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Employability in a Knowledge-Driven Economy

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Employability in a Knowledge-Driven Economy[1]

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Abstract

This paper examines the concept of employability. The recent policy emphasis on employability rests on the assumption that the economic welfare of individuals and the competitive advantage of nations have come to depend on the knowledge, skills and enterprise of the workforce. Those with degree-level qualifications are seen to play a particularly important role in managing the 'knowledge-driven' economy of the future. But the rhetoric that shrouds the idea of employability has been subjected to little conceptual examination. The purpose of this article is to show that the way employability is typically defined in official statements is seriously flawed because it ignores what will be called the 'duality of employability'. It also introduces 'positional conflict theory' as a way of conceptualising the changing relationship between education, employment and the labour market.

Introduction

Employability is a notion that captures the economic and political times in which we live. Political and business leaders consistently tell us that efficiency and justice depend on people acquiring the knowledge, skills and capabilities that employers need in an increasingly knowledge-driven economy (DfEE, 2000; CBI, 2001). It is argued that national governments can no longer guarantee employment in a competitive global environment. As the developed economies come to rely on knowledge-driven business, employability is seen as a source of competitive advantage as national prosperity depends on upgrading the knowledge, skills and entrepreneurial zeal of the workforce (Brown and Lauder, 2001). In this new economic competition the role of government is limited to providing the opportunity for all to enhance their employability, which has led to the rapid growth in higher education.[2]

Employability is also seen to reflect the shift away from the bureaucratic career structures of the past that offered stable career progression to significant numbers of white-collar workers (Collin and Young, 2000). The large corporations have become leaner, flatter and prone to rapid restructuring making them incompatible with the expectation of a bureaucratic career. This led companies to highlight the need for employees to not only remain employable within their current jobs but in the external labour market, if they should find themselves in the category of 'surplus' employees (Sennett, 1998). A feature of work reorganisation in the last twenty years has been the democratisation of insecurity. Redundancy is no longer restricted to semi-skilled and unskilled workers. Technicians, engineers, managers and professionals, have all discovered that the long-tenure career bargain is dead (Cappelli, 1999; Peiperl, et al. 2000).

For some business gurus such as Drucker (1993), employability also represents a powershift in the nature of global capitalism. There is less need for those with initiative, energy or entrepreneurial flair to commit themselves to the same organisation for decades in order to make a decent career. If organisations depend on the knowledge and skills of the workforce then power rests with those that have the knowledge, skills and insights that companies want (Micheals, et al., 2001). The shift away from long-term company careers has given the educated classes greater economic freedom. This has enabled young knowledge workers to short-circuit organisational hierarchies to arrive in senior managerial positions often in their thirties.

This view of employability has informed much of the contemporary debate. It is also the starting point for a recent study that is examining the social construction of graduate employability in a knowledge-driven economy.

Graduate Employability in a Knowledge Economy (GEKE)

The focus of this study has three dimensions:

Firstly, there is the question of how employability has arisen as a policy issue. This addresses the politics of employability. What assumptions are being made about education, occupational change and the labour market? What are the dominant ‘voices’ in this debate and what vested interests do they harbour? How does it relate to the legitimacy of labour market outcomes and inequalities in future life chances? To what extent can the political commitment to employability fulfil its policy objectives? Do the human capital assumptions on which employability policies are premised offer an adequate framework for policy formation and analysis?

Secondly, there is the question of how students construct and manage their employability as they enter the labour market. Are there any discernible difference in the way graduates understand and manage their employability in terms of social background, gender and educational biography?
Do differences in human, cultural and social capital lead graduates to see their futures and approach the job market in different ways? Equally, how do those with similar forms of capital seek to win a positional advantage in the process of elite recruitment?

Thirdly, the large employers have dominated debates about employability (Hesketh, 2000). This raises the issue of how companies are redefining the skills and personal characteristics of the knowledge workers of the future. What makes a successful manager or future leader and how do companies seek to select them? How do employers differentiate between the employability of graduates, and to what extent is social background, gender, ethnicity or education profile a key factor? To what extent do the assessment centres used by most large companies allow them to 'objectively' identify the star performers of the future? Do employers believe that there is an expanding talent pool of knowledge workers or a more intense 'war for talent'? This will inevitably have implications for the way employers seek to recruit graduate labour. These are issues of increasing importance because it is difficult to assess personality, drive, creativity, or leadership potential in an objective matter. This problem has become more acute with the rise of mass higher education which is creating a mass market of potential knowledge workers. Therefore, how they attempt to manage an efficient and legitimate recruitment process will shape the (re)production of social and occupational elites.

Using a range of qualitative methods, this study is examining how these three dimensions are interrelated. It includes interviews with ten policy-makers, fifteen public and private sector organisations and over seventy graduates from various universities. Some of these graduates were rejected

by companies at an early stage, others attended assessment centres but were not offered appointments. It also includes those who were successful. A number of individual case studies are being followed-up, in recognition that individual employability is a process rather than an event. The research design also involves participant observation at seven assessment centres across of a range of organisations, to examine who gets recruited, how they get recruited, and why they get recruited. This approach allows us to examine the social construction of employability *in action*.

A major problem confronting researchers interested in issues of employability is the lack of theoretically informed studies. The policy discourse is dominated by employer and government concerns about the supply of graduates, which has received little conceptual or empirical analysis. At best, it is informed by human capital assumptions that are problematic for a number of widely understood reasons (Ashton and Green, 1996; Brown et al. 2001). Therefore the purpose of this paper is to develop a conceptual framework for the study of employability. Although much of what is described below is applicable to issues of employability across the occupational structure and to the changing relationship between education, employment and productivity, here we are especially interested in how employability is being shaped within a 'knowledge-driven' economy.

