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Occupational and internal labour markets in Britain and France

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1. Introduction

For many years it was widely held that the economic institutions of different countries would converge towards a common pattern as they responded to the similar problems thrown up by economic development and technical change. Much economic policy prescription rests on the application of universalistic models which play down the importance of institutional differences between countries. This article looks at the structure of labour markets in the manufacturing sector in two advanced industrial countries, Britain and France, and argues that training practices, the development of skills and their regulation by collective bargaining cause labour markets in the two countries to function according to two quite different models. It concludes that the major economic crises and technical changes of the early 1980s have left these models largely intact.

The article builds on the idea that markets for skilled labour depend on a strong institutional framework in order to function effectively (Marsden, 1986, Ch. 8) and that their structure is an integral part of the industrial relations system (Maurice, Sellier and Silvestre, 1982). In the first part of the article we seek to characterise "occupational" labour markets (OLMs) and "internal" labour markets (ILMs), and to show how they are at the same time supported by and support their respective industrial relations systems. The dual function of training systems – providing technical knowledge and regulating access to certain jobs – provides an important clue to the two labour market types. A second clue is given by the rules governing job categories (e.g. classification schemes), which serve both to define the types

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of skill within an organisation and to regulate their deployment. Thus we argue that training practices, labour market structure, industrial relations systems and patterns of labour management are mutually interdependent and reinforcing. The second part of the article adduces evidence to show that the OLM model predominates in the United Kingdom, the ILM model in France. We conclude by examining some of the implications of these models for national training policies.

2. Two models of labour market regulation and industrial relations

Let us postulate two models of labour market adjustment, one of which rests on labour mobility between firms across OLMs, whereas the other rests on mobility between jobs within the same firm based on its ILM.[1] An OLM relates to persons holding a particular qualification sanctioned either by a diploma or by the judgement of their peer group. An ILM may be said to exist when an employer regularly fills certain vacancies by upgrading or transferring existing staff, confining recruitment from outside to a limited number of entry points. While an OLM features skills that are transferable because they are needed in many firms, the skills developed within an ILM are much less easily transferable, either because there are no corresponding jobs in other firms or because access to such jobs from outside the firm is closed by institutional ground rules. Thus the OLM model will exhibit more extensive flows of labour across local labour markets and between firms once basic training is complete, and ILMs will show more movement between jobs within the same firm. These tendencies can be detected empirically in length of service and job-changing patterns.

The two models are also associated with different vocational training patterns. In OLMs, because employers cannot easily recoup their investment in transferable skills after training (Becker, 1975), it is likely that trainees will bear at least a part of the cost, often in the form of special low trainee rates of pay. In order to maximise the period over which a return may be earned, trainees will wish to concentrate training at the beginning of their working lives, when their financial responsibilities and forgone earnings tend to be lower. Such conditions are met by apprenticeship-type systems. In the case of ILMs and non-transferable skills, employers enjoy greater flexibility – because trainees find it harder to use their skills elsewhere – and may choose to spread training over a longer period, providing it as needed. This makes for more gradual and diffuse training in ILMs.

[1] This complex of processes has been called an *espace qualificationnel* (Maurice, Sellier and Silvestre, 1982), for which no satisfactory translation is available. We shall therefore use terminology which is more familiar to English-language readers. The French expression, however, has the advantage of avoiding mention of "labour markets" in general and the misleading "internal"/"external" labour market dichotomy in particular.

The two labour market models also provide a different focus for regulating job access and organising trade union action. For OLM workers, job regulation will be based on defence of their skill and its inter-firm labour market, as well as of the content of jobs within the enterprise, in order to maintain transferability and limit possible substitution (Marsden, 1990). For ILM workers, job regulation will place greater emphasis on defending employment within the enterprise and rewarding seniority with advancement. This has two consequences for the type of rules which develop to regulate job structures. In OLMs job classification will be organised around transferable skills and the job categories into which such skills fit. In ILMs job classification systems will reflect the linkages between jobs created by upgrading and seniority-driven advancement.

