately or completely. Its origins were not exclusively demographic but rather linked to such other factors as the impact of new technologies on job opportunities for young people, the health of the economy, and levels of adult unemployment. By the same token, its solution cannot lie entirely in demographics, either.<sup>2</sup> The overall youth unemployment rate may be falling, but there are significant numbers of young people who continue to be seriously threatened by unemployment.<sup>3</sup>

### **A. YOUNG PEOPLE AT RISK**

Unfortunately, the current discussion about youth unemployment in both the Federal Republic of Germany and Great Britain is too narrowly focussed on the declining number of school leavers as indicators of the youth labour market. Such tunnel vision ignores other large groups of young people.

■ There is a backlog of unemployed young people in both countries who left school when the problem was at its height. Many of them are no longer registered in national statistics because they do not qualify for benefits.

■ In the Federal Republic of Germany, universities and other institutions of higher education are still bloated with young people who will be entering the labour market in the next few years.

■ Regional differences in demand for labour remain severe in both Great Britain and West Germany, leading to high unemployment in some areas and shortages in other regions.

■ The discrepancies within the youth population between those young people who are in high demand and those belonging to groups considered to be less "attractive" have not been eradicated.

These four factors imply that numerous large "pockets" of youth unemployment remain to be addressed in the upcoming years. Government and business in the Federal Republic of Germany and Great Britain are in danger of dismantling their schemes to combat youth unemployment before the problem has actually been resolved. It is not an uncommon social phenomenon that people are reluctant to recognize a problem, slow to develop a response to it, but eager to believe it is fading. The media plays a significant role in the dynamics of this issue-attention cycle. The impressions given are misleading for policy-making, for they tend to cause decision-makers to overreact to signs that might indicate that the problem is receding.<sup>4</sup> The costs of such an approach can already be seen in one segment of the youth issue in the Federal Republic of Germany: Forecasts of falls in the numbers of university students in the 1990s led to premature restrictions on teaching capacity in the 1980s. The fact that student enrollments kept rising during this decade was not perceived by policy-makers, whose sights were set on the next decade. A similar phenomenon can be observed in Great Britain, where the rapidity with which forecasts of labour shortages have come to the fore of the labour policy debate appears essentially to have eclipsed concern for the young people currently suffering from unemployment.

## **B. INSIGHTS FOR OBTAINING, IMPROVING AND EXPANDING PUBLIC-PRIVATE COOPERATION**

Since the problem of youth unemployment remains important, and since continuing business support for schemes is necessary, it is worth looking at the comments that the respondents made about their experience with public policies. What role do they believe the various stimuli from government actually played in the decision to commit corporate resources to young people, and what conclusions can be drawn for policy-makers seeking to stimulate other companies to undertake measures for the young? Which problems did they experience in running public schemes and how might they be remedied? What are the particular strengths of government

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schemes and how can they be built upon? The West German respondents generally provided more details in answering these questions than did their British counterparts. While some of the comments and ideas are specific to the situation in the Federal Republic of Germany, most apply to both countries.

### 1. Business attitudes towards government policies

The West German government took a combination of three approaches to stimulating business to participate in dealing with the issue of youth unemployment. It exerted moral suasion through appeals mixed with threats; it passed legislation designed to "create an environment conducive to business cooperation"; and it introduced special schemes with financial incentives to help defray the costs to business of taking on part of the responsibility.

*a. Mixed responses to moral suasion.* When asked about the role of the appeals launched by the government, particularly the speeches made by Chancellor Kohl, West German managers expressed several opinions. Some respondents denied that rhetoric at the top levels of society played any role whatsoever in practical decision-making within a company. More managers credited the appeals with success in preparing the groundwork for thinking about the problem, both at the top of the organization and among the employees. Some respondents commented that the public attention given to the issue and the stress on the responsibility of business in this area had doubtless played a role in generating a willingness on the part of employees at all levels to contribute to helping young people in some way. The personnel and training managers felt that their work made them sufficiently aware of the problem due to their work, but that top managers benefitted from the additional stimulus provided by such appeals.

In a few cases the first impulse to start looking at possibilities within the company to help combat youth unemployment was traced by the respondents directly to the Chancellor's speeches, particularly around election time. In the majority of companies, however, the appeals appeared to have had a significant impact only when they were disseminated through business organizations. The government seemed to have successfully mobilized such organizations as the Federal Association of Industry (BDI), the Federal Employers' Association (BDA) and the responsible Chambers to apply peer pressure through networks of managers. Moral suasion that

trickled down through the structures of the business community moved from the realm of rhetoric into that of practice.

The strategy of moral suasion was accompanied by an undercurrent of threat that took two forms: specifically, the introduction of a levy and, more generally, the expansion of the role of the state in vocational training. None of the respondents mentioned the threat to impose a levy on companies if they did not achieve enough voluntarily. This is not surprising, since the law had been rescinded before the interviews were conducted and it did not appear likely that a revised version would be reintroduced under the conservative government. The second, broader component emerged often, although it was formulated by respondents more in terms of a challenge than a threat. A large number of companies reported that a motivating factor behind their decision to expand their training was to prove that the dual training system was capable of meeting the challenge of the baby boomers and thereby forestall the encroachment of others into this sphere of business prerogative.

*b. Uneven responses to supporting legislation.* Though many of the West German respondents emphasized that an essential function of government is to provide a supportive environment for business, they rarely pointed to the effectiveness of measures in this category. (A few made envious remarks about the changes they believed the Conservative government and Margaret Thatcher in Great Britain have been able to achieve in this area.) The only government measures mentioned by respondents were the early-retirement legislation and the law on short-term contracts. Both were identified by several companies as important elements in helping to provide young people with employment after training, particularly when the company had consciously pursued a policy of "training above need". By contrast, the changes in laws dealing specifically with young people (eliminating or reducing protective legislation for young workers, for example) were not mentioned at all. This is interesting because such protective legislation is often blamed by business for reducing the attractiveness of young people. In the event, the lifting of restrictions does not appear to have had a significant impact on the hiring of young people in the sample companies.

*c. Positive responses to special government schemes.* Besides appealing to companies to do more on their own initiative for young people and introducing supporting legislation, government also set up special schemes for which the participation of individual companies was essential. In Great

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Britain, this was the dominant government approach, relying on the tradition of voluntary support on the part of business. What role do the respondents indicate that the schemes played in getting business involved in dealing with this societal problem?

The overwhelming majority of respondents welcomed the special government schemes to combat youth unemployment. They felt that, overall, they were "good because they serve to motivate young people and keep them from degenerating". This positive attitude was reserved for schemes run in conjunction with business, however. Managers (particularly in the Federal Republic of Germany) expressed concern about schemes that were run outside of companies, for they believed that such schemes tended to "train young people in occupations for which there is no real need" and that the "conditions are artificial", so the young people "cannot get the feeling that they are really needed, that what they are doing is important."

When asked whether they had a policy on participating in government schemes, the sample companies responded in one of four ways. (1) Almost all the British companies and most of the West German ones did not have a policy stance but rather decided on a case-by-case basis. (2) A small group in both countries refused or was reluctant to participate in government programmes because of the bureaucratic difficulties involved, which the respondents felt were more work than they were worth. (3) A few respondents in West Germany answered that "we are strong enough to do it alone" and "prefer to leave the funds for companies who are in greater need of it." (4) Several West German respondents said that "it would look bad to shareholders" if they did not take advantage of subsidies, "as though the company had money to give away".

*d. Public policy implications of corporate positions on participation in government schemes.* The options for government seeking corporate support for a scheme differ according to the various stances described above. Those respondents who felt that their company should not use public funds were running their own schemes and could not be stimulated into action through subsidies. They are more likely to respond to other forms of public pressure. It is probably not just coincidental that most of the sample companies with such a view in the Federal Republic of Germany were successful chemical companies. The industry is under heavy public pressure and is having to fight a negative image of "bad corporate citizenship" because of environmental problems. Companies in such a situation tend to

respond positively to the opportunity of doing something "for the community", and they are generally in a better financial position than others to organize it at their own expense.

