



SDC, F2F of the Employment and Income Network

The role of the private sector in vocational skills development

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What or who is the private sector?





Why do we talk about the role of the private sector in VSD?

Tradition of VSD in many partner countries

- Mainly driven by public sector
- Origins of formal VSD: preparing for public sector jobs (e.g. in public works department, state-owned industries)

Growth of the formal private sector in last decades

- Entrepreneurs start to voice their concerns
- “This kind of training is not relevant for the world of work.”



No uniform private sector (as opposed to public sector)

Industries in the formal sector
(e.g. manufacturing, services)

Informal sector

- Crafts and trades, including much of the rural, non-agricultural economy (e.g. carpenters)
- Agriculture, including subsistence farming
- Most segments of the construction sector



The world of work

Private sector

Industries in the formal sector (e.g. manufacturing, services)

Informal sector

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- Agriculture, including subsistence farming
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Public sector

- public works departments
- state-owned industries
- administration



Terminology in Swiss VSD

organisations of the **world of work**
(German: “Organisationen der Arbeitswelt”)

e.g. commercial education (Kaufmann/Kauffrau EFZ)

- authorities at federal, cantonal and municipal levels as
 - clients of training
 - providers of training

A grayscale photograph of a man in a light-colored uniform with a badge on his chest, standing and supervising a worker who is kneeling at a workbench. The workbench is cluttered with various tools and materials. The background shows an outdoor setting with trees and a building. The text is overlaid on the left side of the image.

Role 1: Private sector as a client of training providers

Conceptual remarks

Provider-client relationship in VSD

Provider

- VSD institutions
- public or private

Product

- skills and competences
- certificates

Trainee: client 1

- Benefiting from
 - access to employment and income
 - social status

Firms and employers: client 2

- Benefiting from
 - higher quality of products
 - growing productivity and profits

National economy, state: client 3

- Benefiting, from
 - growing GDP
 - lower unemployment rates
 - higher tax income

Note:

Trainees (but also national economy / state) benefit only then, when firms are finally profiting, too.



Matching employers' expectations with VSD provision

Employers' expectations

- Super high match between skills profiles of trainees from VSD and occupational profiles in the workplace
- Up-to-date knowledge and skills

Economic rationale

- No or only little on-the-job training needed
- Immediate deployment possible

100 percent match virtually impossible

- Skills demanded in the workplace always partially firm-specific
 - Skills provided outside the workplace virtually never firm-specific
- ➔ High match more easily possible for comparatively simple jobs



Main challenge: provision of practical skills

Key sectors in partner countries

agriculture

craft trade

manufacturing

- ⇒ practical, hands-on training crucial
- ⇒ equipment and infrastructure required

World Bank thinking in 1990s

- Constant investment into relevant VSD infrastructure too costly
- “Let’s focus on general education instead.”



Satisfaction of employers as clients only through their involvement into VSD

Dimensions of involvement

Governance

Financing

Training delivery

Certification



Role 1: Private sector as a client of training providers

Insights from the E-discussion



Cooperation is about communication

Companies: difficulties in articulating skills needs

Administration, training providers and projects don't speak business language

Productivity problem as entry point

Create spaces for dialogue, identify champions

“I would like to draw your attention to something very basic with great implications for the communication between training providers and entrepreneurs. In many cases, they simply do not speak the same language and have different mind-sets. Business is about making money, training about teaching and learning.”
Rudolf Batliner



Initial and continuous VSD differ

I-VSD

- Quasi public task
- Economic and social goal

C-VSD

- Enhance productivity to secure competitiveness, employment security and labour market mobility
- Provider-client relationship

Cooperation requires professional providers

- Tailor-made further training courses based on productivity gaps
- Courses generate immediate benefits in terms of competitiveness
- Short, flexible and reasonably priced courses
- Appropriate state-of-the art equipment and competent instructors

Business relationship

- Training provider sells courses
- Company buys courses and seconds its workers
- Worker participates and contributes time and some money



Labour-market orientation is a must

Ability of training providers to meet the demand of the labour market by

- offering training in occupations on demand
- equipping the trainees with knowledge and skills enabling them to successfully enter the labour market.

