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Promoting Life Long Learning through Individual Accounts: from Asset-Based to Capability-Based Policies

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Abstract :
The promotion of Life Long Learning (LLL) has become a high priority in the economic and social agenda of OECD countries. It is considered as one of the corner stones of the ñsocial investment stateò. Several countries have introduced (or at least experimented with) Individual Learning Accounts (ILAs) as a way to promote LLL. ILAs designate all the schemes that provide an individual with resources he/she can use to take-up further training on his/her own initiative. Our aim here is to analyse the theoretical and political underpinnings of ILA policies and to make a link between those underpinnings along with the design, the implementation and the potential outcomes of existing schemes. In Section 1, we introduce the distinction between two political paradigms which may provide underpinnings for ILAs: the asset-based view *versus* the capability-based view. In Section 2, we analyse some experiences of ILAs in the light of this distinction, focusing mainly on three countries: the United Kingdom, the United States and France.

Keywords: Individual learning account, lifelong learning, welfare state, labour market policy, asset, capability, social investment.

JEL Codes: I20, I28, J68

A highly educated population appears as a key factor of not only competitiveness, but also social cohesion. As a consequence, the promotion of Life Long Learning (LLL) has become a high priority in the economic and social agenda of OECD countries. It is considered as one of the cornerstones of the ñsocial investment stateò (Morel, Palier and Palme, 2012), which relies on both preventative and productivist social policies. This contrasts with the traditional welfare state, which is mainly based on curative policies, with potential negative impacts on economic efficiency. In the traditional view, social policy aims at insulating people from the market.[1] The priority is now to help people adapt to a competitive labour market, become more ñmarketableò and also feel more responsible for their own employability, in particular by investing in human capital.

From this point of view, equipping people with individual accounts is a way to promote LLL.[2] These ñaccountsò may cover a wide range of schemes, from individual saving (real) accounts (for which usually an individualôs savings are matched by another partyôs contribution: employer and/or government), to individual drawing rights (which may be considered as ñvirtualò accounts), and vouchers (usually public funded). Beyond the diversity of labels and modalities of specific schemes, we will use here the general label of ñindividual learning accountsò (ILAs) to designate all the schemes that provide an individual with resources he/she can use to take-up further training on his/her own initiative.

Several countries have introduced (or at least experimented) ILAs (CEDEFOP, 2009). Our aim here is twofold. First, we would like to better understand the theoretical and political underpinnings of these schemes, and try to make the link between both the design and implementation of these ILAs and these underpinnings. Second, we would like to draw some lessons by assessing the outcomes of ILAs against the objective of promoting further training.

In Section 1, we draw on the distinction between two political paradigms (i.e. sets of assumptions, concepts, values, and (potential) policy practices), which may provide the underpinnings for ILAs: the asset-based view *versus* the capability-based view (following Gautié, 2005, Gazier and Gautié, 2011). Section 2 analyses some experiences of ILAs, in the light of the distinction presented in the previous section, focusing on three national experiences: the United Kingdom, the United States and France.

1. The Underpinnings of ILA: Two Political Paradigms

1.1. An asset-based view of LLL and ILAs

1.1.1. Providing people with assets

Asset building strategies may be considered as the cornerstone of the ñsocial investment stateò (Sherraden, 2003). The phrase ñasset-based policyò was coined by Michael Sherraden in *Assets and the Poor*, 1991. In the American context, the stake was to fight poverty with innovative practices, the traditional transfer policies of the Welfare States having failed. The aim is to empower the individuals to have greater autonomy, and help them not only to cope

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[1] This refers to the key concept of ñdecommodificationò, which ñ*is meant to capture the degree to which welfare states weaken the cash nexus by granting entitlements independent of market participation*ò (Esping-Andersen, 1999: 43).

[2] In its 2001 report ñMaking a European area of lifelong learning a realityò, the European Commission pointed to ILA as a way to enhance participation in training: ñ*The Commission will evaluate various models of individual funding schemes (e.g.***ó***individual learning accounts***ô***) to assess their impact on investment, participation in learning and on learning outcomes*ò. But the major influence came from OECD: ILAs were presented as an innovative financing strategy ñ*to put flesh on the bones on the lifelong learning vision*ò (OECD, 2001, p.122).

with critical transitional stages in life (like unemployment or the birth of a new child) but also to carry out their personal and professional projects.

The objective is not simply to change the modalities of redistribution, by replacing the provision of flow of resources (social allowances and benefits, income replacement) by the provision of a stock of assets. More fundamentally, the idea is to change the relation between the individual, society and the State. In todayôs advanced industrialised countries, ñ*people are invited to constitute themselves as individuals, to plan, understand, design themselves as individuals...***ò** (Ulrich Beck, quoted by Giddens, 1998: 36). They are required to be responsible (no freedom without responsibility) and forward planning (a precondition for self-sufficiency). Providing people with assets aims at changing peopleôs behaviour ï the so-called ñasset-effectò emphasized by Sherraden ï by making them more responsible and forward looking.

But building on these general principles, there is a diversity of approaches in this broad ñasset-based policyò paradigm. Following Prabhakar (2009), it is possible to distinguish between two dimensions of the asset agenda, even if he acknowledges the differences between the two dimensions must not be overstated.

In the first view, asset-building is a way to redefine social citizenship, and to promote a ñstakeholder societyò (see for instance Ackerman and Alscott, 1999). Asset-Based Welfare refers to the ñ*property owning democracy***ò** that Rawls advocates in the preface of the second edition of his *Theory of Justice*: ñ*One major difference [*with the traditional welfare state democracy*] is that the background institution of property-owning democracy, with its system of (workably) competitive markets, tries to disperse the ownership of wealth and capital [***é** *]. The idea is not simply to assist those who lose out through accident or misfortune (although this must be done), but instead to put all citizens in a position to manage their own affairs and to take part in social cooperation on a footing of mutual respect under appropriately equal conditions*ò (quoted by White, 2001). In this view, asset-building should rely on universal schemes, and people should be free to use their assets as they want.

In the second view, the asset-agenda is more focused on social policy reform. Assets appear as a tool to foster economic and social development, by changing attitudes (the ñasset-effectò) and choices (the incentive effect ï the ownership of assets altering the balance between costs and benefits). This may require more targeted schemes in terms of beneficiaries. But it may also justify restrictions on how the assets can be used, in contrast with the first approach focused on social citizenship.