The view that we are entering a knowledge-driven economy is hotly contested (Thompson and Warhurst, 1998). This debate takes us beyond the scope of this paper, so we will limit ourselves to two points. Firstly, the application of knowledge to the economy is hardly novel as it was central to the industrial revolution. Its role in economic competition between nations has a long pedigree as David Landes (1999) has observed, in the early eighteenth century France sent out 'explorers' to acquire the secrets of new British technologies, and in 1718 it 'launched a systematic pursuit of British technicians: clock- and watchmakers, woollen workers, metallurgists,

glassmakers, shipbuilders' (p.276). This led the British to pass laws prohibiting the emigration of certain skilled craftsmen. It is also difficult to assess the economic value of knowledge as it can take many diverse forms and not all forms are equally productive; 'knowledge is extremely heterogeneous in nature, and its value is not intrinsic but depends on its relationship to the user, so it cannot be quantified in the same terms as physical objects such as land or industrial capital' (OECD, 1999:1). The idea of a knowledge-driven economy clearly needs to be treated with caution.

The second point is that while many companies state that the intellectual capital of core employees is a major source of innovation, value and competitive advantage, the majority of the workforce do not depend on high skills to perform their occupational roles (Brown, Green and Lauder, 2001). A recent survey of workforce development in Britain found that 57 per cent of jobs required less than three months training, while 29 per cent required two years. Over a fifth of employees also reported that it took less than a month to learn the job well (PIU, 2001:26).

In this article the idea of a knowledge-driven economy is restricted to the labour market for those with graduate qualifications who represent an increasingly large proportion of labour market entrants, as university numbers have accelerated in the last decade or so. These are purported to be the 'knowledge workers' of the future and are expected to command high levels of general and specialist knowledge. They include professionals, managers and future business leaders who are given 'permission to think'. But even within this restricted definition of the knowledge worker, there are unanswered questions about the demand for those leaving universities with graduate qualifications. There is evidence of serious market congestion that may lead many of them to end up in jobs offering considerably less than they bargained for.

What is Employability?

The first issue is to clarify what we mean by employability. Hillage and Pollard (1998:1) suggest that 'employability is about having the capability to gain initial employment, maintain employment and obtain new employment if required'. This definition is ideologically loaded. It ignores that fact that employability is primarily determined by the labour market rather than the capabilities of individuals. If thirty suitably trained brain surgeons applied for ten vacancies it is inevitable that twenty surgeons would not get jobs. Does this mean that they are not employable? According to the above definition they are not because they have not demonstrated their 'capability' to gain initial employment.[3] Thus, this definition of employability represents a classic example of 'blaming the victim' (those who cannot find jobs).[4]

Employability will vary according to economic conditions. At times of labour shortages the long-term unemployed become 'employable'; when jobs are in short supply they become 'unemployable' because there is a ready supply of better qualified job seekers willing to take low skilled, low waged jobs. In 2001, one of our case study companies in a sector characterised by labour shortages, received approximately 6000 applications for 300 jobs, an odds ratio of 20-1. A year later, about the same number of applicants were competing for only 100 positions on their graduate programme. Hence, their relative chances declined from 20-1 to 60-1, despite a consistent quality of candidates.

Employability cannot, therefore, be defined solely in terms of individual characteristics. This is because employability exists in two dimensions – the relative and the absolute. Virtually all policy statements on employability fail to grasp the *duality of employability*. Policy debates have concentrated on the issue of whether students have the appropriate skills, knowledge, commitment or business acumen to do the job in question. This *absolute* dimension of employability is not inconsequential. It relates to what Gellner (1983) termed the

production of ‘viable human beings’. When most jobs are low skilled and workers interchangeable, the skills and personal qualities of employees are of little interest or relevance to employers (Braverman, 1974). But the increasing policy emphasis on graduate employability, in part, reflects the increasing importance of knowledge, skills and commitment of employees as a source of efficiency, innovation and productivity. The personal is productive.

However, employability is also a *relative* concept that depends on the laws of supply and demand within the market for jobs. If there were more jobs than applicants for professional and managerial workers, this would be less of a problem. We could assume that all candidates with the appropriate qualification and skills would get appointed. But this is far removed from the realities of the labour market, even when the economy is buoyant. In Britain, the expansion of higher education has led to over a third of the age cohort entering the labour market with advanced credentials. Over 300,000 graduates competed for less than 15,000 elite jobs in 2001. These jobs are often with household name companies that offer starting salaries averaging £19K in 2001.

Employability not only depends on fulfilling the requirements of a specific job, but also on how one stands relative to others within a hierarchy of job seekers. This pecking order is not always explicit and will depend on the job being applied for. But an individual’s employability depends on the employability of others. If everyone has a university degree, going to university may develop the knowledge requirements for professional employment, but may not improve one’s employability in the ‘positional’ competition (Hirsch, 1977) for jobs. At best, it enables the individual to stay in the race. It is for this reason that the ‘positional’ aspect of employability assumes major importance in understanding who will find elite employment. As Fred Hirsch (1977) suggests, ‘If everyone stands on tiptoe, no one sees better’ (p.5). But if one does not stand on tiptoe one has no chance of seeing.

Employability cannot be properly understood outside of this duality. Therefore, employability can be defined as *the relative chances of finding and maintaining different kinds of employment*.