The category of companies that were disinclined to participate in government schemes included both those that had discontinued such schemes after having had bad experiences and those that had not yet tried a scheme. The arguments that public programmes are too bureaucratic, that the requirements are often irrelevant, and that the paperwork involved is irresponsibly burdensome are commonplace in every country. In some of the sample companies this argument seems to have been used almost as an excuse not even to consider becoming involved. The managers interviewed had not sought out any information about the options available, they simply blocked the ideas out. Very few of these companies had set up their own schemes instead. These companies are the hardest to develop appropriate stimuli for. However, as one frustrated West German training manager in such a "reluctant" company stressed, personal approaches, particularly by senior people in the business community, can help to change the views of an otherwise very restrictive top management.

The second type of company in this category had tried working with government programmes, but had dropped out after experiencing too many difficulties. The credibility of this reason is particularly high in those few companies--both British and West German--that had subsequently introduced their own schemes instead, which they considered to be better and more efficient than the government scheme.

The bulk of respondents in both countries fell into the first two categories of companies. That is, they were willing to participate in government schemes, so it was a matter of how best to attract their attention to a particular scheme. In the overwhelming majority of cases the respondents in both countries indicated that the decision to participate in a scheme had been stimulated outside the company, for example by information provided at a meeting or in the mail. Many respondents commented that they were "flooded by letters and requests for help", so it had not been a question of information but rather of selection. According to the managers, the most effective approach was personal, when the information was provided by someone known to the manager, be it a member of the business community, a civil servant at the labour office, or an employee of a managing agent, for example. Several respondents explained that the personal contact permitted

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the manager to focus on a specific option, and, based on a relationship of trust built over time, to clarify openly and cooperatively the practical details that needed to be dealt with.

The implication of this finding for government in Great Britain and the Federal Republic of Germany is that an even more conscious use of networks of personal contacts to and within the business community should be promoted. For youth unemployment and similar issues such organizations as the Chambers of Commerce and the business associations can be used to disseminate information and encourage companies to become involved. When business leaders can be held up to serve as "witnesses" testifying to the importance of an issue and companies as "role models", illustrating how schemes can be run, companies are likely to follow up and participate in government schemes. If appropriate networks can be identified or created, this approach is likely to be equally useful in other policy areas.

*e. Using multiple approaches to extend the policy mix.* A key message that emerges for public policy from the analysis of the stimuli for action reported by the sample companies is that multiple approaches are useful for stimulating business cooperation. A combination of subsidies, moral suasion, and supporting legislation--together with a credible threat--is valuable for attracting the support of a wide variety of companies. Furthermore, the message needs to be disseminated through personal contacts by using networks in which managers meet each other to exchange views and experiences.

The effectiveness of the multiple approach becomes particularly clear when areas in which it has been used are contrasted with a part of the youth unemployment problem in which it has not figured, namely, employment in the Federal Republic of Germany. Seen in contrast to Great Britain, the focus of the measures appears to be too limited to the training phase of the transition from school to work in West Germany. Very little attention has been paid directly to the employment side. While improved skills do help make young people more employable, that alone cannot solve the problem. Considering the experiences with the battery of government approaches discussed here, it would seem that government could well transfer the use of moral suasion, threats, and subsidies so as to encourage business to look beyond the traditional training-based definition of youth schemes and



broaden efforts to increase employment opportunities.<sup>5</sup> Such a shift is difficult to implement not only because it means adjusting traditional perspectives but because the boundary lines between young people as a target group and other groups of the working population are harder to draw legitimately in this final phase of the transition process. Older workers and women, for example, also face special difficulties in employment. It would be socially and politically unacceptable as well as economically inefficient to promote one at the expense of another.

In order for effective programmes to be developed, they would have to be based on an analysis of--

■ The specific problems each group faces, just as the schemes for youth in training distinguish between the difficulties encountered by young foreigners, school drop-outs, and girls in technical occupations, for example;

■ the segmentation of the labour markets for the different groups in question (i.e., in which occupations do the groups really compete for the same job?); and

■ the possibilities for coordinating opportunities for the interests of the groups, as has been done in the schemes combining the promotion of early retirement of older workers and the hiring of youths.

Given the experience with training subsidies, it would seem that employment opportunities could be stimulated more effectively through employment subsidies than through an expansion of job-creation programmes, at least under their current conditions in the Federal Republic of Germany. It is almost impossible for private companies to participate in job-creation schemes (*Arbeitsbeschaffungsmaßnahmen: ABM*) there, because the regulations stipulate that the work must be "in the public interest". Even more problematic, however, is the precondition that the work be "something that would not otherwise be done" because the jobs thereby run the great risk of being "make-work" types of tasks. This result flies in the face of observations by the respondents in this research project on the need for young people to feel that they are contributing meaningfully to the organization.<sup>6</sup>

Properly managed, employment subsidies appear better suited to getting young people integrated into the normal running of the organization and can therefore provide both the young participants and the responsible

managers with a sounder basis for developing a long-term employment perspective. An instrument for preventing companies from misusing the subsidy by inducing a turnover of the subsidized participants might be the requirement (already in place with some schemes) that the employee be hired permanently after a certain amount of time. In light of the experiences described by respondents with the efforts of companies to keep the young people on after getting to know them, such incentives could have a job-creation effect (an effect government officials recognize they can very rarely achieve in the public or nonprofit sector in which the measures are currently applied in the Federal Republic of Germany).

2. Problems experienced with government schemes

The issues mentioned most often by the respondents as causing difficulties in running government schemes for young people were the remuneration of participants and the procedures and regulations of the government authorities.

*a. Remuneration of participants.* When the young people participating on a scheme were paid as much as or less than they would be entitled to receive in unemployment or similar benefits, the sample companies generally found that it was difficult to motivate them to complete the programme. This was particularly true the longer the scheme lasted and the less hope there was of a long-term solution (job or apprenticeship) at the other end. Several British sample companies had dealt with this issue by "topping up" the MSC allowances, often in response to pressure from their unions. Current legislation in the Federal Republic of Germany prevents companies from supplementing the allowance from the labour office. Since this often very low remuneration can make the young people feel exploited, it would be worth investigating ways of adjusting the regulations in order to allow for additional pay from the companies.

*b. Rationalizing bureaucracy.* A common thread running through the interviews in both countries were the complaints by the respondents about the requirements of the responsible government agencies, which they perceived as being overly bureaucratic. Since complaints about the paperwork and regulations involved in running schemes came not only from inactive companies but also from those that were still participating in government schemes and those that had started their own schemes, the problem cannot simply be discounted as an excuse from companies that did not want to get

involved. A number of specific approaches for coming to grips with the problem present themselves. They are outlined here specifically with reference to the issue of youth unemployment, but they are applicable to similar policy issues.

■ **Emphasize relevance to business.** The relevance of the requirements considered essential to the running of schemes should be made apparent to potential applicants. None of the respondents would disagree that standards need to be set and compliance to them has to be documented. But the logic needs to be evident in order to retain companies already involved in a scheme and to attract other companies who might be interested. It is not surprising that managers resent expending resources and energy on meeting what they perceive to be irrelevant requirements and filling out unnecessary forms when their real purpose for participating is to work with young people.

■ **Increase consultation.** The complaints were seldom heard when government schemes were worked out together with representatives of the business community or a given company, rather than in bureaucratic isolation. Overall, the interviews indicated that more efforts were made in the Federal Republic of Germany than in Great Britain to arrange for corporate input to the definition of goals, standards, and procedures of public schemes from the outset.<sup>7</sup> It would appear that in other problem areas, too, this approach would provide a sounder basis for cooperation with business than when government essentially "pulls a fully hatched scheme out of a hat" and expects business to adapt to it.

■ **Delegate quality control.** Delegating the responsibility for quality control to the business community as much as possible can help take the heat off the questioning of the relevance of bureaucratically set requirements. This can be done at different points in the process. For example, in West Germany the chambers and guilds play an important role in licensing companies to train and in testing the apprentices at the end of their training period. It would appear to be worth examining, for example, whether the designation of "approved training organizations" in Great Britain could be delegated to industrial or tripartite boards.