OLM workers, with transferable skills, will organise along skill-group lines, whereas ILM workers are more likely to form enterprise-based groups. The argument can be taken further suggesting that, in the absence of clear occupational identities, worker representatives in ILMs will seek to define bargaining issues more broadly so as to benefit, and thus to attract the support of, the widest possible group of workers within an enterprise and, by extension, within the industry (as distinct from the occupation) (Eyraud, 1983). Thus Eyraud has argued that OLM work rules will relate to detailed working patterns, while ILM rules are more likely to focus on general issues, such as minimum rates of pay or a maximum working week for all workers.

The predominance of one or other model also affects the process of employment adjustment and has implications for productivity. Occupational markets can adapt more easily than internal markets to cyclical fluctuations in labour demand whereas they adapt less well to technical or organisational changes which require changes in the content of jobs. This is because adapting a skill to new job demands potentially reduces its transferability and therefore increases the skilled worker's dependence on his or her current enterprise. This problem does not of course arise when workers' skills are already specific to the firm employing them, and there is little transferability to lose. Thus OLMs can be expected to produce skills which are less responsive to incremental technical change than are those found in ILMs, which are likely to adjust less easily to employment reductions (Marsden, 1987).

The various components of the models summarised in table 1 are mutually reinforcing. The prevailing labour market type orients training systems, determines the focus of job control, and influences the structure of workers' organisations and the content of flexibility agreements they negotiate. The availability on a firm's local labour market of particular types of skill constrains employers' options in respect of work organisation, and institutional job controls influence the way employers adapt jobs in response to technical and organisational change. The pattern of employment adjustment adopted by the enterprise also affects the expectations of workers as to whether their future "careers" lie within the firm (as with ILMs) or outside (as with OLMs), as well as the type of training in which workers will invest.

Table 1. Distinctive features of OLMs and ILMs

Function	OLM	ILM
Training	Apprenticeship	Experience acquired in-house
Nature of on-the-job training	Standardised to occupational norms	Unstandardised, and specific to the firm concerned
Skill transferability	Occupation-wide	Enterprise-wide
Length of service	No recognised role in skill formation or pay once training is complete	Strong influence on skill formation and pay
Skill level upon changing firm	Maintenance of skill level	Occupational downgrading
Job control	Based on defence of the occupation	Based on a system of rules applicable to all workers in the firm (e.g. classification systems)
Worker organisation	Based on occupation	Based on company and industry
Focus of flexibility negotiations	Job demarcation rules	General rules applicable to the whole workforce

The reason our argument has been developed primarily with reference to skilled labour is its strategic position in labour market organisation. In OLMs the organisational barriers inhibiting access to skilled work (expensive training or institutional rules) close off many skilled jobs to adult semi-skilled workers. Because the limited opportunities for upgrading that remain are generally unattractive to the less skilled, employers have great difficulty in organising ILMs for these skill categories.

The following three sections examine the evidence that OLMs are the prevailing structure in British manufacturing, ILMs in French manufacturing. They deal first with training systems (section 3), then with internal and external labour mobility patterns (section 4), and finally with collective bargaining and the negotiation of change (section 5).

3. Industrial training systems in Britain and France

A fundamental difference between OLMs and ILMs lies in the development of skills, with OLMs concentrating training in the initial stages of a person's working life, as is the case with apprenticeships, and ILMs relying more on continuous on-the-job training.

The British apprenticeship system provides workers with skills which, because they are standardised according to the norms of a particular occupation, extend beyond the limits of the enterprise. This contrasts sharply with the enterprise-specific skills required in the French system and explains the transferability of skills between firms in Britain. Skills developed on-the-

job after holding several successive work posts, as is typically the case in France, are tied to the pattern of work organisation in the particular enterprise in which the worker is engaged.

These different methods of skill acquisition are closely related to the dominant patterns of work organisation in the two countries. Thus, in British firms, each activity type (e.g. electrical work) is assigned to a single occupational group (e.g. electricians) within which any individual worker is interchangeable with any other, since apprenticeships are fundamentally the same for all those engaged in a particular sector, rather than firm-specific. In French firms, however, the different types of activity or work process are less clearly demarcated and are apportioned to work posts of varying degrees of complexity.