1.1.2. The asset-based view of ILAs

The promotion of LLL through ILAs can be seen as a key dimension of the social policy ñasset-agendaò. Promoting human capital accumulation is not only about fostering economic competitiveness and growth, it aims at ñequipping the people for the marketò, by increasing their employability, to help them avoid poverty and unemployment. But what are more precisely the implications of an ñasset-based viewò (ABV) for ILA design and objectives?

If one emphasizes the potential ñasset-effectò, the preference may be given to saving accounts rather than other types of schemes (such as vouchers for instance). In this case, public funding (and an employerôs potential contribution) is conditional on the financial contribution of individuals themselves, in order to make them feel more responsible.

Some restrictions on the usage of the ILAs may be introduced (beyond the basic requirement to use this account to fund training). The ABV of social policy can indeed be articulated with a contractualist approach, which insists on the counterparts resulting from social rights (White, 2000). More precisely, concerning ILAs, the funding contributors may demand that the account holder also take into account their own goals and interests. For instance, the public authority may restrict the usage of the ILA to the funding of training for occupations that are in demand in the local labour market. If employers contribute, they may also want to have their say on the choice of training.

Nevertheless, these restrictions should remain limited. The individualôs initiative and freedom of choice are indeed crucial in the ABV. A key objective is to replace supply-driven by demand-driven training. This implies the existence of a market for education and training, with competing providers, on which individuals must behave as discerning consumers, well-informed and able to make rational choices.

The goal of LLL is not only to adapt the worker to his/her current job, but to make him/her more marketable, and exercising greater foresight. In the ABV, economic security is mainly based on employability, which may be conceived as the functional substitute of the protective rules provided by traditional internal labour markets and employment protection regulation. Some employers are ready (and willing) to trade employment security against a contribution to workersô accumulation of portable skills.[3] In a way, promoting employability weakens the link between employees and their firm. It enables individuals to break free from subordination that goes with traditional wage employment relationship, and also to re-appropriate, in a sense, their own career paths. As a consequence, many employers may be reluctant to lose their prerogatives concerning training, and therefore reluctant to promote ILAs, and more broadly LLL, as conceived in the ABV.[4] At least implicitly, with the ABV, the ideal worker is a ñportfolio workerò who does not have any durable attachment to a given firm, and who therefore is able to lead a ñboundaryless careerò. Empowering the worker may be at the expense of (at least some) employersô interests. But as a counterpart, in this view, the worker, not the employer, should be responsible for his/her employability.

1.2. <u>From assets to capabilities</u>

1.2.1. Resources are not enough

Empowering people is not only a matter of providing them with assets or ñprimary goodsò, following the Rawlsian definition. It is about developing individualsô ñcapabilitiesò, a concept put forward by Amartya Sen. As he points out, the relationship between assets or primary goods on the one hand, and valuable achievements on the other hand, may vary because of personal diversities in the possibility of converting these assets into achievements, i.e. ñfunctionningsò.[5] As a result, ñ*capability is primarily a reflection of the freedom to achieve valuable functionnings. It concentrates directly on freedom as such rather than on the means to achieve freedom [é] it can be read as the reflection of substantive freedom*ò (Sen, 1992: 49). The capability approach deals with real (and not only formal) equality. In the field of

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[3] As, for instance, two leaders of the biggest French employersô organisation (MEDEF) stated, ñ*the best security [a company] can provide individuals with is a well-stocked portfolio of competencies. This is what will make them autonomous and free in the firm. It is the key issue of employability [é] giving people the means to build up their capital of competencies so that they are not entirely dependent on one firm to develop their professional future*ò (Lacroix and Dumont, 1999: 74, our own translation).

[4] The Swedish government proposed to introduce individual training saving accounts in 2002. Employers were encouraged (but not obliged) to contribute via a 10% reduction in payroll tax. But they were opposed to the scheme, because they had no control on how saving could be used. As the main blue-collar trade-union LO also opposed the proposal (but for different reasons, see below), the scheme was not implemented (Ericsson, 2005).

[5] Functionnings include elementary achievements, like being well-nourished, in good health etc. but also more sophisticated ones, such as having self-respect, being able to take part in the life of the community, and so on. Acquiring skills may be considered as a valuable achievement, not only because of the instrumental role of education (as it increases employability), but also because being educated and skilled may be considered as a valuable achievement in itself (Walker, 2006).

training, this may imply a greater focus on the least skilled, and their difficulties to access training.

In the capability-based view (CBV), the obstacles that may prevent people from converting a given amount of resources into valued achievements need to be analysed. Concerning ILAs, the issue at stake consists in understanding why people provided with such schemes may not take-up training, or why they may make wrong investments. There is a great variety of potential factors at play here.

A first range of factors (ñsituational obstaclesò as labelled by Quigley and Arrowsmith, 1997) relate to the particular situation of an individual. Introducing an ILA may remove an important ñsituationalò obstacle, as it decreases (or even reduces to zero) the cost of training. But other obstacles may remain, such as the lack of time available for instance, due to family constraints or other circumstances. Another range of factors relate to ñinstitutional obstaclesò: i.e., depending on the institutional context in which an individual has to make his/her training choice. The availability of suitable training supply and adequate information are key elements for taking up further training. An ILA scheme is but one piece of a more complex institutional setting. In particular, an adequate market for education and training may not be conceived as spontaneously generated order, but rather as an instituted process.

The third range of factors relate to the individualôs decision making process itself. The literature on the participation in adult education has notably emphasized the role of ñdispositionalò (as opposed to ñsituationalò and ñinstitutionalò) obstacles, to refer to an individualôs attitudes, perceptions and motivations concerning training. Dispositions may explain not only why individuals may be reluctant to take up training, but also why, in the first place, they do not even express training needs, whereas (at least from an external observerôs perspective) those needs do exist. Indeed, an apparent paradox is that the aspiration for further training increases with a personôs level of skills:[6] i.e., those who would obviously need more training declare less training needs. This may derive from psychological barriers,[7] especially in the case of low skilled workers who may remained marked or the traumatised due to their failure in the initial educational system, preventing them from taking up opportunities of further training. But dispositional, situational and institutional obstacles may also be intertwined. In particular, aspirations may be altered because people tend to adapt their preferences to restrictions on the range of opportunities: i.e., taking into account situational and/or institutional obstacles. Widening the range of opportunities by introducing an ILA may not be enough to reverse deeply embedded aspirations.