■ **Review administrative procedures.** The bureaucratic procedures involved in government schemes should be reviewed periodically in order to eliminate unnecessary burdens. The danger with schemes in almost every policy area is that the regulations and the paperwork mount over time and

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with the input from different departments or interest groups. Old items are not eliminated as fast as new ones are added, and their practicability or efficiency are not questioned.

■ Provide assistance with paperwork. Assistance in meeting the requirements should be arranged for. Two possibilities emerge from the research, and others could be added. Many of the West German respondents mentioned that they were relieved these burdens were largely taken care of by the non-profit organization running the government scheme. Some of the large companies noted that their personnel departments helped handle the paperwork for the smaller companies with whom they were cooperating. The externalization of paperwork allows the companies to focus their energies on the actual content of the scheme rather than on the formalities of organization.

*c. Cooperation with labour-market authorities.* Respondents, particularly in the Federal Republic of Germany, felt that the implementation of schemes often suffered from understaffing of the labour-market agencies and from a lack of innovative approaches to cooperation.

■ Developing new approaches to young people. A few respondents specifically pointed to the need to develop new approaches to dealing with the young people. They believed it was unrealistic to expect young people who had suffered numerous rejections and difficulties with authorities to come into the labour office and deal with the extensive formalities. They therefore recommended that labour office employees actively seek out the young people and help them deal with the paperwork.

■ Getting to know the company. Others stressed that the labour office workers should come into the company to understand its needs better before sending just any applicant. The effectiveness of such a suggestion is evident in the comments of those respondents who have succeeded in developing a good working relationship with the people responsible for their specific area in the labour office. In such cases the managers often mentioned frequent phone calls, visits and other forms of information exchange that led to an improved, more informed cooperation.

■ Working together to develop a long-term perspective. A third type of suggestion made by respondents for the labour office reaches far beyond the issue of youth unemployment. They recommended setting up working groups to develop a long-term perspective on the needs of the "Workplace

of the Year 2000". The managers pointed out that, just as their own companies have set up working groups to explore the topic and examine its consequences for personnel policy, the labour office, too, should be thinking in this direction. The Manpower Services Commission in Great Britain and the Federal Labour Office in West Germany are, of course, doing just this. However, the long-range perspective is not trickling down to the working level. Nor is the practical view from managers on the ground being integrated into such top-level processes. The suggestion made by respondents that joint working groups be set up, to enable the labour office to take advantage of business expertise on the subject might well go far towards breaching this gap.

d. *Providing better overviews of schemes.* The policy principle of targeting specific groups among the unemployed in the Federal Republic of Germany resulted in a multiplicity of public schemes, over which it was difficult to obtain an overview. This issue did not emerge in the interviews in Great Britain, where YTS is the dominant public scheme (although the numerous other initiatives launched there have been characterized as a "veritable alphabet soup").<sup>8</sup> The effective use of a multifaceted approach depends to a large extent on a comprehensive information policy, but the researchers encountered virtually insurmountable difficulties when trying to piece together a clear picture of the various business-related measures that had been introduced to reduce youth unemployment since the late 1970s.<sup>9</sup> While the managers spoke of being "flooded" with information on new government schemes, the lack of a practical summary of existing federal and local schemes and conditions for participation would seem to lead to somewhat haphazard uptake by companies. It would be more effective to provide companies with a "menu" of possible alternatives, one of which might well appeal more to its individual circumstances than the chance mailing about the newest programme.<sup>10</sup>

### C. MATCHING MEANS AND ENDS

One of the core public policy recommendations of the study emerges from the observation that the most reliable basis for business-government cooperation in dealing with a problem like youth unemployment is a two-fold match. One is between the *means* the partners have at their disposal, seeking to draw on the specific competencies of each. The other is between the *ends* that those partners pursue, generating a sense of "mutual benefit".

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### 1. Complement what companies can provide

One of the most valuable investments of government schemes to combat youth unemployment were in the type of expertise business itself did not have. In the Federal Republic of Germany, this was the financing of special language training for the young foreigners and social counselling and assistance for disadvantaged young people. All the respondents who had worked with such a scheme stressed the essential role played in its success by this support, which they themselves could not provide within the company. In such cases an ideal marriage seemed to have been reached between business-based strengths in training and government-subsidized expertise. Similar matches between resources could equally well be found in other public policy issues for which support from companies is needed.

### 2. Meeting societal and business needs

If managers understand how participating in a government scheme can benefit their company, they are more likely to do so. As the interviews in both countries showed, the concept of "benefits" was generally not narrowly defined to mean an immediate payoff. Many activities reported here did not produce direct benefits to the company in the short run. Rather, many managers assessed benefits broadly, and high value was often placed on intangible gains (such as management development opportunities, image and "fun").

The sense of mutual benefit appeared to become increasingly important to the maintenance of commitment over time. Whereas some respondents indicated that they had initially become involved in a scheme out of a sense of responsibility to the community, their *continued* involvement depended on their having discovered benefits to their company. When public policy-makers want to generate long-term commitment from business, whether it be to combat youth unemployment, to reduce environmental pollution or to contribute to urban renewal, to mention but a few issues, it is essential that the schemes can be seen to satisfy a need in the company as well as in the community. How can companies be "educated" to identify their long-term interests and to understand how they overlap with societal needs?

**3. Getting companies onto the learning curve**

The case of youth unemployment in Great Britain and the Federal Republic of Germany illustrates two very different roles that public policy can play in getting companies to learn how to contribute to dealing with a societal issue and how to apply these activities to their own needs.

In Great Britain, the role of government was to introduce an almost completely new system. Its goal was not only to reduce youth unemployment but also to develop a permanent bridge from school to work. The decision to participate in YTS marked the first time some companies had taken on school-leavers and the managers learned how to develop them. Other British companies learned through their participation in YTS how to improve their regular training schemes. In both kinds of cases, companies came to place higher value on training through the experience provided in the framework of the government scheme. Some had gone on to set up their own schemes. The long-term goal of the British government involves a far-reaching redefinition of business interests so that the concept of broad-based training will be understood as an investment from which the whole business community can benefit. Changing values that much will take time and a very long-term perspective on the part of all parties involved. Unless the government can maintain its own commitment to creating a new system, it cannot expect any significant changes in business.

By contrast, the role of public policy in the Federal Republic of Germany, where there is a well-established bridge from school to work, was to encourage companies to stretch their existing systems. Under such circumstances, short-term measures and pilot projects can stimulate an expansion in capacity and experimentation with new approaches. The acid test is in what companies are willing to do after government subsidies expire. In the event, two kinds of follow-up activities were observed among the sample companies.

■ Some West German companies enriched their own programmes with the ideas collected in the course of participating in a government scheme. For example, several managers mentioned that some of the new pedagogical and social approaches to teaching that they had learned while conducting the special schemes for foreign or disadvantaged youth helped improve their regular training. It is to be expected that the effects of such learning experiences will increase in future, when companies have to draw more on these groups of young people as the numbers of school leavers to choose

from drop. The experience served to show these companies that the young people they would otherwise have considered untrainable or unemployable can in fact be integrated into the workplace.

■ In other cases they continued the type of scheme embarked on, using their own funds after government funding expired. Almost all the companies that had started cooperative training as a result of the government schemes intended to continue after government funds run out. Many were also investigating ways to expand the use of the cooperative training mechanism to provide their employees with further training. Having been introduced to the possibilities of such an approach through the government scheme, they had recognized its value and were willing to invest in it and expand its uses. As noted by one training manager who had been very active in generating interest among companies that had not previously trained, quite a few will continue after government funds have run out and after the issue of youth unemployment has lost its urgency because "they have tasted blood" and understood how these activities can pay off.