In British manufacturing far and away the most important form of vocational training of males has been the enterprise-based apprenticeship, through which, in 1984, over a third of all manual men and nearly half of all skilled men had passed (Labour Force Survey, 1984). The importance of basic apprenticeship as a key to skilled jobs has also been highlighted in employer-based surveys (Brown, 1981, table 6.3). Two-thirds of industry's skilled labour requirements in 1978 were met either by training apprentices or by direct external recruitment of skilled labour needing no additional training. Fewer than one skilled worker in eight was upgraded through training after recruitment as a semi- or unskilled worker. The predominant pattern was that of direct external recruitment with no additional training. The 1984 Workplace Industrial Relations Survey (Millward and Stevens, 1986, tables 8.1 and 8.4) also showed that external recruitment for skilled manual workers in private sector manufacturing was more than three times as common as internal recruitment.

In French manufacturing school-based vocational qualifications predominate, the apprenticeship-level CAP (Certificat d'aptitude professionnelle) playing the major part for skilled manual workers in industry, complemented by the intermediate-level BEP (Brevet d'études professionnelles) established in 1967/68 and covering a wider range of occupations. In principle such qualifications should be transferable, but in practice they appear to be so only to a limited degree. There are two reasons for this. First, theoretical "school" training must be rounded out by expensive practical experience, the costs of which are borne by employers: because of this, Germe (1986) has argued, employers prefer either to hire qualified young workers into semi-skilled or unskilled jobs or to leave them to acquire experience in low-wage positions in small firms before taking them on as adults in less skilled positions pending later upgrading. Second, the ILM logic has made it hard for employers to take on externally qualified workers directly into skilled positions when most of their other employees have got there by internal promotion (Marsden and Germe, forthcoming). Apprenticeship in France is mostly confined to the craft industry (Mouy, 1983), and is not recognised as a qualification unless sanctioned by the CAP.

In both countries a high proportion of all skilled male manual workers possess no vocational or school qualifications, this being particularly true of older workers. For example, among male manual workers in French industry aged over 35 in 1979, only one-third had the CAP, compared with nearly two-thirds of those under 35. It seems fair to presume that the qualification gap is filled by in-house training and experience. In 1984, 50 per cent of skilled males in French industry either had no general or vocational diploma or had only the CEP (Certificat d'études primaires), whose value on the job market is minimal (Enquête emploi, 1984). The higher proportion of skilled men with no qualifications in France (50 per cent) than in Britain (37 per cent) is evidence of France's greater reliance on in-house training, especially for older workers.

4. Promotion and job changing in Britain and France

Effective indicators of the predominance of a particular labour market type are provided by the interaction between length of service on the one hand and pay, skills and labour turnover on the other, as well as between job changing and occupational status.

Length of service and pay

A strong link between earnings and length of service is characteristic of an ILM. This is because, in ILMs, the greater proportion of experience-based skills acquired with growing seniority increases the value of such workers to their employers (Doeringer and Piore, 1971). In OLMs a much higher proportion of workers' skills rests on training received early in their working lives, and their interest in maintaining the transferability of such skills militates against building too much on enterprise-specific experience which could reduce workers' potential mobility and hence their bargaining power.

Saunders and Marsden (1981) give evidence of a stronger relationship between pay and seniority for manual workers in France than in Britain. The ratio of hourly earnings of manual men with ten or more years' service to those with under two years' service was 1.26 in France (1972) against 1.07 in Britain (1975) (Marsden, 1990, table 1).[2] A second pay-related indicator is the variation of earnings between industries for workers with different lengths of service. Where incremental training and experience are important components of a worker's skill, one would expect skills to become more specialised and thus more differentiated as length of service increases. On the other hand, short-service workers with little enterprise-specific training or experience should have less specialised and therefore less differentiated skills, making them more easily substitutable one for another. If, as in France, incremental training is the prime factor in skill acquisition, one

[2] The French data are taken from the 1972 Eurostat Structure of Earnings Survey, British data from the 1975 New Earnings Survey.

would expect differentials between industries (captured by the coefficient of variation) to increase with length of service. In a country like Great Britain, where qualifications consist mainly of transferable skills, such differentiation would not be expected. These expectations are indeed borne out by the fact that in France the coefficient of variation of earnings between industries for long-service workers (ten years or more) is nearly twice as great as that for short-service workers (under two years), whilst the comparable figures for the two categories in Britain are nearly the same (Saunders and Marsden, 1981, table 7.7).

