



Collaborating with the private sector in vocational skills development: potential and challenges

Synthesis paper on the e-discussion of the e+i VSD network, 2 to 20 March 2015 **DRAFT 1**

1 Background

The present paper gives the synthesis of the e-discussion on collaboration with the private sector in vocational skills development (VSD) hosted by the e+i VSD network of SDC in March 2015. The objectives of the e-discussion were to (i) exchange information and experience on good practices and innovative interventions in collaborating with the private sector, (ii) highlight the specific role of collaboration with the private sector in VSD, (iii) provide practice-orientated recommendations, and (iv) deliver key inputs and food for thought for the face-to-face event in April 2015. Starting point of the discussion was an [input paper](#). The network discussed three areas of collaboration with the private sector. The synthesis follows this structure, brings out the main insights of the three discussion topics and concludes with selected open issues as food for thought.

The e-discussion was open to 210 network members. 33 VSD experts shared their experiences made in 18 countries in a total of 61 written contributions (see also chapter 7 Acknowledgements).

2 The need to collaborate with the private sector in VSD

Nowadays, most countries aim to organise VSD so that it better matches labour market needs. This approach should ensure that training is provided in pertinent economic sectors and/or vocational fields and that training meets the qualitative expectations of (future) employers. A crucial solution to more labour-market-oriented VSD lies in closely collaborating with the private sector.¹ Who or what is the private sector? There is not one private sector, but a range of diverse actors. In countries with large informal economies, the private sector looks different from that in highly industrialised countries. The private sector is highly fragmented (sectorally, geographically, etc.) and decentralised.

3 Companies as clients of training providers

Companies expect training providers to deliver the labour force that meets their skills requirements. How can training providers live up to the requirements of their clients? Training providers must constantly establish and maintain cooperation with companies, react quickly to demands and professionally carry out the assignments. To reach this we might need to invest into VET systems governance (status and autonomy of providers), management training and quality assurance.

To understand the roles and expectations towards training providers, we must differentiate between initial VET (I-VET) and continuous VET (C-VET). I-VET as a quasi-public task that serves both economic and social goals should not be conceptualised as a business with companies as clients. Nonetheless, training providers must take into account expectations and needs of their students and their parents in order to make sure that the young people get quality training that delivers competitive skills

¹ Maurer, M., The role of the private sector in vocational skills development. 2015. SDC, Concept Paper on Effective Partnerships with the Private Sector. 2015.



and qualifications recognised in the world of work. In case of C-VET, market rules apply and a client-provider relationship should be established.

How can we ensure that training programmes respond to the needs of the private sector? Labour market surveys or skills gap analyses help to identify current and future training needs. On a more hands-on level, training providers should establish contacts with companies in the local environment, set-up technical advisory boards and include these companies in issues like occupational analysis to develop job profiles, invite them to send expert workers as instructors, offer labour exchange services, and organise joint activities like trade fairs. Teachers and trainers must regularly visit companies, company representatives must be involved in curricula development² and training facilities must reflect the realities of the world of work. Training providers should continuously monitor the market to detect saturation of certain courses.

Success factors of client-provider relationship

- Identify productivity gaps in economic sectors or companies to offer tailor-made further training courses generating immediate benefits in terms of competitiveness
- Courses must be short, take place at flexible timings, be reasonably priced
- Appropriate state-of-the-art equipment and competent instructors

Traditionally, many donors have supported in an uncoordinated manner public and private training providers. This has led training providers often to perceive international donors or the administration, and not the companies, as their clients. This results in market distortions. Yet, supporting training providers are due to many reasons and take various forms, e.g. working on access of vulnerable groups to quality training.