The reference to different kinds of employment is particularly important when considering the higher educated. There is a huge range of jobs that need to be fulfilled in complex societies. These involve vast difference in terms of training, skills, knowledge and income. But even those with few formal qualifications are capable of undertaking many kinds of employment in knowledge-driven economies. Whether they find employment will depend on whether there are other more qualified or experienced people looking for the same kinds of work. But in terms of graduate employability, a key question is employable for what?

Graduates frequently enter the labour market with significant financial debt. In part, they are resigned to the burden of debt because they believe they can get a better paid, more interesting and high status job than those without a university education (Purcell and Pitcher, 1996; Hesketh, 1999). A recent study by Stroud (2001) has shown that it is not only a matter of making a living but a matter of achieving a middle class lifestyle. The problem is that graduates may be making themselves more employable by having a university education but this may not lead to the kinds of jobs and careers associated with a university education in the past. The idea that the 'more you learn the more you earn' has a degree of validity as long as other people are not learning the same things, otherwise one is running to stand still.

Equally, while those who opt for formal training extend their employability to jobs that require formal qualifications, in doing so they are also limiting their employability for other jobs. In choosing a educational route, such as concentrating on arts and humanities subjects, one is effectively excluded from applying for jobs requiring scientific or technical knowledge such as that required by a medical doctor or electrical engineer.[5]

There is a ‘subjective’ dimension to understanding labour market outcomes, as issues of employability are intimately connected to the question of social identity (Holmes, 1995). People will not only tend to limit the range of jobs they apply for to the jobs they feel (correctly or otherwise) they have a chance of getting, but also to what they think is appropriate. An obvious example is the way gender socialisation has shaped the labour market for men and women in ways that continue to have a significant impact on the gender composition of the occupational structure (Arnot, et al., 1999; Crompton, 1999). The fact that this pattern is being transformed in recent decades simply goes to show the powerful impact of the social construction of employability. Equally, university graduates may be employable for a large number of jobs, but these are not considered because they are seen to be inappropriate for someone with a university education.

This approach raises a series of policy questions, including how the system is organised to develop the productive capacity of individuals.[6] Whether students have the personal, technical and business skills necessary to meet the occupational needs of employers (Hesketh, 2000). And how ‘positional’ competition is organised and legitimated. How such questions are answered depend on wider considerations of the changing relationship between education, jobs and rewards. This is the subject of the following section.

Contrasting Theories of Employability in a Knowledge-Driven Economy

Consensus and Conflict theories offer alternative interpretations of the changing relationship between education, employment and the labour market.

Consensus Theory

Consensus theory has much in common with the ideas presented in the introduction to this paper. Here technological innovation is seen to be the driving force of social change (Kerr, et al., 1973). Societies are defined by their 'stage' of technological development (Bell, 1973). The shift towards a knowledge economy is interpreted as a new, more complex, stage in the technological evolution of capitalist economies.

The global integration of financial markets; advances in information and communication technologies; corporate restructuring; and the increasing significance of multinational companies within the world economy, all herald a 'new' competition based on innovation, applied knowledge and improvements in productivity (Reich, 1991). Peter Drucker (1993) suggests that the means of production is no longer capital, natural resources or labour, but knowledge. 'The central wealth-creating activities will be neither the allocation of capital to productive use nor 'labour' – the two poles of nineteenth and twentieth-century economic theory…Value is now created by 'productivity' and 'innovation', both applications of knowledge to work' (1993:7). In short, knowledge is seen as 'more valuable and more powerful than natural resources, big factories, or fat bankrolls' (Stewart, 1997:viiii)

Consistent with this approach is the idea that the recent emphasis on employability reflects the buoyant demand for technical, scientific, and professional workers who require lifelong learning, as the proportion of semi-

skilled and unskilled jobs continues to decline. The expansion of higher education is seen as a societal response to this growing demand for knowledge workers, with increasing private and public investment in human capital.

Concerns about employability also reflect problems associated with the changing technological demands on the skills and capabilities of workers, as greater importance is attached to individual initiative, social skills and creative abilities. This extension of what constitutes an employable and productive person has been identified as a major issue confronting employers who often report that university graduates lack business awareness and are poorly prepared for work. Indeed, in a more technologically advanced global economy the search for 'talent' becomes even more important as there is no room for sinecures. The creative force of knowledge-driven businesses cannot be sustained through cloning, as all employees must add value to the financial 'bottom line'. As a recent report by consultants at McKinsey noted:

'More knowledge workers means it's more important to get great talent, since the differential value created by the most talented knowledge workers is enormous. The best software developers can write ten times more usable lines of code than average developers, for example, and their products yield five times more profit. The shift to the Information Age is far from over. As the economy becomes more knowledge-based, the differential value of highly talented people continues to mount' (Michaels, et al., 2001: 3).

Therefore, technological progression leads to both a growing number of knowledge workers in managerial, professional and research careers that had previously been restricted to a small elite, and to a greater emphasis on recruiting 'talent', regardless of class, gender, race or nationality.

The demand for talent in knowledge-driven economies means that unequal opportunities in education and the job market are inconsistent with the assignment of occupational roles based on ability and effort. This is what Talcott Parsons (1959) described as the 'axis of achievement' and what Daniel Bell (1973) viewed as a key feature of post-industrial societies. Here, efficiency and justice are seen to work with the grain of knowledge capitalism. It is concluded

that getting the most talented people into senior managerial, professional and executive positions has become even more crucial as the knowledge base of the economy expands.