Beyond dispositions, an individualôs decision-making process may be questioned more deeply. Behavioural sciences, and behavioural economics, in particular (see for instance Thaler and Sunstein, 2008), have pointed out that choices people make are far from being fully rational: rationality being defined here as the capacity of an individual to allocate optimally means to achieve goals deriving from his/her objective (as opposed to only subjective) interests. Bounded rationality limiting self-control and limited egoism are key characteristics of real (and not theoretical) decision-making. People tend to make choices by adopting approximate rules (designed in the behavioural literature as ñheuristicsò), and some systematic bias may affect their decision-making, such as: i) present-bias preferences (the disproportionate appreciation of immediate cost and benefits as compared to future costs and

[6] In France, for instance, in 2006, among employees who are recorded as not having participated in training during the previous year, 26% of those with tertiary education (college degree or more) expressed unfulfilled training needs, compared to only 12% of those who were high school drop outs (ñ*sans diplôme*ò) (Brousse *et al.*, 2009).

[7] On the role of the lack of confidence, see for instance Norman and Hyland, 2003.

benefits); ii) a framing bias (the choice is influenced by the way different options are presented); iii) or the anchorage bias (which may be illustrated by the tendency to opt for default options). This heuristic behaviour may impact on the way individuals use ILAs, and therefore should be taken into account in designing ILA schemes.

Overall, equipping people with assets may not be enough to transform them into the ideal figure of the fully autonomous and rational individual, enabled to make optimal choices. From this point of view, the ABW may overstate the ñasset-effectò, and therefore underestimate the dispositional and other behavioural obstacles to forward looking and rational decision making.

1.2.2. Policy implications: beyond endowments, the need for ***ñ****enabling environments****ò*** *and individually-tailored services*

Several implications can be derived from the CBV. First, policy to promote LLL should care not only about the resources people can mobilize to take up further training, but also about their effective capacity to convert these resources into valuable training achievements. This effective capacity depends on the individual him/herself, on his/her capacity to make appropriate choices, which could be defined as his/her ñinternal capabilitiesò. But it depends also on his/her environment, which must enable him/her to make the right choices. The two dimensions (internal and environmental), which are intertwined, define ñcombined capabilitiesò, that Martha Nussbaum identifies as ó*internal capabilities together with the external provisions that effectively enable the person to exercise the capability*ô (Nussbaum, 2000: 83-85). Second, taking into account the heterogeneity of individuals is a key aspect of the CBV. Whereas the ABV model tends to implement ñone-size-fits-allò general schemes (even if they may be targeted), conceived as tools individuals may use, the CBV calls for the provision of sophisticated and individually-tailored services: people are treated not as abstract or ideal individuals, but rather as concrete persons who differ according to their specific characteristics and needs.

These general considerations lead to a great variety of issues concerning the design of ILA schemes to promote LLL.

On top of the endowment which the ILA constitutes, public policy may first have to ñequip peopleò by developing internal capabilities. People may need in the first place previous education and training to use their ILA, in particular if it has been conceived as a capital grant, which can be used with very few restrictions (for instance, allowing for training for recreational activities). They may also need help to overcome dispositional and behavioural obstacles. These may explain a lack of will and/or rationality in the take-up or choice of training.

But this raises the issue more generally of the adequate degree of paternalism, defined as the interference of an outside actor (here the policy-maker) ñ*with the individual****ô****s decision making process on the grounds that otherwise decisions will not be made in the individual****ô****s own best interests*ò, as opposed to autonomy ñ*generally regarded as the fundamental right of individuals to shape their own future through voluntary action*ò (Van Boom and Ogus, 2010: 1). Interference with decision-making may be rather soft, such as the ñnudgingò advocated by Thaler and Sonnenstein (2008), who call for a soft or ñlibertarian" paternalism.[8] The policy-maker in this case should focus on environments that influence peopleôs decisions,

[8] ***ñ****Libertarian paternalism is a relatively weak, soft and non-intrusive type of paternalism because choices are not blocked, fenced off or significantly burdened [****é****.] A nudge [..] is any aspect of the choice architecture that alters people****ô****s behaviour in a predictable way without forbidding any options or significantly changing their economic incentives****ò*** (Thaler and Sonnenstein, 2008, p.9-10).

and act as a ñchoice architectò. Hard paternalism relies on a more direct interference with decision-making, ranging from the shaping of preferences to the restriction of choices. As such, it is contradictory with the CBV that emphasizes the freedom of choice of individuals as a key objective.

In the CBV, the environment is not only about influencing choices (choice architecture), but also about ñenablingò people. In many cases, the user of an ILA is an employee, so the workplace is the first potential ñenabling environmentò. The question about what should be the role of the employers in the implementation of ILAs has been raised above when dealing with the ABV, and was mainly restrained to the interference of employers with the choice of training. But the issue at stake here, in a CBV, is much wider. In the very first place, as noted above, workersô aspirations for training depend on some key characteristics of their firms. Lambert, Vero and Zimmermann (2012) have analyzed in depth the determinants of aspirations, measured by the proportion of workers declaring they have unfulfilled training needs. Controlling for the individual characteristics of workers, they find that this proportion is much lower in firms in which training opportunities are reduced, and where opportunities for horizontal and vertical mobility are limited. This may be seen as an illustration of adaptive preferences, as mentioned above. But it may also result from rational choice: workers may not want to invest in training if there is no opportunity in their firm to get a return from it. In contrast, the proportion is much higher in firms which not only offer more opportunities, but also in which there is collective deliberation ï often formalized by a collective agreement ï concerning the modalities and objectives of training.

What are the potential consequences we could expect from the introduction of an ILA? If it is conceived as an ñoutside toolò (i.e. a publicly funded account that workers may use outside the firm to accumulate competencies they choose), then the take-up may be low, especially among low skilled workers, in firms with weak training policies. Very often workers take up training not because they want to become potential ñportfolio workersò, but rather because there is some incentive from their immediate environment, in terms of returns to training. The aspiration for and the take-up of training, even if it is potentially funded by a third party (i.e. other than the employee and the employer), is embedded in the workplace environment. A consequence is that it may be problematic to consider (as it is implicitly the case in the ABV) that the individual is the only person responsible for his/her employability. This raises the issue of the potential responsibility of the employer in terms of training. In the CPV, the employer should offer ñenabling environmentsò: i.e. not only training opportunities, but an environment that motivates workers to take up training, in particular in terms of the recognition and valuation of the skills acquired through formal and non-formal training (see also Perez and Vero, 2006).