Policy-makers could make more efficient use of public resources by applying these findings to other policy areas as well. When the solution for a problem is seen to lie in an area in which companies have already developed competence, government can focus on stimulating an expansion of the system and disseminating the results of pilot projects to encourage experimentation. Short-term approaches are usually enough to get companies onto the learning curve. By contrast, when no established system is available to respond to the policy problem, government itself has to get onto the learning curve and develop a long-term commitment if it wants business to cooperate in setting up a new response system. In both cases, the long-term participation of business is predicated on matching public and private interests.

## **II. THE BABY BUST AND SKILLS SHORTAGES**

The incidence of unemployment has been seen by policy-makers in both countries as particularly dysfunctional in the context of perennial or persistent shortages of skilled labour in certain industrial sectors. Demographic trends are expected to aggravate these shortfalls in the coming years. Figure 7.1 and Table 7.1 illustrate the dramatic drop in the pool of young people from which employers will be able to draw and develop skilled workers in the two countries.



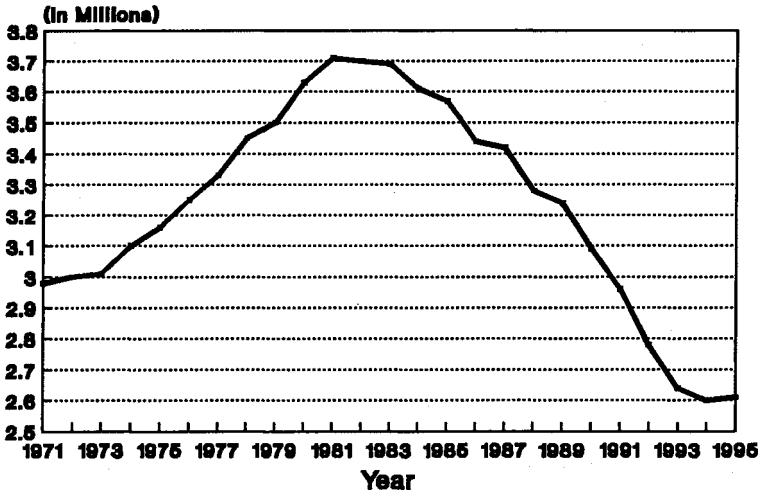


FIGURE 7.1: Population aged 16-19 years in Great Britain, 1971-1995

SOURCE: *Employment Gazette*, May 1988, p. 268.

## A. LABOUR MARKET PROJECTIONS

### 1. Great Britain

The 1987 Labour Force Survey in Great Britain estimated that the civilian labour force was 27.2 million in mid-1987 and will be 28.1 million in 1995. In 1987, persons under 25 years of age comprised 23 per cent of the total, but it is suggested that as a result of demographic and educational changes, this age group will form only 18 per cent of the total in 1995. After

TABLE 7.1: Trends in the West German Labour Market to the year 2000

Age Group	Workforce* (in millions)		
	1982	1990	2000
15-24	5.117	3.968	2.573
25-34	5.645	6.805	6.097
35-44	6.280	5.811	7.614
45-54	5.549	5.904	5.778
55+	2.973	2.761	3.220
Total	25.564	25.249	25.282

SOURCE: Christoph von Rothkirch and Inge Weidig, *Zum Arbeitskräftebedarf nach Qualifikationen bis zum Jahr 2000*, IAB series Beiträge zur Arbeitsmarkt- und Berufsforschung, no. 95, (Nürnberg: Institut für Arbeitsmarkt und Berufsforschung der Bundesanstalt für Arbeit [IAB] 1986), p. 54.

\*These projections are based on the middle scenario of the potential labour force developed by the Institut für Arbeitsmarkt und Berufsforschung der Bundesanstalt für Arbeit [IAB]. They assume that the age-specific rates of workforce participation remains constant at 1982 levels.

1982, the number of 16-to-19-years-olds began to decline. Whereas the total stood at 3.5 million in 1986, it is projected to fall to less than 2.6 million in the mid-1990s (see Figure 7.1). Because there will be fewer working-class children, who tend to leave school earlier, and because the others will be more likely to stay on at school or in further and higher education, it is estimated that only 460,000 teenagers will join the labour force at the minimum school leaving age in 1991, compared with 580,000 in 1987.

The most marked decline will be among those teenagers with lower qualifications. It is estimated that numbers will decline by 27 per cent between 1987 and 1994. In 1987, 27,000 teenagers left school with A-levels or Scottish Higher qualifications; cohort size in 1995 will be about 5,000 smaller.

## 2. Federal Republic of Germany

West German policy interest in the future of the labour market is reflected in the large number of studies conducted to project trends in manpower supply and demand. The difficulty of developing such projections with any degree of certainty, however, is shown by the wide variations in scenarios these studies propose. The common conclusions of most of these studies are that the labour force (including both Germans and foreign workers) will continue to grow until 1990 (whereby estimates range from increases of about 160,000 to 845,000). Thereafter, the labour force is expected to decrease by as much as 1,808,000 or as little as 265,000, depending on the assumptions underlying the calculations.<sup>11</sup> A relatively moderate scenario<sup>12</sup> suggests that the labour force will drop from 25,564,000 in 1982 to 25,249,000 in 1990 and rise to 25,282,000 by 2000. In that period the proportion of 15-to-24 year olds in the labour force is expected to shrink from 20 per cent (1982) to 15 per cent (1990) to 10 per cent (2000).

There is a broadly shared concern among representatives of business, unions, government, and research that the significant drop in school leavers and the shift in educational patterns towards higher education are threatening the backbone of West German industry, its pool of skilled workers. The group of school leavers from which these workers have traditionally been recruited has been shrinking ever since 1982, when the number of 15-to-16-year-old children of the baby-boomers peaked. The spectre of a serious shortage of skilled workers (*Facharbeitermangel*) in the 1990s has loomed large in the public debate since the early 1980s.<sup>13</sup>

## 3. Trends in awareness of labour market projections

The demographic trends in Great Britain are similar to those in the Federal Republic of Germany, but there are noteworthy differences in the discussion about the data in the two countries. A recent report by the National Economic Development Council and the Training Commission in Great Britain publicized these demographic changes and revealed that only one in seven employers surveyed in the country was aware of the problems that they would experience in the youth labour market.<sup>14</sup> The interviews with the British sample companies supported this finding, for none of the respondents mentioned this issue. By contrast, all the interviews in West German companies showed a high awareness of the demographic trends and

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their implications for recruitment and skilling. The issue of the impending "youth shortage" had contributed significantly to motivating many firms to open their doors to unemployed young people over the past decade.

### **B. APPLYING YESTERDAY'S EXPERIENCES TO TOMORROW'S CHALLENGES**

The demographic data suggest not only that there will be intense competition for better qualified teenagers by the mid-1990s but also that it will be more difficult to replace them with alternative candidates from the same age group, because there will also be fewer of them. In both Great Britain and the Federal Republic of Germany employers who are unable to interest their "first choice" candidates will increasingly be obliged to turn to groups that they have hitherto found comparatively unattractive. How can companies draw on the lessons learned in running the youth programmes during the 1970s and 1980s to meet the manpower needs of the 1990s?

#### **1. Fostering links with schools**

The published figures suggest that there will be intense competition in both countries for school leavers within the public and private sectors. Well-qualified teenagers in particular will be able to be very selective about the job and training opportunities they accept. Companies will need to market opportunities to this age group very strongly if they are to avoid labour shortages in entry-level positions. In certain regions of both countries and in some vocations, this decline in the number of school leavers has already begun to bite.