Employability also highlights the democratisation of capitalism. In the previous era power and control were almost exclusively in the hands of employers. The bosses owned the plant, stored knowledge and controlled the flow of information. Some entered white-collar work in large private or public organisation that offered the prospect of career progression based on timeserving and sponsorship by senior managers. This ensured a high degree of dependency on the company as career progression depended on long-term loyalty to the company. Today, employability represents a power shift because intellectual capital can no longer be controlled by organisations. This has led to a significant increase in the economic power of knowledge professionals. Thus the knowledge-driven economy not only transforms the nature of work but also transforms the nature of capitalism (Cortada, 1998; Burton-Jones, 1999).

Peter Drucker (1993) argues that we have moved into a post-capitalist phase given that virtually all knowledge workers ‘own both the “means of production” and the “tools of production” – the former through their pension funds which are rapidly emerging in all developed countries as the only real owners, the latter because knowledge workers own their knowledge and can take it with them wherever they go’ (p.7).

As they are freed from the emasculating powers of the corporation, employers are having to find new ways of attracting and retaining talent without the aid of bureaucratic careers, which are judged to be inappropriate to the needs of individuals and companies (Bridges, 1995; Arthur and Rousseau, 1996). Knowledge work is presented as a source of excitement, creative fulfilment and personal development, alongside monetary rewards including, salary, benefit packages and share options. Work is the new consumption!

The official discourse of employability is premised on this consensus approach that also shares much in common with human capital theory. In policy terms, employability is presented as both a problem and solution. The problem is that income inequalities and unemployment become more pronounced in a global knowledge economy (Reich, 1991). Those with value added knowledge, skills and ideas have seen their incomes rise as the value of their human capital is no longer restrained by domestic pay agreements. Remuneration packages reflect productive contribution in the global market place. In turn, low skilled workers have witnessed deterioration in their market position, as low skilled jobs are going to low-waged workers in less developed economies. But if employability is the problem it is also the solution. By raising educational standards for all to international benchmarks of excellence, nations can attract a larger proportion of the global supply of high skilled, high waged jobs (Brown and Lauder, 1996; 2001). Investments in the employability of all, is as Tony Blair the British Prime Minister put it, ‘the best economic policy we have’.

Conflict Theory

Conflict Theory offers an alternative explanation of the current policy significance attached to employability. From this approach employability represents an attempt to legitimate unequal opportunities in education and the labour market at a time of growing income inequalities. Such inequalities are related to the assertion of market individualism since the 1980s and reflect the transformation of capitalism on a global scale (Elliott and Atkinson, 1998). In a bid to maximise shareholder value companies have tried to break free of their social obligations to employees, that included generous pension schemes and redundancy payments, along with career opportunities for white-collar workers. They have demanded greater ‘flexibility’ in the hiring, firing and utilisation of employees across their global operations. They prefer to hire workers on a ‘plug-in-and-play’ (Lauder, 2001) basis, rather than having to invest in expensive and intensive training

before new recruits can ‘add value’. Therefore companies have emphasised employability in an attempt to shift the responsibility for jobs, training and careers onto the individual. Companies are no longer willing to take responsibility for the welfare of workers. Individuals are being left to take responsibility for creating their own employment opportunities inside and outside the company. From a conflict approach the government is also viewed as mirroring the corporate agenda in its attempt to reduce public spending and therefore the social overheads that companies have to pay to the state, such as corporate tax (Korten, 1995; Monbiot, 2000).

It rejects the view that we are advancing towards a high skilled knowledge economy. There is little to suggest that the demand for high skills is a universal feature of knowledge-driven capitalism. Indeed the idea of knowledge-driven capitalism is seen as little more than wishful thinking. Conflict theorists have focused on the unequal allocation of resources and the inherent limits to a technologically advanced high skills economy, given the subordination of technology to the imperative of managerial control. Neo-Marxists such as Aronowitz and De Fazio (1994) have argued that a polarization of skills rather than wholesale ‘de-skilling’ is a more accurate description of employment in a knowledge economy. They argue that the ‘scientific-technological revolution of our time’ is transforming the nature of managerial and professional work, leading to mass proletarianization and mass unemployment. Only a small occupational elite is able to preserve their personal autonomy and fulfilment through their work.

This approach also challenges the idea that workers are being given greater opportunities to use their initiative and creative skills. The primary concern of employers is not the release of the creative energies of the workforce but how to maintain managerial control in flatter, leaner and more flexible organisations. The inculcation of corporate mission statements, teamwork techniques and staff appraisal schemes tied to remuneration, are all ways of controlling the work force

(Rose, 1999). The power shift in the direction of knowledge workers has also been greatly exaggerated. Most ‘knowledge’ workers are only able to capitalise on their knowledge within employment. They remain vulnerable to redundancy as the recent cull of knowledge workers in Silicon Valley testifies. Power remains decisively with the employers.

From this perspective, the idea that employability has liberated individuals from the paternalism of bureaucratic careers is rejected. As Georg Simmel (1990 [1907]) observed almost a century ago, the freedom of employees is invariably matched by the freedom of employers in a money economy. Therefore, while employees are free to change employers, they are not free from the need to make a living in a wage economy. In turn, employability frees employers from the moral or social obligations to employees, and for white-collar workers this means the provision of long-tenure career opportunities.

The insecurity that this imposes on the workforce greatly limits their sense of freedom, precisely because they are not free from the necessity to earn a living. In a buoyant labour market the balance of power between employees and employers is disguised by a ready supply of job opportunities, but when the economy begins to slow and unemployment increase the reality of flexible labour markets is thrown into sharp relief.