Length of service and skill

A higher percentage of long-service manual workers in the skilled than in the non-skilled (semi- and unskilled) category is prima facie evidence that skilled positions are filled predominantly by upgrading within the enterprise. In France figures for 1984 provide support for this presumption, showing a difference of about ten percentage points between the proportions of skilled and non-skilled workers having five or more years' service. This is true of manufacturing as a whole, and across a broad range of industries, with the exception of textiles. In Britain the relationship is considerably weaker, the gap narrowing to less than one percentage point for industry as a whole, while in the engineering and chemical industries the non-skilled have longer service than the skilled (table 2). Moreover, French non-manual workers have greater seniority than manual workers (here again the difference is greater than in Britain), which fulfils our expectation of more widespread upgrading to non-manual jobs in France (Marsden and Silvestre, 1986).

A similar pattern can be found in earlier years, for France in the 1972 Eurostat Structure of Earnings Survey, and for Britain in the 1976 and 1979 New Earnings Surveys. The latter source, using a more detailed occupational classification, shows that in Britain there was little difference in average length of service between a selection of semi-skilled and apprentice-based skilled occupations.

Length of service and labour turnover

Where OLMs prevail, other things being equal, there should be higher rates of labour turnover among skilled workers than in economies dominated by ILMs. Evidence for this can be found in two sources: length of service data and labour turnover data.

The shorter uninterrupted service of Britain's skilled workers compared with those in France can be seen for 1984 in table 2. In British industry 59 per cent of male skilled workers had been with their current employer for five or more years, compared with 78 per cent in France. As a check on the possible influence of the job losses of the early 1980s, length of service can also be compared in the 1978 Eurostat Structure of Earnings Survey, but only for all

Table 2. Length of service by skill level (% distribution of manual workers [1] in 1984 who had been with same employer for five years or more)

Skill level	All industry				Chemicals	Mechanical engineering	Automobiles	Food and drink	Textiles	Construction
	Males		Females		Males (all ages)					
	All ages	Aged 30-44	All ages	Aged 30-44						
A. United Kingdom										
Skilled	59.0	68.2	48.8	52.8	68.9	56.3	66.8	61.5	59.1	42.2
Semi-skilled	61.2	71.0	43.1	45.4	71.7	72.3	71.8	49.7	54.2	37.0
Unskilled	49.5	68.6	41.6	34.3	48.9	52.3	60.8	45.2	48.7	31.2
(Semi- and unskilled)	58.7	70.6	42.9	44.3	69.1	69.4	70.6	48.4	52.7	33.9
All manual	58.9	...	...	...	69.0	61.1	68.4	56.0	56.0	39.3
Non-manual	69.0	...	...	...	72.8	69.9	79.5	71.1	68.3	61.8
B. France										
Skilled	77.6	85.1	72.4	79.2	87.9	73.2	86.6	70.2	65.6	63.6
Semi- and unskilled	66.0	80.1	68.2	46.8	77.1	58.6	77.8	59.2	64.1	44.7

[1] Concerns full- and part-time employees in industry.

Sources: United Kingdom: Labour Force Survey, 1984 tapes. France: Enquête emploi, 1984 tapes.

manual workers combined. Then, the proportion of manual males in industry with five or more years' service in Britain was 54 per cent, against 66 per cent in France.