Although nearly all the companies in the sample became involved in school-related activities for "social" or "disinterested" reasons, the managers responding to requests for assistance from the schools often found that the visibility gained in this way and the opportunity to provide the young people with more information about the world of work in fact had a positive effect on recruitment later. Careers talks, work experience schemes, business games and coaching for the application process, for example, help young people become aware of companies and occupations for which they might be suited. It may be that these activities, which had only an indirect effect on reducing the problem of youth unemployment, can have a more direct impact on meeting recruitment needs in the future. As a recent study by the Business/Education Task Force of the Confederation of British Industries

pointed out, "effective links with local schools will become a competitive advantage; a deserved reputation for developing young people will be necessary to attract the best applicants for jobs."<sup>15</sup>

## 2. Designing special measures for applicants of lower ability

Without a doubt, the "surplus" in the supply of young people occasioned by the high level of unemployment allowed managers in both countries to be more demanding in their recruitment criteria in the past decade. The results of the interviews indicated that this trend may have been stronger in Great Britain; most West German managers reported that they geared their selection to the needs of the job rather than taking the cream of the market. Nevertheless, the shrinking pool of young people to draw on in the upcoming decade will make it necessary for employers to recruit candidates of lower ability who were generally considered less attractive if not actually "untrainable and unemployable" in recent years. As the Federal Minister for Education in West Germany stressed: "Still too often the shortage of young workers is self-produced. During the years when the number of applicants was high, companies became accustomed to exaggerating the educational qualifications they expected of their applicants."<sup>16</sup>

Whether or not the preparatory programmes introduced in the Federal Republic of Germany in the past few years will become a standard part of the bridge from school to work is open to debate. They were launched in response to the demographic bulge and have often been criticized as "parking lots" rather than real learning periods leading to meaningful certification. But many of the ideas contained in these programmes will continue to be useful and can be integrated into periods of introduction to traditional apprenticeship or employment programmes. The respondents who had run such preparatory schemes or apprenticeships specifically for weaker applicants whom they would not normally have recruited found that, with supporting measures, they were able to raise the qualifications of the young people to the level needed. Additional coaching for the theoretical part of standard training and special counsellors and mentors to help the young people adjust to the demands of the workplace can be used in future in normal programmes.

3. Instituting equal-opportunities programmes

In a tight labour market, companies will no longer be able to afford the luxury of limiting their recruitment to traditional groups. Ethnic minorities and women must be drawn into the pool of potential candidates for jobs for which they have often not been considered in the past. This is as much a matter of changing perceptions and attitudes in companies as it is a matter of developing know-how. Those few British and West German companies that have experimented with active approaches to attracting and integrating such applicants for "social policy reasons" have several advantages over those companies that have not yet gained experience in finding and working with such employees. First and foremost, they perceive these groups as potential resources. Second, while others tend to overlook them or think of them as problems, these companies have a positive attitude to the abilities of these people. Lastly, they have developed the competence for giving these people equal opportunities in their organizations.

4. Developing the potential of other age groups

Concern for youth unemployment has somewhat overshadowed the problems faced by the unemployed in other age groups. Recent articles in the British press and specialist journals have increasingly turned to these older unemployed and to women returning to the workforce as an alternative source of recruits, but the evidence would suggest that these options have not been considered seriously in practice. Although it is undoubtedly true that a large reservoir of talent and ability remains untapped, schemes like the Job Training Scheme have not really begun to have an impact on adult training and retraining in either qualitative or quantitative terms. It remains to be seen whether the Employment Training Scheme will rectify this in Great Britain. Special programmes to reintegrate long-term unemployed as well as women returning to the labour market have been introduced in West Germany by the Federal Labour Office, but the level of participation by companies is still not as great as needed. The situation of young people, now in their twenties, who did not enter apprenticeships or begin employment after leaving school in the early 1980s remains especially serious.<sup>17</sup> Companies seeking to fill positions will need to broaden the scope of their search beyond the shrinking cohort of school leavers. Therefore, those who have been active in training unemployed school

leavers can now apply what has been learned to the training and employment of older workers, particularly the chronic unemployed.

5. Maintaining a period of training and transition to work

This issue pertains specifically to Great Britain, where a perennial concern of the policy community over the last thirty years has been the low level of training in British industry. Great Britain has been compared unfavourably with its competitors for the low level of vocational qualifications among the members of its workforce<sup>18</sup> and surveys of industrial trends by the Confederation of British Industry have shown that increasing numbers of companies expect skill shortages to constrain output. While serving as director of the Manpower Services Commission, Geoffrey Holland summarized the situation critically:

The real skills gap is that our country is under-educated, under-trained and under-skilled. And that is because our approach to training has for decades been too little, too narrow, for too few, with too few exceptions and with hardly any follow-through.<sup>19</sup>

It has been stressed that YTS is a training rather than an employment programme, and although there have been repeated criticisms of the content and quality of its training elements, it has both added to the number of training and employment opportunities for youth and encouraged the acceptance of a "transition-to-work" period for school leavers. The future of YTS would appear to be under threat in the context of demographic changes. Should it be universally seen as a repository for the teenagers with the least to offer employers, then its claims to "quality" may be undermined. It may then be perceived as a "remedial" scheme with the consequence that young people who have participated in it will actually become stigmatized and less attractive to employers. Ironically, labour shortages may actually become a disadvantage to young people and to the skilling of the British workforce if the transition period and basic training afforded through YTS are not maintained. The existing tendency to divert the more able trainees into "proper" jobs and out of YTS has been well documented and is borne out by this study. As the number of school-leavers drops, the more able teenagers may not enter YTS at all and thus forego a period of basic training. Their potential would be severely curtailed if they were not to receive the broad-based training that lays the foundation for developing higher-level skills. A serious challenge facing British employers, therefore,

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will be to ensure that--either through YTS or through their own schemes--the lessons learned about the value of broad-based skilling and developmental attitudes towards young people are not immediately forgotten.

### 6. Problems old and new at the crossroads

Decision-makers in government and business are at an important policy crossroads. They can choose to erase the topic of "youth unemployment" from their agenda and replace it with the heading of "youth shortages". They can then try to develop a new battery of measures to deal with this "new" problem. There is in fact a real danger that the spectre of demographic changes will predominate in policy thinking to the exclusion of the real issues. Skills shortages, continuing high rates of unemployment among certain groups of the population, problems of transition from training to work, and the reassimilation into the workforce of economically inactive groups (like mothers and the long-term unemployed) are currently being neglected. Alternatively, decision-makers can choose to draw on the lessons of fighting youth unemployment during the past decade as they address the problems of the next. The underlying policy issues are the same in both: the organization of the transition from school to work, the provision of meaningful training, and the provision of equal opportunities to all members of the labour force. Can policy-makers move beyond managing one labour market "crisis" after another? Much of the answer to this question lies in understanding the conditions under which countries and companies can learn from each other.

## NOTES

<sup>1</sup>Scott Sullivan, "Europe's Baby Bust" *Newsweek* (international edition) December 15, 1986, pp. 18-23.

<sup>2</sup>Organisation for Economic Cooperation and Development (OECD), *Economic Outlook*, no. 43 (Paris: OECD, 1988), pp. 36-38.

<sup>3</sup>Friederike Maier and Ronald Schettkat, *Potentiale aktiver Arbeitsmarkt- und Beschäftigungspolitik*, FS I 88-17 (Berlin: Wissenschaftszentrum Berlin für Sozialforschung, 1988), pp. 9-21.

<sup>4</sup>It is worth noting that among the most far-sighted analyses of trends in youth unemployment by a policy-making institution are those of the Commission of the European Communities. They do not appear to be subject to the same limited attention cycles as national governments. See, for example, *Kommission der Europäischen*



Gemeinschaften, "Mitteilung der Kommission betreffend der Förderung der Beschäftigung von Jugendlichen", (submitted to the Council on April 25, 1983), in *Arbeitsblatt der Europäischen Gemeinschaften*, no. c 149/3-16, 8.6.83.

<sup>5</sup>For a detailed discussion of numerous options for active labour market policy in the Federal Republic of Germany, see Maier and Schettkat, *Potentiale aktiver Arbeitsmarkt- und Beschäftigungspolitik*.

<sup>6</sup>The importance of meaningful work for the motivation of youths is corroborated in the interviews with young people conducted for a study by the Federal Institute for Vocational Research: Peter Wordelmann, Hans Weißmann, Margitta Klähn, Rainer Fock, and Ramona Plückerhahn, *Jugendliche ohne Arbeit. Nutzen von Arbeitsbeschaffungsstrategien* (Berlin: Bundesinstitut für Berufsbildung, 1988).