Beyond (and outside) the workplace, enabling environments refer to all the institutional settings needed to help people make the best use of their ILA. Counselling and guidance services may be considered as key elements, and, as emphasized above, they should be individualized, in order to take into account peopleôs heterogeneity. But the way they are conceived and delivered may be quite diverse, ranging from soft to hard paternalism. ñEquipping the market for the peopleò, and not only the people for the market, may also be necessary for the good use of ILAs.[9] A certification procedure of training providers, based on the control over the quality of their training schemes is an illustration of such ñequippingò of the market of education and training.

[9] The call for equipping the market for the people is a key aspect of the transitional labour market approach which has stong connections with the CBV (Gazier and Gautié, 2011).

2. ILAs in Practice: from Political Paradigms to Policy Design and Implementation

When turning to the ILA schemes that have been put in place, it is important to keep in mind that policy formulations may not refer directly to one of the two paradigms presented above, especially in the terms we have used. If objectives are usually clearly presented, the underlying values and assumptions of policy-makers (concerning individualsô behaviour for instance) are often much less detailed. If the way a policy is framed is supposed to embed the assumptions and values associated, it is not always easy to link it to a well-identified paradigm. The rhetoric used for presenting and publicizing the policy may provide further indications for an external observer that would try to make underpinnings more explicit.

Our aim here is not to present an exhaustive picture and assessment of existing ILAs (for a survey, see for instance CEDEFOP, 2009). Instead, it is to focus on three national experiences (the United Kingdom, the United States and France) to illustrate how the paradigms have been mobilized differently across countries, but also, within countries, across different periods of time.

2.1. <u>British ILAs and their successors: changing the political paradigm</u>

2.1.1. The British ILAs initial experience: some lessons from failure

The ILA program[10] introduced by the New Labour government at the end of the 1990s (pilots were launched in 1998, and national extension was adopted in 1999-2000) is often presented by its promoters as one of the best illustrations of asset-based policies. According to Prabhakar ñ*these accounts for new Labour were based firstly on the proposition that individuals are best able to identify their particular human capital needs, and secondly that they also have a responsibility to invest in their human capital development***ò** (Prabhakar, 2002: 11). The potential ñasset-effectò, even if not phrased as such, was explicitly mentioned by the Green Paper that set up the broad principles of the program, as well as the expected move towards a demand-driven training system.[11]

According to Thursfield *et al.* (2002), the underlying principles of the ILA program were in fact more complex and even inconsistent ï in particular concerning the role devoted to the employers, which could contradict the promotion of individualôs autonomy and free choice. The program was implemented by the ñTraining and Enterprise Councilsò (TECs), which validated the choice of training (and were supposed to do so for any learning activity improving the beneficiaryôs ñemployabilityò). Employersô involvement was a key objective. In the very first formulation of the ILA project (the 1994 Social Justice Report), a compulsory payment to ILA was even envisaged. In the 1998 program, ñsharedò (i.e. not only ñindividualò) responsibility was put forward as a key feature. But as a result, many employers considered the ILA just as a new tool to fund their training policy, and not as a tool aimed at promoting their employeesô empowerment to foster demand-driven training.[12]

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[10] In its first design, the funding for the ILA comprised of a £150 public contribution and £25 from the account holder. In 2000, the £150 lump sum funding was replaced by discount given towards the cost of eligible courses (up to £500 a year). Employers were encouraged to contribute, but they could not pay the £25 on behalf of the employee. Employersô incentives consisted in tax deductions on their contribution.

[11] ñ*Individual learning accounts could have a profound effect on the way individuals take responsibility for their learning and on the incentives for institutions to respond to individual needs*ò (Department of Education and Employment, 1998, quoted by Thursfield *et al.*, 2002).

[12] To avoid this use by employers, the rules stated that the training undertaken had to be vocational but not work related. Yet compliance to these rules was very difficult to control for.

On the workers' side, the preliminary evaluations revealed that the scheme had benn taken up predominantly by "skilled learners", who were "*already involved in training and, therefore, familiar with structures and pathways of the learning world*" (Thursfield *et al.*, 2002: 140).

The financial barrier was not the only explaining factor. Overall, both the equipment of the individuals (counselling and guidance) and the equipment of the markets (in particular the training market) were revealed to be insufficient.[13] The program was suspended in 2001 because of fraud by learning organisations.

2.1.2. From asset-based to more capability-based policies

After the suspension of the national ILA program, the countries of the UK introduced their own schemes. While keeping the "ILA" label, these successor programmes did not involve saving accounts, but rather "vouchers", or "individual budget accounts" (i.e. access to capped public funding, with no requirement for the individual's own financial participation).

Wales was first, in 2003. The scheme was targeted at low skilled and low income British citizens living in Wales.[14] The maximum support amounted to £200. From the presentation given by public authorities (see Gugh of the Department for Children, Education, Lifelong Learning and Skills, Welsh Assembly Government, in CEDEFOP, 2009), it may be inferred that this policy centres mainly on an "asset-based" paradigm: insistence on "*financial barriers*" to participation in training (and no explicit mention of other potential obstacles), the rhetoric about encouraging people "*to take ownership/responsibility for their learning*"; no mention of counselling and guidance. While training providers had to be registered, there was no specific mention of the procedures concerning quality controls.

In Scotland, one year later, two schemes were introduced. As in Wales, "ILA Scotland 200" was targeted at low income individuals. Beneficiaries could get access to up to £200 a year (with the possibility of renewal for each "learner year"). The second scheme ("Scotland ILA100") was universalistic: the only condition (apart from being a Scottish resident) was to be 18 years old or more. Public funding was limited to £100 and its use was restricted to a much more limited range of training courses than for ILA 200. In particular, training had to lead to qualification or recognized certification, whereas there was no such requirement for ILA 200.