Labour turnover is more difficult to compare because there are no directly comparable data for the two countries by skill levels, and because of highly cyclical variations in the available data. (In Britain turnover rates halved during the 1970s.) Moreover, there are major differences of measurement and coverage between the two countries, the most significant being the inclusion in the French Ministry of Labour data, but not in those of the British Department of Employment, of workers who joined and left the enterprise during the reference month. Nevertheless, entry and leaving rates for manual workers as a whole are somewhat higher in manufacturing in Britain than in France. The mean monthly rates of entry between 1982 and 1987 were 1.28 per cent in France and 1.39 per cent in Britain, and of leaving 1.54 and 1.76 per cent respectively. Because of the differences in reporting methods mentioned above, these figures greatly understate the difference in this respect between the two countries.[3]

The sensitivity of employment levels to changes in manufacturing output also varies according to labour market type. Where ILMs predominate, employers can be expected to "hoard" labour when output falls, but where OLMs predominate, employment levels should be more variable. Sensitivity can be measured econometrically by means of employment functions relating employment levels to output. According to the ECE's estimates, the elasticity of employment with respect to short-run changes in output was 0.29 for the UK and 0.20 for France in the 1960s and 1970s (Economic Commission for Europe, 1982, p. 53). More recent OECD estimates for 1973-80 and 1980-87 respectively report 0.19 and 0.14 for the UK and 0.07 and 0.04 for France, thereby confirming the greater sensitivity of employment in the UK to fluctuations in output (Organisation for Economic Co-operation and Development, 1989, p. 43).

Change of employer and up- and downgrading

Another way to test the predominance of ILMS or OLMs is to examine occupational changes associated with changes of employer. In an ILM environment one would expect more internal upgrading and, upon changing firms, a greater risk of downgrading than in an economy where occupational markets are the norm.

[3] The French survey was carried out by the Ministry of Labour. Since 1981 its coverage has been extended to establishments with 50 or more employees, and its results have been reported in: *Dossiers statistiques du travail et de l'emploi* (1982), Koepp and Perreaux (1985), Depardieu and Laulhé (1985), Corbel et al. (1987) and Perreaux (1987). The British results concern employees in establishments with more than ten employees and are published quarterly in the *Employment Gazette* of the Department of Employment, London.

Internal upgrading from semi- and unskilled to skilled jobs is indeed far commoner in France than in Britain (cf. tables 3 and 4). For French workers remaining in the same firm between 1983 and 1984, almost 10 per cent of the semi- and unskilled in 1983 had been promoted internally to skilled by 1984, which contrasts with fewer than 1 per cent in Britain. Moreover, in terms of absolute size of the flows, in France 60,300 of the 608,900 semi- and unskilled workers were promoted to skilled positions internally, as against only 6,900 who received such promotions when changing firms, a ratio of almost nine internal to one external. In Britain there were 4,900 internal promotions and 10,200 external promotions, a ratio of one internal to two external.

Access to supervisory positions in both countries is predominantly by internal promotion, but in Britain about 14 per cent of such promotions are external.

Occupational downgrading of skilled workers on changing firms occurs in both countries, but is much more common in France than in Britain. Of skilled workers who changed employers in France between 1983 and 1984, 26.5 per cent moved into semi- and unskilled positions; none was promoted to foreman. In Britain only 17 per cent were downgraded, and 6 per cent were promoted to foreman. In addition, the ratio of workers changing firms to those staying put, although depressed in both countries by the recession, was about one-third higher in Britain than in France (5.5 per cent as against 3.6 per cent).

An important aspect of skilled job mobility, namely that of downgrading within the skilled category, is concealed by the nomenclature used in the labour force surveys. In France job classification systems may contain several grades within the skilled category, commonly four major grades: P1 to P4 (now TA, workshop technician). This is relatively rare in British classification schemes, where apprentice-trained craft skills usually occupy a single grade. Thus, when skilled workers in France move to another firm, they often suffer a loss of grade within the skilled hierarchy, dropping for example from P3 to P2 (Eyraud et al., 1989b).