<sup>7</sup>Equally important for the successful introduction of schemes into companies is the integration of unions in the planning process, as the West German experience with tripartite commissions shows. See Wolfgang Streeck, J. Hilbert, K.-H. v. Kevelaeer, F. Maier, and H. Weber, *Steuerung und Regulierung der beruflichen Bildung: Die Rolle der Sozialpartner in der Ausbildung und beruflichen Weiterbildung in der Bundesrepublik Deutschland* (Berlin: edition sigma, 1987).

<sup>8</sup>Richard Rose, "What's New in Youth Unemployment Policy: From Producing Jobs to Producing Training," *Studies in Public Policy*, no. 177, Strathclyde Center for Public Policy, 1989, p. 3.

<sup>9</sup>The problem is compounded in the Federal Republic of Germany by the fact that numerous government agencies at the national, regional, and local levels are involved in creating and running schemes. Research has shown that staff at the labour office also find the lack of overview difficult to work with. The study also reveals how these conditions also hinder the participation of small organizations in government schemes. See Wordelmann, et al., *Jugendliche ohne Arbeit*.

<sup>10</sup>The feasibility of such an overview is illustrated by a pamphlet prepared by the department in the Berlin Senate for Economic Affairs and Labour responsible for skilling and job-creation programmes. It lists all the component parts of the programme and the names and telephone numbers of the responsible staff people. Furthermore, it includes brief examples of possible schemes and their budgets.

<sup>11</sup>For an overview of the major studies see Bund-Länder-Kommission für Bildungsplanung und Forschungsförderung (BLK), *Künftige Perspektiven von Absolventen der beruflichen Bildung im Beschäftigungssystem*, Materialien zur Bildungsplanung, no. 15, Bonn 1987.

<sup>12</sup>Christoph von Rothkirch and Inge Weidig, *Zum Arbeitskräftebedarf nach Qualifikationen bis zum Jahr 2000*, IAB series Beiträge zur Arbeitsmarkt- und Berufsforschung, no 95 (Nuremberg: Institut für Arbeitsmarkt und Berufsforschung der Bundesanstalt für Arbeit [IAB], 1986), p. 54.

<sup>13</sup>Reinhard Zedler, "Facharbeiterlücke" in *Handbuch der Aus- und Weiterbildung*, ed. Carsten Kreklau, Karl Josef Uthmann, and Geerd Woortmann, Section 2450 (Cologne: Deutscher Wirtschaftsdienst n.d.) p. 1.

<sup>14</sup>National Economic Development Council and Training Commission, "Young People and the Labour Market," London, July, 1988.

<sup>15</sup>Confederation of British Industry (CBI), Business/Education Task Force, *Building a Stronger Partnership Between Business and Secondary Education*, (CBI, 1988) p. 29.

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<sup>16</sup>*Informationen Bildung und Wissenschaft*, "Günstigste Bilanz seit 12 Jahren," November 1988, p. 154 (this author's translation).

<sup>17</sup>*Ibid.*

<sup>18</sup>See, for example, F. C. Hayes, A. Anderson and N. Fonda, *Competence and Competition: Training and Education in the Federal Republic of Germany, the United States and Japan*, (London: National Economic Development Council and Manpower Services Commission, 1984).

<sup>19</sup>Charles Leadbetter, "The U.K. Skills Shortage: When It's Time to Stop Passing the Buck", *Financial Times*, 3 September 1987, p. 19.

## 8 LEARNING FROM EACH OTHER

### I. LEARNING ACROSS BORDERS

The interviews with the companies reveal a variety of similarities and differences between the ways business in Great Britain and the Federal Republic of Germany has chosen to deal with the problem of youth unemployment. What can be learned from this study that might not have come to light if the problem had been examined only within one of the two countries? Having uncovered such a wide range of activities, one may be tempted to try taking the ideas that seem to be successful in one culture and transferring them to another. That such a wholesale transfer is not feasible because of significant differences in national cultures is clearly indicated by the insights gained from the overview of background factors in each country, particularly the traditional transition from school to work, and existing government policies. Which kinds of ideas, then, do appear to be suitable for travel across borders and under what conditions does such cross-fertilization seem possible?

#### A. CROSS-NATIONAL CATEGORIZATION OF RESULTS

From a comparative perspective, the results of this study can be seen to fall into four categories, as illustrated in the matrix below. In keeping with the dual focus of the research, the strategies pursued in the sample companies to help reduce youth unemployment are distinguished from the patterns of managerial behaviour that emerged in the process of introducing and implementing these activities. Using insights into how ideas travel and take root *within* each country, the study can provide a basis for identifying those ideas that companies can share *between* countries.

The study has shown that a number of ideas have been implemented in both countries, sometimes with slight variations in form (category 1). This is especially the case with the wide range of school-based activities, such as careers counselling and work experience/*Praktika*. Other activities were found only in one setting and had no counterpart in the other (category 2).

**TABLE 8.1: Cross-National Categorization of Results**

Activities and Schemes for Young People	Management Behaviour in Seeking, Introducing and Implementing Ideas
Federal Republic of Germany AND Great Britain	1
Federal Republic of Germany OR Great Britain	2

The enterprise agency schemes in Great Britain and the special preparatory and training programmes for disadvantaged groups in the Federal Republic of Germany are two examples in this category.

A striking contrast emerges between the two fields on the right side of the matrix. Many forms of management behaviour were observed in both countries (category 3), ranging from networking and incremental expansion of schemes to the eschewal of formal cost-benefit or evaluation procedures. The fourth category, however, is empty. No significant forms of management behaviour were found exclusively in Great Britain or in the Federal Republic of Germany. The fact that the ways managers introduce ideas into their companies differ more within the two countries than between them is one of the major findings of the study. Differences in the receptiveness of companies to new ideas cannot be attributed to the national setting; explanations for differences in the ability of companies to respond to societal issues must be sought in characteristics of the companies themselves.

**B. CONDITIONS FOR TRANSFERRING IDEAS BETWEEN COUNTRIES**

**1. Expanding on existing competencies**

One of the clearest patterns to emerge from the sample companies in both countries is that they tended to pursue activities that allowed them to

build on competencies they had already developed. From a cross-national perspective, this observation suggests that companies can benefit from experiences of other companies in a different country if the schemes or activities in question can be seen to correspond in some way to their own strengths. A smooth transfer of ideas between British and West German companies would therefore appear to be most likely in the first category in the matrix. This is the area where there was the most common ground between the sample companies in the two countries. Managers in companies that have a certain amount of experience in school-based activities, for example, could benefit from exploring some of the ideas with which their foreign counterparts have been working. The British managers who have already developed contacts and expertise in running careers workshops or internships, for example, are in a strong position to draw on the experiments conducted by West German companies in this area. Just as managers have added incrementally to their activities from impulses within their own country, they can enrich their schemes or expand their focus to different, but related, activities by trying out ideas experimented with by managers abroad.

## 2. Limitations of tradition and infrastructure

Some of the activities described in this study are so deeply embedded in national traditions that they seem to defy transfer. The German training model, for example, is built upon the apprenticeship system that has evolved over the ages, upon the state education system, and upon the concept of the rights and responsibilities of business in society, to mention but a few of the strands in the web of factors. The model cannot simply be transferred to Great Britain because the infrastructure is different there. If the introduction of the model were to be desired, major changes in political, economic, social and educational conditions would have to be made over an extended period for the dual vocational training system to work in Great Britain. The transfer of ideas is very unlikely when the conditions and strengths of the companies in the two national cultures do not match. The extensive changes needed in a system to make it receptive to radically new ideas generally occur only in times of crisis. It is for this reason that many of the activities that fall into the second category in the matrix will probably always stay there.

This is not to say, however, that the entire range of experiences in the second category is irrelevant outside of their culture of origin. As demonstrated by the experiments by the German Chamber of Commerce in Britain (and in other countries) with the introduction of training programmes based on the dual system, it is possible to adapt an idea and create new institutions in a country to recreate part of the foreign model. But greater potential for learning across borders seems to lie in activities that depend less on extensive infrastructure.