4 Companies as providers of (practical) training

Glossary of selected terms

- **Apprenticeship:** Systematic, long-term training alternating periods at the workplace and in an educational institution or training centre.
- **Informal apprenticeship:** System by which a young learner (apprentice) acquires the skills for a trade or craft in a micro- or small enterprise learning and working side by side with an experienced craftsman.
- **In-service training:** Training that is given to employees during the course of employment.
- **Internship:** Short-term work experience during which the learner (intern) receives training and gains experience in a specific field or career area. Internships vary in duration and can be paid and unpaid.
- **Off-the-job training:** Vocational training undertaken away from the normal work situation. It is usually only part of a whole training programme, in which it is combined with on-the-job training.
- **On-job-training / workplace training:** Vocational training given in the normal work situation. It may constitute the whole training or be combined with off-the-job training.

Companies are important providers of practical training. They assume this function in different forms³: in I-VET, company representatives primarily train school graduates and school drop-outs in different forms of work-based training (e.g. internship, (informal) apprenticeship). In C-VET, companies act as internal training providers or informally transfer knowledge and skills to their employees.

Employers not only impart technical skills but also a broad range of soft skills, encompassing personal characteristics (such as confidence, work ethic, punctuality) and cognitive skills (e.g. communications, problem-solving) and, in selected cases, entrepreneurial skills. In addition to conducting training, com-

² See also chapter 5 of this synthesis and the synthesis of a previous e-discussion on Labour Market Orientation in VSD projects with a special focus on occupational standards, assessment and certification (available on Shareweb).

³ Glossary of selected terms: CEDEFOP, <https://europass.cedefop.europa.eu/en/education-and-training-glossary> [20.04.2015]. ILO, <https://prezi.com/6rqlpfintzlx/internships/> [20.04.2015], ILO, Upgrading informal apprenticeship: a resource guide for Africa; International Labour Office, Skills and Employability Department. 2012.



pany representatives act as assessors of and issue certificates to their in-terns/apprentices/employees.⁴

Why do companies provide training? First of all, training is a means to get skilled workforce. In many countries or sectors, skilled personnel is that scarce that companies must train to have employees so that the business can function at all. Enhancing productivity and quality and thus competitiveness at longer term is key. Besides profit, other factors like social pressure, tradition, and financial incentives of the government or associations matter.

There are different modes of collaboration between companies providing training and projects: projects may support companies in on-the-job training 1) without changing the patterns of the latter, 2) by solely improving it, 3) by preceding it with a basic training course, 4) by concluding it with a course preparing for a certificate, and 5) by alternating it with systematic courses.

If companies are reluctant to act as training providers, immediate benefits to participating companies must be made apparent. By way of example, combining training of trainees with in-service training provided to employed staff allows companies to invest in future and current workforce at the same time. If work-based training in form of internships is combined with prior centre-based training, companies get learners who bring along relevant knowledge and skills.

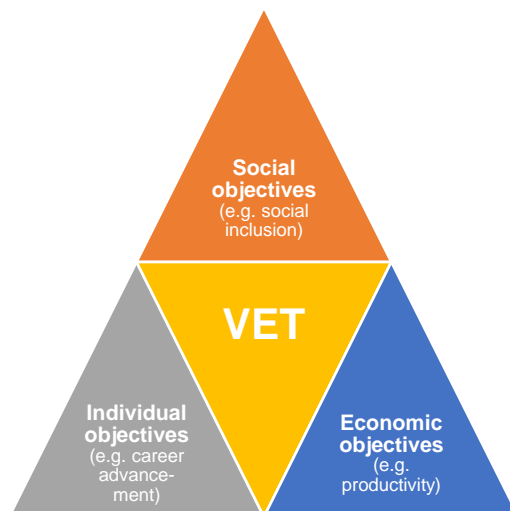
Whereas decent work is not primarily a VSD topic, working conditions and work environment matter in VSD endeavours. Depending on the objectives and role of a project, we can differentiate between two approaches. If the project aims at improving *existing informal apprenticeships*, introducing decent work standards is not the right starting point. However, if a project aims at setting up a *pilot apprenticeship programme with partner companies in the formal economy*, we are obliged to establish and monitor certain quality criteria regarding working environment and working conditions, in particular in the field of occupational safety and health. Being a financer makes it easier to frame and impose conditions, but as soon as a project is in a primarily facilitating role, it is much more challenging.