5. Collective bargaining and skill classification systems

Collective bargaining reinforces the two types of labour market structure, in respect both of the rules by which they operate and of the processes by which they adapt to changing economic conditions. In the French model the practice of internal promotion to skilled positions is enshrined in collective agreements which establish job classification systems designed to encourage upgrading (see Eyraud, 1978; Eyraud et al., 1989a and 1989b; Carrière-Ramanoelina and Zarifian, 1985). These classification agreements, which apply across whole industries and are further elaborated at enterprise level, provide a complex hierarchical grid by means of which jobs are classified and to which pay indices are attached. Additional rules, such as those providing for intermediate grades or for length-of-service

Table 3. United Kingdom. Occupational mobility and job changing: Male manual workers and supervisors in manufacturing, 1983 and 1984

Position held in 1983	% distribution by occupation in 1984 of 1983 job-holders					Total ('000)	
	Supervisory	Skilled	Semi-skilled	Unskilled	Others [1]	1983	1984 [2]
A. Workers with the same employer in 1983 and 1984							
Supervisory	96.6	1.4	0.8	0.1	1.2	375.3	399.5
Skilled	2.0	97.2	0.2	0.2	0.3	1 213.3	1 189.7
Semi-skilled	1.9	0.5	97.2	0.3	0.1	602.9	592.7
Unskilled	0.7	1.3	0.8	97.2	0.1	141.2	142.2
B. Workers with a different employer in 1984							
Supervisory	26.3	56.5	7.7	2.4	7.1	16.8	10.2
Skilled	5.7	72.0	12.5	4.5	5.3	73.5	72.6
Semi-skilled	4.0	22.9	49.5	18.5	5.1	29.7	26.3
Unskilled	4.8	40.5	13.1	38.1	3.6	8.4	12.4

[1] Mainly white-collar and managerial. [2] Concerns positions held in 1984 by the original 1983 worker population only.

Source: Labour Force Survey, 1984.

Table 4. France. Occupational mobility and job-changing: Male manual workers and supervisors in manufacturing, 1983 and 1984

Position held in 1983	% distribution by occupation in 1984 of 1983 job-holders				Total ('000)	
	Supervisory	Skilled	Semi- and unskilled	Others [1]	1983	1984 [2]
A. Workers with the same employer in 1983 and 1984						
Supervisory	94.7	1.4	0.1	3.8	224.5	222.6
Skilled	0.9	94.4	3.1	1.6	1 027.2	1 033.4
Semi- and unskilled	0.1	9.9	89.7	0.3	608.9	577.8
B. Workers with a different employer in 1984						
Supervisory	32.0	37.5	7.4	23.1	4.3	1.7
Skilled	0.0	71.6	26.5	1.9	37.3	35.2
Semi- and unskilled	1.1	26.6	71.1	1.2	25.9	28.6

[1] Mainly white-collar and managerial. [2] Concerns positions held in 1984 by the original 1983 worker population only.

Source: Enquête emploi, 1984.

increments, can be inserted into these grids. The agreements also establish entry points for holders of general school-based vocational qualifications, such as the skill grade P1 for those holding the apprenticeship-level CAP, although such rules can be hard for the unions to enforce.

In Britain workplace rules and custom generally prescribe apprenticeship as a condition for access to a large number of skilled manual jobs, craftsmen usually being assigned a special grade at the top of the manual workers' job classification (Eyraud, 1983). This effectively restricts advancement by unskilled and semi-skilled workers to movement between grades below the skilled level. The limitation is especially clear in engineering, but even in many continuous-process industries, such as chemicals, there is usually a sharp divide between craftsmen who have obtained their skills through apprenticeships and production workers with process skills obtained through long service and upgrading (cf. Marsden, 1982). Here too, the strategic position of craft skills would seem to limit employers' scope for enhancing the skills of other workers and providing them with further opportunities for job progression, and so to develop internal labour markets.

The system of collective bargaining affords further proof of the centrality of skilled occupations in the functioning of OLMs in Britain. The maintenance and control of job "territories" is crucial to the interests of skilled workers. In order to be effective, such control must be exercised at the workplace level to defend the frontiers of their job territories against encroachment by other groups or by management seeking to extend its authority over production methods. It may therefore be expected that bargaining will centre on the individual enterprise and on issues relating to the control of job territories. In France, on the other hand, workers have little control over the production process and collective bargaining takes place mostly outside the enterprise, at the industry level, where general rules applicable to all workers in the industry are agreed without reference to particular occupational groups. These rules set minimum levels of protection which form a basis for each enterprise's internal labour market.