### 3. Building on personal commitment

One of the key factors in the successful introduction and implementation of ideas in the sample companies was the high level of commitment of the managers and employees to the projects. In the second category, as in the first, there are activities that depend more on individual commitment than on complicated organizational support. They require human resources more than financial outlays. The British concepts of exposing young people to entrepreneurship and providing managerial expertise to new enterprises and the West German practice of assigning mentors to help socialize young people into the world of work are just a few examples. They would seem to lend themselves to transfer, regardless of national setting. Ideas that can spring from person to person need not be confined by national boundaries and institutional traditions. It is essentially a matter of disseminating them so that people can become excited about them and mould them to fit their organizations.

Two implications arise from these observations. First, a note of caution: naive attempts at transferring models, however attractive they may be, are bound to fail. Far more circumspect means of learning from each other need to be developed. Organizations conducting or funding comparative policy research need to ensure that projects analyze the cultural context--both national and organizational--in which a model is found. Only then is it possible to begin understanding the conditions for its success and to identify the prerequisites a new culture would have to meet in order to benefit from the transfer.

Second, a note of encouragement: since ideas travel particularly well with people, networking across national borders should be promoted among managers of all levels. As the research in the sample companies has amply shown, networking is one of the most productive ways of stimulating

"circumspect cross-fertilization". Rather than full-blown institutionalized models, sparks of inspiration accompanied by seasoned practical advice are exchanged through such means. The overwhelming majority of ideas that have come to fruition among the sample companies were born of personal contacts. A strong web of networks appears to have been developed at the local level, and some of the respondents were active in regional and national networks. In light of the growing significance of the single European market, more effort is needed to develop international networks. Just as the managers have pragmatically picked up schemes that interest them from the various networks in their own countries and adapted them to fit the culture of their particular organization, they can draw on the activities their counterparts abroad have worked with.

Employers' associations, industrial organizations, and Chambers of Commerce and Industry, for example, that have already developed an expertise in organizing networks within their own countries should increase their international activities significantly. Herein lies an important task for the European Communities, too. The strengthening of the single market depends in many cases not so much on trying to eradicate all national differences and harmonizing regulations as on helping to make systems compatible with one another. Major contributions to this process can be made by promoting an understanding of different systems and valuing cultural diversity. Much more needs to be done to facilitate exchanges between people at all levels of companies in different countries. The enthusiasm as well as the practical experience needed to implement a new idea are transmitted best in person.

## **II. THE RESPONSIVE CORPORATION**

Taking a step back from the wealth of detailed information provided by the responding companies about their experiences in introducing and running schemes for young people, what general lessons can be drawn for business? What characterizes the companies in the sample that seem to have been particularly apt to respond to society's calls for help in dealing with the problem? It is valuable to crystallize the features these companies have in common because they can apply to a wide variety of business issues beyond the specific example of youth unemployment.

One of the clearest messages that emerges from this study is the rich potential for action by business when diversity is fostered. As indicated by the results presented in previous chapters, it is both impossible and undesirable to reduce the experiences to "the one best way" or to pat "recipes for success". Reality is far more complex and fruitful, for the sample companies show that a wide range of activities and numerous management approaches can be pursued to deal with an issue such as youth unemployment. An analysis of the responses does, however, reveal a cluster of elements that appears to promote the ability of a company to undertake initiatives. It provides useful insights into how learning from the experiences of the past decade can be applied to meeting the challenges of the next.

#### A. BUILDING ON STRENGTHS

When asked whether they were doing anything they would consider innovative, the respondents in the Federal Republic of Germany as well as in Great Britain stressed that their activities for young people were almost always extensions of past work. Whether they were referring to careers counselling, enterprise agencies or training, for example, they were expanding on competencies that already existed in the company. They therefore saw it as a matter of mobilizing the resources and adapting them to the new task. Although they were generally proud and excited about the ideas they were putting to work, they rarely felt that they were doing something particularly unusual or difficult for other companies to undertake. But what was it that put these managers in a position to identify the issue of youth unemployment as one to which the company could and should respond to?

##### 1. Commitment to the community

Respondents from companies that had been in a community for a long time displayed a heightened awareness of regional problems and the necessity for business to play a role in the affairs of the community. This was often expressed as an historical awareness of being an employer of generations of families from the immediate locality, or as the result of "traditional" or "caring" approaches to employees. It was striking to observe how companies that had had a tradition of community commitment in a former location transferred this commitment to a new community after moving into a different area.



## 2. Networking

A further feature the most active companies had in common in both countries is that the managers were involved in a variety of networks, such as industry committees, organs of the Chamber of Commerce, local or regional working groups, and educational or training organizations. Participation in these networks and other seemed to generate ideas as well as commitment through a "virtuous circle" of involvement. In the case of youth unemployment, members of networks became sensitized to the nature of the issue and its impacts on the business community and society as a whole, and they learned about schemes that could be introduced.

Looking beyond the specific example of youth unemployment, then, networks can help give managers a feeling for changes in their environments that might have an impact on the company. Through discussions, they can become aware of developments at an early point in the process of defining a problem, which is when the range of possible responses is greatest. They are exposed to a wealth of new ideas and schemes that others are experimenting with, and they can exchange experiences on running them. As a West German respondent noted, "if you just sit and stew in your own juice, nothing new will ever come of it". Participation in external networks simultaneously expresses and reinforces the company's commitment to the community. The participants achieved a certain visibility and reputation for being responsive. As a result, they were more likely to be approached for some kind of input by people in the business, political, and other communities.

According to the respondents in these active companies, their networking activities were not simply a matter of personal taste. Nor were they restricted to the personnel and training departments. Managers at other levels of the organization and in other functional areas also participated in external organizations in a similar fashion. They appeared to be working in organizations that put a premium on collecting ideas and contacts and contributing the company's expertise where appropriate.

## 3. Developing managerial expertise and commitment over time

It does not appear to be purely coincidental that the respondents in the more active companies tended to have been with their companies for over five years and in the field of personnel or training for all or most of their professional lives. These respondents had had time to come to know their companies and the responsibilities of their jobs and to develop contacts in

the relevant networks. Working with a reasonable time frame, they had been able to design and introduce projects, see them bear fruit and learn from their experiences. In companies where the tenure was much shorter, the respondents knew little about the past experiences of the company and were struggling to get to know their counterparts within the organization. This was particularly true of British respondents. Such managers often had little time or motivation to invest in developing contacts through networks. This is logical, since they probably would not be able to use them when they moved on to another job or a different company within a few years. In the rare cases in which relative newcomers to companies seemed to have generated a number of activities, the respondents had been hired specifically for this purpose. Corporate management had recognized that it needed a reorientation and professionalization of the personnel function and had made a point of recruiting someone with expertise and contacts in the area.

Looking beyond the case of youth unemployment, this finding calls into question the value of career patterns and management development approaches characterized by frequent changes. Specifically in the area of personnel and training, it indicates that respondents who are committed to this area of responsibility, rather than seeing it as a stepping stone to a new job (with a different function or company), develop a longer-term perspective, can build on past experiences and on a network of contacts for ideas as well as support. This is not just an individual concern, but also an organizational feature. It depends very much on the value that companies assign to the personnel and training departments. In some sample companies personnel management and training were seen to fulfill key strategic functions, while in others these departments played purely passive and administrative roles. Respondents in the companies that had an "administrative" stance generally had shorter tenure and a narrower band of competence, whereas most of their counterparts in the "strategic posture" companies had been in the area longer and appeared to enjoy higher status in the organization.

Overall, the West German sample had more companies in the "strategic" block, while a greater number of British companies fell into the "administrative" category. The West German training managers interviewed had longer tenure in the training area and higher status in their companies than did their British counterparts. Just as training is not yet highly valued in most British companies, the training function is not generally seen as an important part of a management career.<sup>1</sup> As reflected in the sample, com-

panies in both Great Britain and the Federal Republic of Germany seem to be at a crossroads in their attitudes towards human resources development. Even among those companies with a longstanding commitment to training and development, respondents indicated that changes were occurring, and several companies had just recently created or significantly upgraded and expanded their training departments. The reason given by all these respondents was that their companies recognized the increasingly important role of training and management development in actively positioning the company to meet future challenges in a rapidly changing and highly competitive environment.