Contrary to the consensus view, the rapid expansion of higher education does not reflect the demand for high skilled jobs but credential inflation, as students extend their education in an attempt to improve their job prospects. For those from disadvantaged backgrounds such attempts are largely futile as the best jobs are often assigned to social elites with the appropriate cultural capital (Bourdieu and Passeron, 1964; Collins, 1979). Social background remains of major importance in explaining who gets access to fast-track graduate programmes. Finally, from a conflict view much of the talk about the development of employability skills, especially personal and social skills, is a reflection of a

mismatch between credentialism and the realities of knowledge capitalism. As more and more contestants enter the labour market with graduate qualifications the value of credentials as a screening device declines. Therefore, personal qualities are emphasised in an attempt to legitimate the reproduction of inequalities, rather than improve productivity.

Positional Conflict Theory [7]

These theories have been presented in broad-brush terms to highlight contrasting interpretations of education, employability and economic change. They represent either side of the duality of employability. Consensus theorists focus on the upgrading of skills and the expansion of labour market opportunities for knowledge workers, whereas conflict theorists focus on positional issues such as the exclusionary tactics of elites and the reproduction of educational and occupational inequalities.

A major weakness of the consensus position is that it ignores differences in the power of social groups to enhance their employability at the expense of others. It presents employability as a technical problem of ensuring that labour market entrants have the skill sets that match the requirements of employers. The problem of employability is presented as a supply side problem that gives scant regard to the social congestion that characterise the market for professional and managerial jobs in most of the developed economies. It also erroneously assumes that the competition for education and jobs is based on a meritocratic contest that negates class, gender and racial inequalities.

Alternatively, there is much to commend the conflict perspective, but it does not provide an adequate framework for the analysis of employability at the beginning of the twenty-first century. We want to argue that an increase in the number of managerial and professional employment opportunities does not rule out the possibility of a more intensive competition for credentials and jobs (Brown 1995).

Equally, the tendency for companies to recruit knowledge workers in their own image, reproducing class, gender and ethnic inequalities, does not negate the fact that some companies are pursuing diversity policies because 'cloning' is believed to reduce efficiency and the innovative capacity of their companies. As we will argue, it is too simplistic to conclude that elites simply rig the competition in ways that guarantee their success, or that modern recruitment techniques amount to an elaborate hoax in a bid to convince us that the competition for jobs is fair rather than fixed.

Both consensus and conflict theorists agree that employability is based on the competition for credentials (Collins, 1979; 1980; Offe, 1976) as employers use them to screen-out unsuitable applicants (Bourdieu & Baltanski, 1978). The acquisition of suitable qualifications may not ensure access to employment but without them one is not in the game. As Talcott Parsons (1959) noted close to fifty years ago, 'the legend of the "self-made man" has an element of nostalgic romanticism and is destined to become increasingly mythical, if by it is meant not just mobility from humble origins to high status, which does indeed continue to occur, but that the high status was attained through the "school of hard knocks" without the aid of formal education' (1959:453).

But conflict theorists have presented some compelling arguments against the consensus view of meritocratic competition. One of the most fruitful critiques of the consensus account derives from Weber's writings on social closure (Parkin, 1979; Murphy, 1988). Social Closure theorists seek to explain the competition for a livelihood (Weber, 1968: 341) as a conflict between groups of competitors, who will try to mobilise 'power in order to enhance or defend a group's share of rewards or resources' (Murphy, 1984: 548). This would apply to both the way status groups seek to monopolise entry requirements into a 'profession' to restrict access, and the way that powerful social groups will attempt to structure the competition for places to favour those with the appropriate cultural capital (Collins, 1979).

This is how Weber interpreted the rise of credentialism in early twentieth century Germany under tightly restricted access to higher education:

'The development of the diploma from universities, and business and engineering colleges, and the universal clamour for the creation of educational certificates in all fields make for the formation of a privileged stratum in bureaus and offices. Such certificates support their holders' claims for intermarriages with notable families…claims to be admitted into the circles that adhere to "codes of honour", claims for a "respectable" remuneration rather than remuneration for work well done, claims for assured advancement and old-age insurance, and, above all, claims to monopolize social and economically advantageous positions. When we hear from all sides the demand for an introduction of regular curricula and special examinations, the reason behind it is, of course, not a suddenly awakened "thirst for education" but the desire for restricting the supply of these positions and their monopolization by the owners of educational certificates. Today the "examination" is the universal means of this monopolization, and therefore examinations irresistibly advance' (Weber, 1945: 241-2). [8]

The importance Weber attached to formal examinations as a source of social exclusion was to acknowledge that social elites were no longer able to rely on social ascription and 'proof of ancestry' (aristocratic breeding) as a way of directly transmitting social advantage to their children. Increasingly, social reproduction had to be based on a declaration of formal equality before the law, where entry into elite groups is ostensibly open to all through a competition for credentials, jobs, and property.[9]

Parkin argued that it represented the success of bourgeois ideology in the nineteenth century, which challenged aristocratic tribalism as 'a greater reliance on formal qualifications shifted the balance of advantages away from men of breeding to those who flourished in the peculiar atmosphere of the examination room' (Parkin, 1979: 64). This conflict between the aristrocracy and new class of business owners, parallels that identified by Bernstein (1975) in the 1970s between the 'old' and 'new' middle classes in the conflict between 'chalk-and-talk' and 'child centred' education. However, class conflict over the school curriculum and examination system should not

blind us from the enduring relationship between property and credentials. This is important at the beginning of the twenty-first century as competition in education is based on ‘market’ rather than ‘meritocratic’ rules of inclusion and exclusion (Brown, 1990; 2000).