At first sight, both the design principles and publicized objectives (as presented by Rutherford, from the Lifelong Learning Directorate, Scottish Government, in CEDEFOP 2009), the Scottish policy may look quite similar to the Welsh policy. However, some elements introduced a shift towards a more "capability-based" approach. The presentation puts more emphasis on the fact that learning providers had to hold accredited quality standards, which was also in line with the aim to "*support the development of a quality learning provider base in Scotland*". This may be seen as an "equipping the market for the people" policy.[15] Another indication of a (potential) move towards a more capability-based view was the presentation of potential improvements of the scheme, and, notably, the need to integrate better ILA funding within "*a wider package of information, advice and guidance*", and to "*reinforce and expand the support role of intermediary bodies*". This resulted from the fact that the policy had had limited success in reaching less skilled workers. Between January 2006 and September 2007, only one out of six ILA 100 and ILA 200 beneficiaries were "new

[13] Even though a new infrastructure was built – the University for Industry – serving as a "learning network".

[14] More precisely, recipients of income related welfare benefits.

[15] For this purpose, two specific institutions were created (the *Students' Award Agency*, and the *Scottish University for Industry*) as "safeguards".

learnersò (i.e. people who had not benefited from any training since leaving school), and 21% of ILA200 and 16% of ILA100 beneficiaries were ñreturnersò (i.e. had done no learning in the last three years) (BRMB Social Research, 2008).

In England, a new experiment was launched in the South East and East in 2007, with the Adult Learner Account (ALA). One key difference with the initial ILA scheme was that they were in fact virtual accounts, as the learner did not receive money directly, but had to apply for standard further education funding arrangements, provided by the Skill Funding Agency. ALA were mainly about providing access *"to high quality, independent information, advice and guidance on career choices*ò (Johnson, Usher, Hillage, 2009). A new scheme was introduced at the end of 2011 along similar lines, accessible to all English adults aged 19 and over: the Lifelong Learning Account. It consists of a free online service "*to give individuals access to a range of information and tools to match their personal circumstances and needs*" (government website). Overall, even if the term ñaccountò has been kept, there has been a big shift from a funding scheme to a service of information and guidance, and therefore from an ABV to a more CBV.

2.2. The American way: combining both paradigms with different tools for different targets

Existing schemes to foster individual training are quite diverse in the US. We will focus here on two of them, particularly illustrative as forms of ILAs.

2.2.1. A strong emphasis on capabilities: the Individual Training Account (ITA)

The first ITA experiments took place in 2000, following the Workforce Investment Act (WIA) adopted in 1998. Even if they may appear as vouchers that beneficiaries can use to pay for training of their choice, ITAs are very specific forms of ILAs, as they are targeted at persons seeking employment and training assistance, and therefore can be considered as labour market policy schemes.[16] As a consequence, ITA schemes consist not only in endowments, but also in the provision of more or less intensive services to the individual, delivered in ñworkforce investmentò agencies. All the elements of the capability-based approach depicted above are present. As the objective is to help people make ñ*prudent training choices*ò, as a prelude to training, the role of the local agents was to help people to define and refine their career and training plans. For this purpose, ñequippingò the market of training was also an objective of the WIA: the accreditation of eligible training providers complemented by the ñconsumer report systemò (CRS) were two key tools introduced along with the training account itself. The CRS intended to provide individuals with information concerning performance data of the training providers.

A demonstration project was launched in early 2000, and 13 local agencies were selected by the U.S. Department of Labor. A preliminary evaluation, based on site visits was conducted during the summer and the autumn of 2000 (DôAmico R. *et al.*, 2001). It focused on how the ITA scheme was implemented. Workforce investment agencies had a great deal of flexibility in choosing how to implement the role of local agents, and the intensity of services provided could differ significantly across agencies. Concerning the process to help individuals make their training choice, three models could be identified. In the ñfree choice modelò, the case manager intervention was minimal: individuals, provided with basic information, were free to choose, so long as the training provider appeared in the list of eligible providers list. In

[16] The fact that according to the WIA legislation, training can only be funded for an occupation in demand in the labour market is another indicator. An additional feature is that performance accountability is central to WIA: agencies implementing ITA have an interest to ensure that beneficiaries complete their training and obtain well-paid jobs afterwards.

contrast, in the ñdirected choice modelò, the interference with choice and decision-making was strong, and ñ*case managers could be quite empathic in steering customers to the choices that the case manager thought best*ò (DôAmico R. *et al.*, 2001: ES-5). This is a good illustration of ñhard paternalismò (see above Section 1.2.2). However, in the majority of agencies, the intermediate model (ñinformed choiceò) prevailed, and case managers described themselves as ñfacilitatorsò and ñguidesò, but did not want to be too directive and intrusive in individualsô decision-making, in coherence with a ñsoft paternalismò approach. Another interesting lesson of this first assessment was that implementation of the CRS revealed itself to be very complex and resource consuming, meaning that ñequippingò the market requires heavy investment.

Assessing the three counselling and guidance models identified during the site visits was the main objective of the evaluation conducted between 2001 and 2004 (McConnel *et al.*, 2006; Perez-Johnson *et al.*, 2011)). This ITA experiment used an experimental design to analyse the impact of the three approaches on beneficiariesô outcomes. Approach 1 (ñstructured customer choiceò) illustrated hard paternalism: the amount of the ñaccountò was customized, counselling (before and after IT orientation) was mandatory and intensive, and beneficiariesô programme training choices could be rejected by their counsellor. Approach 2 (ñguided customer choiceò) consisted in soft paternalism: the award amount was fixed, preliminary counselling was mandatory but of moderate intensity, and the counsellor could not reject beneficiariesô choices. Approach 3 (ñmaximum customer choiceò) illustrated the ñfree choiceò model. As compared to Approach 2, counselling was only voluntary. The evaluation brought interesting results concerning both the implementation process, the impact, and the benefits (in terms of cost/benefit analysis). Counsellors were reluctant to implement a ñhard paternalisticò approach, and, overall ñstructured choiceò was generally not implemented as planned[17] The take-up rate was lower when counselling was mandatory (i.e. in Approaches 1 and 2: respectively 59% and 58%, compared to 66% in Approach 3). When counselling on a training programme choice was voluntary (Approach 3), few beneficiaries requested it. Overall, one conclusion was that the best way would be to offer counselling support but without being too directive, and to set generous caps on ITA awards, as well as to customize them to customer needs (as it was the case in the ñstructured choice modelò).