A difference of this kind appears clearly in the different approaches to bargaining over flexibility in the two countries. Whereas in France this has primarily taken the form of national agreements or legislation, in Britain it has been largely focused at the enterprise level. Furthermore, as a comparison of enterprise agreements on flexibility shows, the issues that flexibility negotiations actually cover are quite different in the two countries. These differences (cf. table 5) confirm the models' distinct patterns of job control. In France the emphasis has been on rules with general applicability to all workers, such as the organisation of working time.[4] In Britain, however, the major bargaining point has been job demarcations, usually in direct relation to craft groups, with a particular view to redesigning job grading systems in order to facilitate labour redeployment within the plant (by reducing the number of job classification changes involved in moving a worker from one type of work or one part of the plant to another). These

[4] In France the rules previously governing the use of working time were very strict concerning the number of hours that might be worked per day and per week, and the goal of the statutory and negotiated changes has been to make these rules more flexible.

Table 5. Percentage distribution by subject of clauses in enterprise agreements on flexibility in Britain and France

Subject of clauses	Britain (%)	France (%)
Changes in working time	10	36
Greater number of shifts		21
Weekend or night work		17
Extending part-time work	3	11
Reducing job demarcations	26	9
Restructuring grading systems	18	
Altering other working practices [1]	44	
Increased productivity	–	6
Number of clauses	159	155

[1] "Other working practices" include, in Britain, mainly rules concerning the deployment of labour (38 per cent) and subcontracting (6 per cent).

Sources: Analysis of 109 agreements in manufacturing reported in Britain between January 1980 and August 1986 in Incomes Data Services *Reports* (London), *Industrial Relations Review and Report* (London) and *Financial Times* (London) (see Marsden and Thompson, 1990, especially table 4); and in France of 120 agreements reported in *Liaisons sociales* (Paris) and the trade union press, etc., between 1982 and 1985, and of 35 further agreements examined by the Centre d'études de l'emploi.

various issues addressed by flexibility agreements reflect the way collective bargaining approaches influence the structure of labour markets in the two countries and maintain their distinctiveness.

6. Labour market structures and changes in vocational training

Recent changes in training practices have placed the systems in the two countries under increasing strain, although the pressures have come from opposite directions. In Britain the rise in apprentices' relative pay has increased employers' costs and contributed to the decline of the traditional apprenticeship system (Marsden and Ryan, 1990), which is being partly replaced by the Youth Training Scheme (YTS): this offers training more closely tied to the needs of individual employers. In France the supply of people with national vocational diplomas has increased considerably, and the emphasis of recent youth employment and training programmes has been on "alternance", that is, alternating periods of theoretical training and practical experience, funded mostly by the State.

In both countries younger workers have benefited from the expansion of skill training facilities. It appears that in the 1980s some French employers began to regard the CAP as a transferable qualification, distinct from enterprise-based skills. Whereas the inter-firm mobility of those with no diploma or with only a primary education diploma (CEP) fell between 1977 and 1981 by about 35 per cent, it remained constant for those with the CAP or the BEPC (Brevet d'études du premier cycle) and even rose for those with higher diplomas (Silvestre, 1986, p. 59). Although these diplomas might appear to be gaining increased currency in the labour market, their apparent popularity could simply be due to the poorer employment prospects of those without qualifications at a time of high unemployment. In any case, it seems that qualified teenagers are still being taken on in semi- and unskilled positions and having to wait for upgrading in accordance with the logic of the internal labour market (Coeffic, 1987; Marsden and Germe, forthcoming).

In Britain too a major effort has gone into improving the quality of training, especially in apprenticeships. According to a survey of the engineering industry carried out in 1975-76 (Venning et al., 1980), this has produced a much higher percentage of younger craftsmen with various types of further education certificate. Also apparent is the decline of the old time-served apprenticeship and an increase in the amount of further education undertaken by apprentices, notably for the City and Guilds diplomas. And there has been greater systematisation of training, particularly in the engineering industry, through the introduction of a modular system with apprentices having to complete at least two modules of specialist training.