Possible foci of collaboration between projects and company providing training

- Access to training of vulnerable groups
- Boosting productivity of company
- Induction of employees to workplace
- Recognition of skills and mobility of trainees

5 Collaborating with the private sector in VET system design, reforms and development

To engage with the private sector in system design, we have to understand that VET is a triad with social, economic and individual objectives and that VET systems by definition oscillate between public and private interests. The private sector and individuals require diversity, whereas governments and the bureaucracy often aspire uniformity. Mutual trust among involved private and public actors and continuity (e.g. in terms of long-term donor support) are essential. Of course, establishing a relationship of respect and trust needs time and is especially challenging if the private sector is not organised. Curriculum revisions or developments present a typical intervention of VSD reforms. Within these interventions, company representatives are invited to



⁴ See also the synthesis of a previous e-discussion on Labour Market Orientation in VSD projects with a special focus on occupational standards, assessment and certification (available on Shareweb).



to participate in the development of occupational standards, curricula and assessment schemes. This participation aims again at improving the labour market linkages by including the view of the industry representatives, who know the concrete skill needs of their companies. As regards the informal economy, another effort in development cooperation aims at contributing to upgrading informal apprenticeships into a sector-based or even national formal apprenticeship system.⁵

What are Sector Skills Councils?

SSC are partnership organizations, in which at least two types of stakeholder (be it public authorities, social partners, education, vocational training and research institutes) are involved. SSC aim at promoting skills development in a given economic field. The concept stems from Anglo-Saxon countries.

To increase participation in governance of VSD, many countries have set-up different types of commissions. Sector Skills Councils (SSC) present one form. They are often established where traditional links of public VET and employers are weak.⁶ Besides a few exceptions, employers, or their associations, have not been the ones establishing the SSC but the administration (often supported by projects). The companies' wish list encompasses many other issues; VET is not perceived as the most burning one. If the SSC will succeed to produce tangible results, i.e. orientating the VET system and providers in a way that the latter deliver competent human resources in a short period of time able to

improve productivity and competitiveness of companies, employers might see the benefits of investing time, efforts, and resources in such an institution.

6 Main insights and open issues

The synthesis ends with selected insights of the e-discussion linked to open questions.

Out-migration and lack of commitment of workers: How can we persuade employers to invest in workers that will leave the job any day for better working conditions?

Champions: To stimulate change, we need people with a winning attitude and certain influence in the private sector (entrepreneurs) and in institutions (intrapreneurs). They see the long-term benefit of certain interventions and take risks to turning an idea into a result. How do we identify such champions and based on which criteria do we choose them?

Speaking the same language: Cooperation is about communication. To adequately address the private sector, Training providers, educational administration and projects must speak business language if they want. On the other hand, companies must be able to understand educational and administrative language. What skills do we need and how do we get them?

Projects must ensure that they are not perceived as the customer. How can change this role?

Identifying the entry point: Depending on the context and objective, the focus might be on enhancing productivity and it is advisable to turn a blind eye to unsatisfying working environment. In other settings, ensuring decent working conditions shift to the centre of an intervention. How do we identify the most pertinent points of intervention?

To be effective, private sector involvement at **policy and governance level should be linked to established cooperation on the ground and/or at delivery level**. For example, what are success factors to upgrade for instance informal apprenticeships into national apprenticeship schemes? How can we avoid that policy and project interventions may destroy existing practices and traditional systems?

⁵ Maurer, M., The role of the private sector in vocational skills development. 2015.

ILO, Upgrading informal apprenticeship: a resource guide for Africa; International Labour Office, Skills and Employability Department. 2012.

UNESCO, EFA Global Monitoring Report. Youth and Skills – Putting education to work. 2012.

⁶ European Training Foundation, Sector Skills Councils. What? Why? How? Contributing to better VET relevance to the labour market needs, 2013.



7 Acknowledgements

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Links (input paper, weekly summaries and reference documents)

[Shareweb e+i VSD](#)

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