2.2.2. A more asset-based approach: the Lifelong Learning Accounts (LiLAs)

The first LiLAs were experimented at the beginning of the 2000s, pioneered by the Council for Adult and Experiential Learning (CAEL) (Sherman, in CEDEFOP, 2009). LiLAs were conceived as employer-matched, portable, individual accounts (with also potential matches from a third party: foundation or public funding), to finance workersô education and training. Both the workersô and the employersô participation was on voluntary basis, and all workers could participate (universal eligibility). One interesting feature was that ñinformed choiceò was promoted: training choices were based on a ñlearning planò elaborated with educational and career advisors. In other terms, LiLAs, as they were initially conceived, were not only about assets, but also about capabilities. The LiLAs pilot demonstrations took place in 2001 in three areas (Chicago, north east Indiana and San Francisco) and four industries (healthcare, catering, manufacturing and the public sector). One interesting result was that advice from counsellors appeared very valuable to participants (97% of participants found their advisor to be somewhat or very helpful, and 46% to 50% (depending on the sector) declared they would be willing to pay for advice if it had not been offered during the programme).

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[17] Counselors were not as directive as planned under Approach 1. They gave two mains reasons. First, ñ*they believed that respecting consumers**ô** choices was essential to the customers**ô** success in training (**é**). Second, counselors felt ill equipped to be directive*ò [lack of reliable and up-to-date labor market information, not knowledgeable enough to judge the customersô choice] (McConnel S. *et al.* 2006: 150.)

The State of Maine was the first state to launch an LiLA programme, without legislative action (Main, 2008), keeping the initial features (universality, voluntary participation, portability, broad use of funds, and ñinformed choiceò).[18] It offered an interesting illustration of the institutional infrastructure needed to implement this program, and in particular the ñinformed choiceò dimension: the Maine Department of Labor piloted LiLAs through its network of Career-Centers that have partnered with other institutions to provide both account-management and advice.

Several attempts have been made to introduce LiLA at the federal level since 2008, with the introduction of an "LiLA Act" in the House of Representatives: but the Act was still not adopted at the time this article was written (late 2012).[19] The rhetoric used to present and publicize this Act referred mainly (implicitly) to the asset-based political paradigm. This is true even for the CAEL website for instance. It puts forward that ñ*LilAs are owned by individuals, promoting savings and asset-building*ò, in contrast to the initial scheme experimented, which relied more on ñcapability featuresò. The virtues of saving were emphasized, and the parallel was made with the retirement saving accounts.[20] Another important element to take into account to understand the LiLA Actôs underlying principles was that it did not refer only to the CAELôs initial experiments. It had also been strongly influenced by the ILA scheme put in place by IBM, the ñMatching Accounts for Learningò. The latter was introduced in 2007. A worker could put up to $1,000 annually into this account (for which the 401(k) retirement fund served as a model), and the IBM company would match 50 percent of the employeeôs contribution. A key feature was that the account was portable, and could be used for acquiring transferable skills resulting from the employeeôs free choice.[21] The IBM approach clearly promoted the ñportfolio workerò model, which can be considered as one pillar of the ABV (see Section 1.1.2).[22]

Does this mean that LiLAs would rely only on an asset-based approach? Promoting ñinformed choiceò remains one objective of the LiLA Bill. The schemes effectively implemented would probably differ a lot from one state to another: as the federal law, as usual, only would serve as a general framework. As pointed out above, detailed design principles, as well as implementation procedures, would be crucial to determine the very nature of the LiLA schemes.[23]

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[18] Notably, funds could be used for training unrelated to the firm or even the industry the employee was in.

[19] Eligible individuals and their employers may contribute up to $2,500 a year. The account holder would receive a refundable tax credit equal to 50% of the first $500 contribution, and 25% of the next $2,000. But tax incentives are targeted at lower and middle income earners. Employers would benefit from a tax credit for 25% for their contribution (and small employers could get a specific tax credit to cover administrative costs).

[20] According to former Representative Rahm Emanuel, who introduced the LiLA act, ñ*401 (k)s* [i.e. retirement saving accounts] *have clearly revolutionized the way that workers save for their retirement. LiLAs will hopefully revolutionize the way workers invest in their education and training*ò.

[21] As IBM chief executive Samuel J. Palmisano emphasized, ñ*Weôve set off down the path of empowering and enabling our people to make decisions and to act. We call this lowering the center of gravity of the company* ***é*** *pushing decision-making authority out and down.*ò

[22] It is worth mentioning that these accounts were one element of the broader ñGlobal Citizenship Portfolioò programme designed to help employees bolster their skills and careers. Another piece of the programme, called ñEnhanced Transition Servicesò, consists in helping IBM employees find second careers in government, non-profit, educational and economic development organizations when they leave the company. This kind of counselling and guidance services is more in line with a capability-based approach.

[23] Some States may add for instance their own public contribution, in particular for low income individuals. The intensity of counselling and guidance would also be a key differential feature.

2.3. The French case: from drawing rights to individual accounts

In France, the first important law concerning further training was adopted in 1971. The law introduced a compulsory employersô contribution to training funds, which is still in place (with higher mandatory contribution rates). In 2011, firms of more than 20 employees were required to dedicate 1.6% of their total wage bill to further training. Out of this amount, 0.7% was a contribution to collective training funds, ruled by social partners, mainly at industry level. The remaining 0.9% had to be spent by the firm to train its employees. If the training expenses were lower than the 0.9% threshold, the difference had to be paid to the collective training funds. Part of these funds were used to finance the ñindividual training leaveò, the CIF scheme (ñ*Congé individuel de Formation*ò), which was also introduced by the 1971 law. The CIF is a ñdrawing rightò, which may be considered as a type of individual account, but quite different from a saving account. Workers with tenure longer than one year can apply for the funding of a training curriculum (that gives a diploma) up to one year long. During the training period, beneficiaries are on leave, with tuition and salary paid for by the collective training funds.[24]

At the end of the 1990s and the beginning of the 2000s, the issues involved in LLL were debated more openly in France, as in many other countries, along with the broader ñflexicurityò debate; the latter being more focused on how to secure career paths throughout life courses. From this perspective, the important shortcomings of the existing French system of continuing vocational training were obvious, in particular when compared to other European countries, such as Germany or the Nordic European countries. Firms offered low amounts of training, mainly work related (and with very little skills certification), as well as on a very unequal basis: access to training was strongly, positively correlated with workersô skills levels. As for ñdemand-drivenò training through the CIF scheme, it had a very limited impact (about 20,000 beneficiaries a year, out of around 15 million employees in the private sector).