The Youth Training Scheme (YTS), instituted in 1981 and extended to two years' duration in January 1986, represents a major effort by the Government to boost training. The training component (the scheme combines off-the-job training with planned work experience) has to be approved by the Department of Employment, which oversees its quality without insisting that it produces transferable skills and experience. Although a number of apprenticeship programmes now use the YTS to finance the first two years of apprentice training, the YTS is filling only a small part of the void left by the decline of apprenticeships (Marsden and Ryan, 1990).

Despite attempts to raise the quality of apprenticeships and to extend the base of vocational training (through the YTS), declining apprentice numbers in the industrial workforce and the absence of an alternative transferable qualification could pose a major threat to OLMs. Department of Employment statistics show that the number of male apprentices has fallen steadily since the late 1960s. In 1970 there were 211,600 male apprentices undergoing training in manufacturing industries, i.e. 3.8 per cent of the male workforce. By 1980 the figure had dropped to 145,000, or 3.1 per cent of the male workforce (*Employment Gazette*, Sep. 1980, p. 947).

During the 1980s the decline in apprenticeship persisted but at a rate closer to that of industrial employment generally. Estimates based on the

Labour Force Surveys (*Employment Gazette*, Mar. 1988, p. 140) show a smaller decline in the share of apprentices from 2.6 per cent of all male employees of working age in 1979 to 2.3 per cent in 1986. Although in the long run this continuing decline could well endanger occupational labour markets for skilled workers, in the short run – paradoxically – OLMs are likely to be strengthened by the shortage of craftsmen and consequent increase in their bargaining power. Thus far at least, both in Britain and in France, state-initiated changes in vocational training for manual workers appear to have had a limited impact on the prevailing patterns of labour market organisation.

7. Conclusions

Although the manufacturing sector of neither country conforms rigidly to either model, our cross-sectional comparisons provide solid evidence of the predominance of OLMs in Britain and ILMs in France, especially for skilled labour, and of their persistence during the 1980s. The data yield further evidence of the diversity of labour markets even among advanced industrial countries, with scant indication of any imminent convergence. It therefore bolsters the view that analyses of labour market policies and problems in different countries must take greater account of institutional differences in market organisation.

With direct regard to policy issues, whatever the relative merits of either type of labour market structure, an important question when considering future training policy is that of compatibility with the institutional context. A good example of this is provided by the unsuccessful attempts to introduce an apprenticeship system in France in the 1930s (Maurice, Sellier and Silvestre, 1979). Their failure was due both to the resistance of the national education system and to a mismatch between the kind of skills produced and the kind of job openings available in firms, which were geared to ILM upgrading. The fact that most vocationally qualified young workers in France have to start work in unskilled and semi-skilled jobs pending subsequent upgrading, above and beyond its effect on their motivation, offers another illustration of the difficulty of adapting training to existing labour market institutions. Similarly, in Britain one of the reasons for the unattractiveness of the YTS to many young workers is that it does not lead to skilled work, for which apprenticeship is still the prime requisite.

Another major area of concern for public policy is that of helping displaced workers find new employment calling for skills equivalent to those used in their former jobs. Most retraining schemes fall outside the normal institutional channels of skill acquisition, making it very difficult to get the beneficiaries back into skilled work. One reason lies in the fact that apprenticeships and internal promotion and upgrading schemes perform a regulatory role and predispose incumbent workers to defend the investments they have made in their skills. By the same token, employers are often

reluctant to disturb the equilibrium which encourages future workers to continue investing in established forms of training.

The labour market typology proposed above can give us a better grasp of the problems associated with implementing reforms and should also be useful for anticipating future developments. Because the components of our models are highly interdependent, it is unlikely that major changes will result from adjustments to any one of them in isolation. Moreover, when the key actors are so closely identified with both the institutions and processes involved – such as apprenticeships and mobility patterns – genuine change is likely to take time.

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