Weber recognised that exclusionary power can be mobilised from various sources of economic, political, or cultural differences in power which structure positional competition (Weber, 1945). In modern capitalist societies, Parkin observed that it is the institutions of property as well as credentials which the ‘old’ middle class have used to maintain its class dominance, as each offers a set of formal legal arrangements which restrict access to social prizes, where private ownership is a way of preventing general access to the means of production and the opportunities for wealth creation which it offers, credentialism is designed to ‘control and monitor entry to key positions in the division of labour’ (Parkin, 1979: 48). Moreover, the escalating cost of private education has reinforced the relationship between property and access to elite schools, colleges and universities.

The nature of the relationship between property and credentials is, therefore, an important issues if we are to understand the politics of employability and its relationship to justice and efficiency. Conflict theories have too often assumed that ‘to speak of a shift in the nature of exclusionary rules…is…simply to denote a change in the basis of exploitation’ (Parkin, 1979: 71; Bowles and Gintis, 1976). But how the competition for a livelihood is organised and experienced does matter. There is a big difference between being excluded in the competition for credentials and jobs because of one’s gender or race rather than through a formally ‘meritocratic’ system of education. This is partly because in a meritocratic system it becomes more difficult to judge the outcome as, for instance, few feminist writers predicted the rapid gains that middle class women have made in the credential race or in access to higher education, even if their subject choices remain restricted (Arnot et al. 1999; Halsey, 2000).

Alongside the problem of not giving enough consideration to the social and economic consequences of different forms of competition rules, existing theories of social closure have also under-estimated changes in the relationship between credential competition and the occupational structure. The increase in employer demands for 'certified' labour cannot be explained solely in terms of the exclusionary tactics of professional enclaves seeking to restrict the number of entrants to a given profession by raising entry requirements (Collins, 1979; Friedson, 1986). The demand for higher educated labour has increased as a larger proportion of the workforce are engaged in technical, managerial and professional employment (Brown et al. 2001; Falstead et al. 2002). But this remains limited to a minority of the workforce. The market policies that have been pursued in Britain, in respect to education, training, labour market and the workplace have failed to raise skill levels throughout the economy. This has not resulted in a high skills or low skills economy, but a bi-skills economy with enclaves of knowledge work alongside large swathes of low waged, low skilled jobs (Brown, et al., 2001:240). A recent study of work skills in Britain found that the proportion of degree-level jobs rose from 10 per cent in 1986 to 17 per cent in 2001 (Felstead, et al., 2002). But is also found that whereas there are under three million economically active people aged 20-60 who possess no qualification, there are 6.5 million jobs that require no formal qualifications to obtain them (2002:11).

These changes in skill requirements not only reflect an increase in technological complexity but changes in models of organisational efficiency, leading to greater emphasis on problem-solving, communication, teamwork and self-management skills (Ashton, et al., 2000). The shift from bureaucratic to flexible paradigms of organisational efficiency (Burns and Stalker, 1961; Atkinson, 1985) has meant that it is no longer a question of

gaining credentials in order to climb bureaucratic career ladders, but of maintaining one's employability, of keeping fit in both the internal and external markets for jobs through the acquisition of externally validated credentials, in-house training programmes, social contacts and networks. Therefore a major trend since the early 1980s has been an increased demand for technical, managerial and professional workers *and* a more intensive struggle for competitive advantage in education and the labour market (Brown, 1995; 2000).

A further problem with this focus on social closure is that it sheds little light on how positional competition is experienced by individuals and social groups. Given our focus on employability and occupational life-chances, how 'the self' is packaged by labour market entrants, and how prospective employers decode these personal qualities as indicators of productive potential, is central to our analyses. Fred Hirsch (1977) makes a useful distinction between forms of positional power that derive from mobilising material, cultural, and social capital to stay ahead in the race, from the mobilisation of social groups seeking to change the rules of the game. Market power, for instance, can mean the 'command over economic resources *in* the marketplace' or 'influence over markets (of a monopolistic kind)' (p.153).

This distinction between competition 'ranking', that focuses on the use of resources in the marketplace, and competition 'rigging' that focuses on influences over markets (Brown 2000:637), assumes additional importance in a context of economic globalisation. Indeed, the trend towards international integration can itself be seen as an example of how power elites have extended their influence over markets (Marchak, 1990; Brown and Lauder 2001). The MNCs have been the major benefactors of market deregulation as they are able to achieve economies of scope and scale on a worldwide basis (Reich, 1991). But while it has increased the market power

of the MNCs, it challenges the power of professional interest groups to rig domestic markets as they are exposed to international competition. Moves toward the globalisation of professional services including management consultancy, financial and legal services will make it more difficult for the 'professions' to maintain monopolistic controls over domestic markets. This is leading professional organisations to develop international alliances with similar groups in other countries to find ways of sheltering from increased competition. A consequence of the professional classes feeling that their exclusionary powers over markets (rigging) are threatened, is that it heightens the importance of being able to capitalise on their educational, cultural and social assets in the competition for a livelihood (ranking).

Social closure theorists such as Parkin, Collins and Murphy, have tended to focus on competition 'rigging' at the expense of 'ranking' issues. Such analyses need to be extended to include an understanding of how individuals and social groups mobilise their cultural, economic, political, or social assets in positional power struggles, whatever form they take. Within the English education system the shift from 'meritocratic' to 'market' rules of selection (Brown, 1990; Ball, 1993), can in large part, be understood as a consequence of middle class attempts to lift competitive barriers that previously limited the use of 'capital' assets in credential competitions. This does not give them monopolistic powers that guarantee success, but it greatly increases their chances of a high ranking. Thus rigging and ranking are not mutually exclusive. The above example illustrates the point that those who have the power to define the rules of the game are the most likely to win it. But they still need to take part in order to develop their intellectual capital and to proclaim the legitimacy of their success.