The social partners started bargaining over the issue. Some of them ï in particular the main employersô organization, the MEDEF ï were pushing for the introduction of individual training accounts, inspired by the UK experience. Making the worker responsible for the development for his/her employability was a clear objective here, consistent with the ABV presented in Section 1.1. But there was a strong opposition from the majority of unions, which pleaded for collective regulations, and which were not willing to abandon firmsô social responsibilities concerning training.

A new scheme was introduced in 2004 as a compromise, the so-called DIF (ñ*Droit Individuel de Formation*ò) or ñindividual training rightò. The DIF was an individual account, credited each year with 20 hours of training, with the possibility for a worker to accumulate hours over a maximum period of six years (i.e. up to 120 hours). Employees could use their DIF for training of their choice, subject to approval from their employer.[25] As with the initial

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[24] During this period, employees were paid between 80% and 100% of their basic wage. They were also entitled to request that their job be kept open for them in their company.

[25] Each year the employer must write to all employees informing them of the number of hours of training they have been allocated under the DIF. If an employee wants to take up the hours allocated under his/her DIF, he/she must submit a written request providing all the information required for the employer to make a decision. The employer has one month to respond to the request. If no answer is given, the request is considered as having received tacit approval. According to the law, training has to take place outside working hours, and the employers pays the hourly compensation for half of the hours of training (as well as paying for tuition). But in practice, very often, training hours are taken during working hours: i.e. the DIF acts as paid training leave, meaning that workers receive their hourly compensation during all their training hours. The industry (collective) training funds can also contribute to the funding of the DIF (by taking in charge workersô compensation while on

British ILA (see above) this was a strong potential restriction to the workerôs free initiative. Another limitation was that (unlike the British ILA) the DIF was, at that time, not a portable account.[26]

More ñcapability-basedò measures were also included in the ñLonglife Vocational Trainingò law that introduced the DIF scheme. Workers (with at least two years of tenure in the same firm) were now entitled to a competency assessment (ñ*entretien professionnel*ò) in their firm, every two years, to discuss with the manager the evolution of the employeeôs job content, and possible training opportunities. The explicit objective of this device was to ñempowerò workers and to make them aware and active in the face of changes to their working environment. But the need to improve counselling and guidance to use the DIF was highlighted by several reports. As a result, following a new law adopted in 2009, the individual right to training has been complemented by ñ*an individual right to information and career counselling*ò, free career counselling and public service guidance, for which a web site has been created (Centre dôanalyse stratégique, 2012). But three years later, this service is far from being real ñcareer coachingò support. Instead, it is more an open ñdematerializedò or virtual service ï a web site and phone service ï which remained little known by French workers at the time this article was written.

So far, we have very little data on the use of the DIF. In 2009 (the latest year for which data is available), only 6.2% of employees took up training using their DIF. Even if the DIF was supposed to be a universal right, which applied to all employees (including in the public sector), those who worked in large companies were more likely to use it (in 2009, the access rate was about 10% in large firms (2000 employees or more), compared to 2% in the small companies: less than 20 employees). The DIF has *de facto* not yet been implemented in many workplaces. But the interesting point is that, in firms where the DIF scheme was introduced, the take up was higher in smaller firms than in bigger companies. Moreover, in companies that had implemented the DIF, inequalities in access to training (across occupational skill levels) had decreased (Marion-Vernoux, Thery, 2008).

This limited success was partly attributed to the fact the DIF was not a real individual account, in particular not being transferable from one firm to another. As a result, a new scheme was proposed in the ñnational collective agreementò between social partners in January 2013: the ñPersonal Training Accountò (*Compte Personnel de Formation* ï CPF). [27] This scheme is an extension of the DIF. It is supposed to be universal (every member of the labour force should get one, from the time he/she enters the labour market, until retirement, even if unemployed). The CPF should be totally transferable. In the line with the DIF, the CPF would remain a credit of training hours acquired during the time employed (20 hours per year, capped to 120 hours). But once again, it will be up to collective bargaining, at the industry level, to define more precisely the conditions of the CPFôs application (particularly in terms of training choice), and to the State for organizing an appropriate guidance for working people.

Overall, recent French policy of further training seems to seek to reconcile an asset-based view (insisting on universalism and transferability), with a more capability-based approach (with the introduction of an information and a guidance system).

training and/or tuition fees), if the training chosen is considered as a priority in the industry in which the employee works.

[26] Portability has been facilitated since the 2009 reform. If the worker leaves his/her company while having a positive balance on his/her DIF account, each remaining hour can be transformed into cash (ú9.15 per hour).

[27] ñ*Accord National Interprofessionnel du 11 janvier 2013 pour un nouveau modèle économique et social au service de la compétitivité des entreprises et de la sécurisation de lôemploi et des parcours professionnels des salariés***ò**.

Concluding Remarks

Broadly speaking, two approaches to ILA policies have been identified here, which may be considered as defining two political paradigms. Each has its potential strengths and weaknesses.

Concerning the ñasset-basedò approach, it focuses on freedom and responsibility. Some evaluations ï like in the case of American Individual Training Accounts ï show that this ñfree choiceò dimension may be highly valued by beneficiaries. But empirical evidence (in the case of the initial British Individual Learning Accounts scheme for instance) also suggests that those who benefit more from ñasset-basedò conceived ILAs are those who have already some familiarity with the training system. In particular, they are already skilled. This raises issues in terms of both efficiency and equity. If the lowest skilled do not take-up the ILA scheme, or if they do they misuse it because of lack of information and guidance, then there is a clear misallocation of private and public resources. Inequalities in take-up and usage are also an equity issue. Inequality in terms of resources may derive from the schemeôs design ï in particular if the ILA is based on saving accounts, in which the contribution of the employer and /or the state has to be matched by the individualôs contribution.[28] But, above all, the asset-based approach does not address the inequality issue in terms of the effective capacity to use given resources to attain valuable achievements, while putting great responsibility on individuals concerning the development of their employability. A system in which individuals provided with ILAs have the sole responsibility for the preservation of their employability may in fact increase dualism and inequalities. All the reasons may explain why, in several countries (like the United Kingdom or France, for instance), public policy has moved to a more capability-based approach.