#### 4. Generating "supportive freedom"

The respondents stressed both the amount of freedom they felt they had to introduce and implement ideas in their company and the support given to their work by top management. In some cases top management was active in the project and explicit in its promotion of the idea; in others, the support was of a more general and implicit nature (depending sometimes on the personal inclination of the top manager or the size of the project). A West German respondent quoted a member of his company's board of directors as saying: "The kind of employee we are looking for here is the one who reaches out for things that are actually none of his or her business." This is the view taken by respondents from a number of other active companies in both countries where job descriptions were either vague or frequently reformulated to cover the new activities the managers had added to their area.

These respondents clearly enjoyed considerable discretion to introduce and implement ideas in their companies. Several of these managers drew an explicit link between freedom and creativity. The director of a West German pharmaceuticals company summarized this management attitude to be, "If one gives people freedom in their area of work, they are bound to be creative."

One of the most unexpected patterns to emerge from the interviews, specifically among respondents in the most active West German companies, is the feature of "craziness". Besides stressing that they enjoyed a sense of latitude, or free space, as they called it (*Freiraum*), for their activities and that their schemes were supported by top management, several respondents in these companies referred to themselves as "crazy" (*Verrückte*). As one

said, "One must be prepared to take unconventional steps, and we are given the freedom to do so in this company". In contrast to many of the companies in which the stimulus for a new activity generally came from a request for support from the outside, these respondents were generating their own ideas and constantly trying out new schemes. Their self-attributed "craziness" was not apparent to the observer, particularly since they all also described extensive preparatory phases to each project that were clearly well calculated to increase their credibility. In each case they "organized for success". Their strategy was to strengthen their track record in order to ensure the continued expansion of their *Freiraum*. It therefore seemed to be a title earned for fighting conventions and worn proudly within companies that looked kindly on this kind of behaviour.

Organizationally, this phenomenon appears to point to a certain tolerance of difference on the part of these sample companies, a potentially valuable attribute in all management functions. Rather than depending on external stimuli to generate new ideas, such companies had their own "incremental revolutionaries". Top management in these sample companies seemed to be able to recruit and somehow nurture employees who sought to explore the boundaries of the "usual" and push the organization beyond the "normal". The integration of several such "unconventional" types of managers ("*Exoten, die anecken*") can serve as an internal mechanism to challenge the organization to stretch itself a little, to try out new tasks and develop additional competencies.

##### 5. Channelling responsiveness

How can such energies, once released, be channelled? The respondents had a clear sense for the kinds of initiatives that would fit their company. No matter how large or small the scale of an activity was, the decision to become involved was guided by a feeling that the idea was appropriate for the company. How did these organizations communicate to their employees what areas were appropriate for managers to commit company resources to?

Whether the respondents had proposed a major project that would require extensive funds and support from numerous other managers or whether they had just committed their own time to an activity, the interviews showed that the idea had passed through a filter that established its legitimacy for the company. In practice, particularly since the decision-

making procedures were rarely formal, the filter was not explicit. The "test" for the appropriateness of an activity was usually based on an instinctive sense of the company's identity, norms, and priorities. When pressed to identify the sources of that sense, respondents referred often to the example set and statements made by top management to signal the priorities and values held in the organization. Although formal policy statements were seldom mentioned, some of the respondents referred to discussion processes that had led to the formulation of explicit policy documents. A further source for the communication of corporate values and norms emphasized by numerous West German respondents was the personnel and training department. In these companies, a conscious effort was made to identify and transmit key elements of the corporate culture through the training department. Several West German managers also referred to working groups in the company designed to look at long-term developments as well as seminars on emerging issues in society. Through such exercises the managers in the company developed a feeling for the future priorities of the organization to which they could orient their decisions.

The organic way in which a sense for "fit" is developed in companies and the role played by all employees in constantly interpreting company policies and norms is evidenced by the references that some respondents made to wide-ranging contacts with colleagues in other departments and at other levels within the organization. In these companies the respondents were involved in extensive internal and external networks. British as well as West German managers in those companies that had succeeded in communicating a feeling for the realm of legitimate activities for the organization and its members found that employees could be given the freedom to introduce and implement initiatives without explicit intervention from top management. As a director of training in Hamburg put it, "I have quite a free hand. They trust me."

#### 6. Developing a sense of common purpose

The breadth of the band of "appropriate activities" varied among the sample companies. Some companies defined their role in society more broadly than others and were involved in more activities. The interviews showed that in the more active companies two significant linkages were made:

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■ The health of the company was seen as closely linked to that of the community, breaking down the often artificially clean distinction between the interests of business and those of society. In many instances, companies discovered that the activities they had started out of a sense of duty to the community were valuable for developing their own personnel. The discovery of this mutuality of interest between the company and society appeared to be one of the strongest factors in maintaining the company's commitment to those activities.

■ The respondents often felt that their interests and goals and those of the company were well matched. In the case of youth activities, the personal commitment of the respondents, their enthusiasm and the fulfillment they experienced in the course of their work were key motors in the development and continuation of company involvement in a scheme. The managers in these companies expressed a high level of identification with the company and felt that the organization provided them with the possibilities to achieve their own goals.

The managers in these companies did not see issues in terms of "business *versus* society" or "individual interests *versus* company interests". A sense of common purpose had been generated at two levels: the company and society, and the individual and the company. The link between these two underlay the ability of the active companies to commit resources to helping young people.

These findings considerably enrich our understanding of corporate social responsiveness in practice. They indicate that the greater the perceived overlap between community and company interests, and between company and individual interests, the more active a company is likely to be in dealing with pressing public problems. The respondents in these companies had received signals indicating that societal issues were relevant to their organization; furthermore, they were made to feel that their initiatives relating to these issues were at least tolerated and often strongly welcomed. In pursuing goals they personally believed to be important and societally needed, the employees in these companies were spurring the company to be responsive to societal concerns. Conversely, the companies in the sample that defined their role in society in a very limited fashion also tended to define the roles of their employees very narrowly. In these companies at best little mutual interest was recognized or, at worst, the relationships between the company and society were experienced to be antagonistic.

Employees in these companies were not given the leeway to introduce new perspectives that might broaden or challenge this conception.

## B. MORE THAN TRIMMINGS ON THE PERIPHERY?

How relevant are these findings to the management of other issues? Are the features of management observed here only possible in dealing with an issue like youth unemployment, which might seem relatively peripheral to the survival of the company? In order to find this out, the West German respondents were asked how representative they felt the decision-making processes surrounding the youth activities were for the company as a whole. Owner-managers, members of the Board, directors of personnel, training managers and trainers concurred that the way their company had handled the issue of youth unemployment was no different from the way it dealt with most other challenges throughout the company. Further research would have to be undertaken to examine exactly how similar the processes are and where differences might emerge. Certain variations are to be expected, since organizations often contain several subcultures and the personal style of individual managers also influences how a department is run. But the respondents in the active companies believed that it was essential to maintain the core elements identified above throughout the organization. As a West German managing director explained, "Actually, in order to be competitive, one needs freedom in all areas, because a company needs new ideas in all areas . . . Otherwise, one risks having cracks and imbalances in the organization." An innovative marketing department, for example, is of little use if production or finance lag behind. The ability to identify and respond to changes in the corporate environment cannot be compartmentalized or relegated to the periphery of the company. It is an integral management function and a continuous process on which the future of the company depends.

## NOTES

<sup>1</sup>For a critical comparison of the approaches to the development of managers and the role of training in the two countries, see Charles Handy, *The Making of Managers: A Report on Management Education, Training and Development in the USA, West Germany, France, Japan and the UK* (London: Manpower Services Commission, National Economic Development Council, British Institute of Management, 1987).

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