What is required is a conceptual framework that enables us to study how positional competitions are structured and how individuals and social groups fare within the 'rules of the game'. Therefore, we need to incorporate the insights of

other social researchers such as Bourdieu and Bernstein. Bourdieu's work on forms of capital, for instance, offers important insights into how individuals and social groups play-out a ceaseless competition for positional advantage in many spheres of contemporary life (Bourdieu, 1986; 1997) (see below).

This approach has been called positional conflict theory (Brown 2000). It remains firmly grounded in the neo-Weberian tradition which rejects the consensus view of a politically neutral, open and fair contest within education and the labour market in the advanced economies. The organisation of positional competition will inevitably reflect a power struggle between competing interest groups. This has led to significant variations in the way competition rules are drawn up and how they relate to labour market opportunities in different countries (Esping-Andersen, 1999; Brown, et al. 2001). It also recognises differences in the power of individuals and social groups to deploy their material, cultural and social capital in the competition for credentials and jobs. Positional conflict theory is also intended to overcome the tendency for those interested in competition 'rigging' to focus on exclusion tactics and those interested in competition 'ranking' in terms of competitive performance, to focus on inclusion tactics.

Taking this approach to the study of employability can throw conceptual light on the relative chances of individuals, groups and classes have in finding and maintaining different kinds of employment. It encourages us to extend our focus from the way university graduates manage their employability with different degrees of success, to investigate the social structure of competition. What are the rules of the game? Who makes the rules and whose interest do they serve? Is employability characterised by 'winner-takes-all' markets (Frank and Cook, 1995)? How do *performance* and *positional* considerations shape education, the labour market and organisational recruitment?

The application of positional conflict theory to the study of graduate employability also raises two further issues which have a direct bearing on our empirical

analyses. Firstly, while Bourdieu has made an invaluable contribution to our understanding of these issues, the focus on cultural capital poses an interesting problem in the study of elite recruitment. Secondly, positional competition is not exclusive to individuals and social groups, as companies and universities are also engaged in positional power struggles that shape the life chances of contestants.

Personal Capital, Cultural Capital and the Middle Classes

Cultural capital has long been recognised as vital to the reproduction of the middle classes. Alfred Marshall (1920) observed at the beginning of the last century that 'the professional classes…while generally eager to save some capital for their children, are even more alert for opportunities of investing it in them' (p.562). More recently, Pierre Bourdieu made a significant contribution to our understanding of the role of cultural capital within society. He showed how the middle classes have increasingly capitalised on their cultural assets via the education system given the need to acquire credentials from elite schools, colleges and universities as employers introduced bureaucratic entry and promotion procedures throughout the twentieth century (Bourdieu and Boltanski, 1978).

In the study of employability it is important to understand the nature of cultural capital in different 'fields' such as education as opposed to the labour market. It may be deployed in the education system to facilitate academic success, but at the same time contradict changing models of organisational efficiency and leadership that place a high premium on 'personal qualities' rather than 'academic abilities'. Judgements about one's drive and commitment, communication skills, team-working and self-management skills have become more important alongside any consideration of paper qualifications. The value of an individual to an employer is no longer represented by the denomination of academic currency but the *economy of experience*. As one human resources

manager told us ‘academic qualifications are the first tick in the box and then we move on. Today, we simply take them for granted’.

The idea of cultural capital has been helpful in understanding how individuals and families from middle class backgrounds are able to ‘capitalise’ on their cultural assets in ways that those from disadvantaged backgrounds are not. Decades of research have shown that when you share the same cultural literacy as teachers and employers, it does not guarantee success but it greatly increases the probability of achieving it. When employers reject candidates as unsuitable it could be argued that they are being rejected for lacking ‘cultural’ capital. There is absolutely no doubt that this happens when people are seen to have the wrong accent, dress inappropriately at an interview, or do not know the rules of the game when candidates are invited to a formal dinner to meet company employees.

The problem is that the concept of cultural capital is a rather blunt instrument when attempting to explain the recruitment onto elite graduate training programmes. This is because most of those who make it to the final assessment centres, where employers decide on whom to appoint, often share similar cultural resource on which to capitalise in the job market. A key issue is therefore, how those from similar backgrounds manage their employability in different ways. Our study is primarily an exploration of positional conflict within the middle classes. What we are attempting to capture is the way that students prepare, package and present ‘themselves’ in the recruitment process. When the focus is on within group rather than between group differences, it is helpful to introduce the concept of *personal capital*. The management of employability is largely a question of how cultural capital is translated into personal capital.[10]

The emphasis on the person rather than individual reflects how the recruitment process has been ‘personalised’. The personality package (Fromm, 1949) that candidates present to employers is examined for evidence of competencies

including drive, resilience, and interpersonal sensitivity, that the recruitment industry claim can be assessed in an objective manner (Herriot, 1989).

Of course graduates may not feel they are ‘selling themselves’, or that they are a commodity to be sold in the market for jobs. Our empirical investigations clearly show that graduates manage their employability in different ways that are closely linked to their sense of personal and occupational identity. This raises the question of how personal capital is constructed, drawing on cultural and social capital (Bourdieu, 1997).

Reputational Capital

We have limited our understanding of positional conflict theory to the study of individuals and social groups. But if we are to achieve a better understanding of employability this needs to be extended to the study of social institutions, such as companies and universities. Positional considerations stand alongside performance issues as both companies and universities seek to maintain or improve their reputational capital (Brown and Scase, 1997).