The strength of the ñcapability-basedò approach relies on its focus on the effective capacities of individuals to convert resources into achievements. It emphasizes the role of counselling and guidance, and beyond that the need to build ñenabling environmentsò. Public intervention becomes much more complex, in particular if it intends to take into account individual heterogeneity with individually-tailored treatment. One potential drawback is the excessive interference with individualsô decision-making, by employers and/or public organisations. As we have seen with Individual Training Accounts in the United States, case managers at local level may be reluctant to interfere too much with the beneficiaries' choices. But excessive paternalism may nevertheless derive, for instance, from a misunderstanding of the reasons why an individual does not take up training, and from the overemphasis of dispositional and behavioural obstacles (lack of aspiration, bounded rationality, lack of will, etc.), whereas obstacles may be more situational or institutional. Another limitation of the capability-based approach is that it may turn out to be very costly: an efficient information and guidance system (including the certification of training providers) requires an adequate institutional infrastructure (local agencies, skilled case-managers, etc.). This may explain why in the United States, Individual Training Accounts (which stress the guidance dimension) are restricted to some target groups, whereas the ñLifelong Learning Accountsò scheme, which has been conceived as (potentially) universal, relies on a more ñasset-basedò approach.

Eventually, in the capability-based approach, the role of the workplace as a crucial ñenabling environmentò raises the issue of the respective roles of key actors, the employer in the first place, but also, potentially, the unions. Empirical evidence, in France for instance,

[28] It seems to be the main reason why, in Sweden (see also above), the blue-collar trade-union LO was also opposed to the governmentôs proposal of introducing individual learning saving accounts (Ericsson, 2005).

shows that the employees' take-up of further training, even when an ILA type of scheme exists, depends a lot on their employers. Beyond their potential role in terms of funding and/or influencing the employee's choice of training, employers (companies) have a key role in creating a workplace environment (in particular in terms of work organization and compensation policy) favourable to the take-up of further training. As for unions, they may have an important role in terms of counselling and guidance.

But overall, much more empirical evidence would be needed to assess the implementation process and the outcomes in terms of training in the existing ILA schemes.

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Appendix: Some experiences of individual training account

Country	Country	Type of device	Access	Funding	Modes of use	Assistance	Status of the program
United States	***Individual Training Account (ITA)***	**Voucher**	**Targeted** . Adult in the framework of the *Workforce Investment Act* (mainly out-of-employment people).	State funding via the *Workforce Investment Act* block grant. The amount depends on the state ; it is usually caped. The modal amount is 5000 $. **Example : ITA in Phoenix (Arizona)**: up to 3,000$ when training course lasts for less than 6 months, 4000$ beyond 6 months. **Example : ITA in Charlotte (NC)**: $4,000 to be used between 2 years.	**Limitations :** - training programs must have been certified by the state and local area as meeting acceptable standards of quality; -skills for job are deemed to be in demand in the local economy ; - caps on the duration and the cost of training.	Counseling on training program choice could be mandatory or voluntary, depending on state. In some cases, counselors were asked to determine whether a customer would receive an ITA and the amount of the award.	Since 1998.
	Life Long Learning Account (LILAs)	**Saving account**	**Non targeted** For all levels of incumbent workers, but	Employee deposits were first limited (for the purpose of the first Demonstration)	Employees are required to begin using their accounts within 14 months of enrollment	The LILA employee must meet with a career advisor prior to	Since 2000

			particularly mow-income adults.	to $500 per year. Employee deposits were matched at 3:1 ratio using employer and the Ford Foundation funds (which supported the experiment). It resulted in a maximum annual savings of $2000 per participant. Since 2008 (Lifelong Learning Account Act), the bill provides tax incentives to employees (with lower and middle-incomes) and employers (particularly small ones) that participate in the accounts. Eligible individuals may contribute up to $2500 annually. And employers have the option to match workersô contributions.	Participants are not restricted to a training course linked with their current industry LILAs are portable and can be used during periods of unemployment	using funds with whom they create an Individual learning Plan to consider various options.	
United Kingdom	***Individual Learning Account (ILA)***	**Saving account**	**Non targeted** People over 18 years.	Funding support from the State : a 150£ (=225ú) incentive on the condition that they contribute at least 25£ (=37ú) of their own money. ; A 20% discount on the cost of wide-range of courses (up to 100£ -150 ú- per year). Encouragement to employers to contribute to ILA.	**Free use** To open an ILA, an individual registered with the ILA Centre by completing an application form. Once, the individual was sent an account card that was óredeemedô by being presented to their chosen learning provider. Then, the provider applied the discount and then reclaimed this funding from the ILA centre.	None	2000-2002.
	ILA Scotland	**Saving account**	**Option 1 : Non targeted**	**Option 1 : ILA100** 100£. A **Option 2 : ILA200**	**Option 1** : ILA Scotland approved ICT **Option 2** : wide range of ILA Scotland	Both schemes are accessible to individuals through	2004-2011

			Option 2 : Targeted aimed at those on low incomes (<15000£) and those on defined state benefits including unemployment benefit. In practice, Jobcentre Plus (the UK employment and benefit service) encourages individuals to access the program.	minimum contribution of the individual is requested : 10£	200£. A minimum contribution of the individual is requested : 10£	courses up to SCQF level 5 (then 6 in 2006) or equivalent which must lead to qualification or certification.	approved courses, both certificated and no-certificated.	initial telephone contact with Learndirect advisory services (which provide support and advice concerning learning opportunities) by phone and online).	
	ILA Wales		**Option 1 :** anyone in receipt of state benefits (income support, Job Seek Allowance, Housing benefité) and **Option 2** : anyone who had a below level 2 qualification	**Option 1 :** 200£ per year	**Option 2** : 100£ (half of course cost up to a maximum of 100£ per year).	As ILA Scotland, ILA Wales is a voluntary scheme (no compulsion for those beneficiaries who were unemployed or receiving benefits) List of recognized providers.	Idem	Idem ILA Scotland.	2003-2011
France	***Individual training right (DIF)***	**Saving account**	**Non targeted :** All employees with at least 1 year of seniority within the firm.	Employers funding: each year, the individual account is credited with 20 hours of training, with the possibility to cumulate up to 120 hours (i.e. under six years). If the employee leaves the firm, he can use these hours to be trained on the		The training course chosen has to be approved by the employer. In some industry, social partners defined priorities in training subjects to be finance with DIF.		None	2004-

				following basis : 1 hour equals 9.15 euros..			