In the walled economies of the past, companies would compete for domestic markets but now find themselves in a global competition. Consequently, performance is benchmarked by global standards that leads to an intensification of positional competition: it is no longer enough to be a big fish in a small pond, as larger predators are never far away. For many companies ‘positional’ considerations are an important part of branding. Reputational capital is a key aspect of marketing. Where market competition is based on quality rather than price it is important to be seen to be the ‘best’. This includes making the best products or services and employing the ‘best’ people, recruited from the ‘best’ universities. This brings employers into direct competition with other companies. In response, leading-edge companies present themselves as lively, exciting and

caring companies to work for, offering outstanding access to accelerated training programmes and opportunities for personal career development.

Equally, the application of market principles within public sector organisations, along with a shift towards global benchmarking, has made positional competition part-and-parcel of everyday life in schools, colleges and universities. The under-funding of tertiary education has intensified the competition for resources. For example, British universities are engaged in a market competition for the 'best' academics as a way of enhancing their reputational capital and research income, through the research assessment exercise. The outcome is that the rich universities have got richer and the poor, poorer.

More of the resources for research are going to a smaller number of universities, leaving many of the 'new' universities with little hope of closing the gap on the elite. The top universities are then able to cash in on their reputational capital by recruiting higher attaining students at home and from overseas. In Britain some of these institutions have formed an alliance to offer a recruitment gateway to leading employers, purporting to ensure quality control in a congested jobs market by giving companies access to their students.[11]

Domestic competition between universities has also become more intense with globalisation. Leading institutions are redefining their mission statement to the aim of becoming 'research led' and 'world-class' (Robertson, 1999). They want to compare themselves with Harvard, Yale, or MIT. This dramatically changes the rules by which the game is played. One outcome is a greater reluctance on the part of leading institutions to consider equity issues at the national level (Currie and Newson, 1998; Brown, 2000). They are more likely to argue that to compete in the global marketplace requires market rules, the freeing of universities from the constraints imposed by domestic considerations such as capping student fees, national benchmarks for teaching quality, etc.

This discussion shows that the study of employability is more than a question of how students go about getting jobs and documenting who is or is not successful, along with a consideration of how employability skills can be improved. These are important questions, but they are part of a more fundamental discussion about who does what and who gets what in a knowledge-driven economy.

Conclusion

The employability policies of government are based on the assumption that the economic welfare of individuals and the competitive advantage of nations have come to depend on the knowledge, skills and entrepreneurial zeal of the workforce. This led to an expansion of tertiary education and to attempts to develop the employability of graduates, many of whom are judged by employers to lack what it takes to 'add value' in a dynamic business environment. We have argued that even when people are 'employable' they may fail to find suitable jobs because of market congestion caused by the realities of work in a knowledge-driven economy and the positional competition that governments are finding increasingly difficult to control. Our definition of employability has recognised that it is possible to be employable but not be in employment. This is intended to highlight the fact that graduate employability is primarily about the relative chances of finding and maintaining jobs as knowledge workers (lawyers, doctors, journalist, middle or senior management).

We argue that it is impossible to understand the intended and unintended consequences of employability policies without understanding both the performance and positional imperatives that it harbours. This has been called the duality of employability. Positional conflict theory has also been outlined in the belief that it offers a promising way of bringing together contrasting theories of education, employment and the labour market. These ideas are clearly in need of further development but it is hoped that they provide a solid platform for future analyses.

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[2] The pace of technological change in a knowledge-driven economy makes employability an important issue because employees are expected to upgrade their skills or change the nature of work activities on a regular basis. Personal drive, self-management, problem-solving and team-working skills have come to the fore. A premium is also placed on good interpersonal and creative skills, along with a commitment to self-development and lifelong learning.

[3] A further problem is that it depends on the job in question. I am clearly unemployable as a professional footballer but moderately employable as an academic. The problem with the idea of graduate employability is that it bears little relationship to the labour market. Graduate may be employable but increasingly not for the professional and managerial jobs associated with university educated students in the past (see below).

[4] It parallels much of the rhetoric about the learning society and lifelong learning, where policy has focused on individual responsibility (Rees, et al., 2000)

[5] In part, issues of 'over-education' and 'skills shortages' can both be understood in these terms.

[6] This part of the analysis has received detailed attention elsewhere (see Brown, Green and Lauder 2001; Brown and Lauder, 2001).

[7] This section draws on Brown (2000).

[8] In these terms modern examination systems represent an example of exclusionary closure in a downward direction when one group secures its advantages by closing off the opportunities of another group beneath it. A strength of this approach is that it holds out the prospect that the status quo will always be reproduced. There is always the prospect of disadvantaged or excluded groups mobilising collective power in an attempt to win concessions, or in some cases, overthrow more powerful groups.[8]

[9]

One of the most interesting questions which cannot be addressed here is why there was a need for the aristocracy to accommodate the move to formal examinations, rather than maintain a system of exclusion based on the feudal dogma of social predestination? (Dewey, 1916). Having to rely on the outcome of a contest for qualifications as a way of passing on social and economic advantage across the generations is a precarious business even if all the paraphernalia symbolising the 'educated' person are showered on the children from privileged backgrounds.

[10]

Thus it is an inherent feature of personal identity, that are developed in familial, neighbourhood, and educational contexts which are socially and culturally stratified. They give rise to different ways of being and becoming that prepare people for alternative futures (this is what Bourdieu calls habitus).

[11] See TargetedGRAD at www.targetedGRAD.com