Labour market survey, skills gaps analyses

Company visits, occupational analyses, expert workers, etc-



Role 2: Private sector as a provider of (practical) training



Conceptual remarks



On-the-job training: a global phenomenon in past and present





Different dimensions of firm/workshop-based training provision

Dimensions	Options
Location	off-the-job / on-the-job
Legal status	formal / informal
Combination with school-based training	yes / no
Official curricular guidelines	yes / no
Assessment (for certification)	yes / no





Traditional apprenticeship training of carpenters in Burkina Faso

Dimensions	
Location	on-the-job
Legal status	informal
Combination with school-based training	no
Official curricular guidelines	no
Assessment (for certification)	no







On-the-job training of carpenters as part of non-formal education and training in Burkina Faso

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VSD / development cooperation perspective

Why involving companies into training provision?

- Lowering costs of VSD for governments (*efficiency*)
- Increasing relevance of VSD to the world of work (*effectiveness*)
- Smoothing transition of trainees into the labour market (*impact*)



Firm perspective

Why should we get involved into training?

Economic considerations

- Access to low-paid employees (during traineeship)
- Development of future workforce (investment)

Social / political considerations

- Social responsiveness
- Access to politicians / development aid







This model of VSD may be effective and sustainable, when ...

Firm perspective

- ... productivity and quality of products increase,

“Yes, we get involved.”

Trainee perspective

- ... access to employment and income is improved,
- ... VSD leads to certificate with national recognition,

“Yes, we come.”

National economy/state perspective

- ... youth unemployment can be reduced (ideally not only that of beneficiaries...)

“Yes, this helps.”



Question for end-of-project evaluation: Excerpt from virtual ToR

Does the impact of this model of training compare positively to results of traditional apprenticeship?



Role 2: Private sector as a provider of (practical) training

Insights from the E-discussion



Companies and projects collaborate in various forms



Albania: centre-based training followed by internship



Bangladesh: training moved to factory



El Salvador: joint training of apprentices and employees



Promoting decent work





Decent work as a hot topic

Controversial topic

- *“Control has never been a good entry point!” vs. “Should we really forget about working conditions?”*

Two approaches

- Improving existing informal apprenticeships
- Setting-up a pilot apprenticeship programme in formal economy

Communication matters

- How to broach the issue of working conditions?



A group of people, including men and women, are gathered in a meeting room. They are looking at several large posters or documents displayed on the wall. The room has a modern, industrial feel with a white ceiling and a large air conditioning unit. The overall atmosphere is professional and collaborative.

Role 3: Collaborating with the private sector in VET system design, reforms and development

Conceptual remarks



Overall goal of this collaboration from a public VSD perspective

Increasing relevance and
effectiveness of VSD
by creating **ownership** on the side
of the world of work



Dimensions of VSD governance

Policy making

- i.e. design of laws and other general regulations pertaining to VSD

Overseeing of implementation of VSD policies

- e.g. in National Skills Councils

Governance of national training funds

Design of curricula

- including occupational standards and assessment criteria



Challenges for successful collaboration

Legitimate representation of the world of work (e.g. through associations)

- The more informal the economic sector, the less likely the existence of such legitimate representations, particularly at the national level

➔ Establishment of sectoral associations with the help of DC, e.g. associations of artisans at the national / local level



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HQ of BGMEA (Bangladesh Garment Manufacturers and Exporters Association) in Dhaka



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➔ Therefore: Establishment of sectoral associations with the help of DC, e.g. associations of artisans at the national / local level

Creating real ownership

- Private-sector involvement as buzzword in VSD
- Governance structure often dominated by processes mainly defined by public sector and/or donors.



Challenges for successful collaboration

Challenge “Ownership”: The example of NVQFs

- Rhetoric emphasising strong involvement of private sector and competency-orientation
- Mostly developed top-down by donors/public sector
- In many countries very little ownership by the private sector
- Private sector does not feel responsible for weaknesses of NVQFs

A group of people, including men and women, are gathered in a meeting room. They are looking at several large posters or documents pinned to a wall. The room has a drop ceiling with recessed lighting. The overall scene suggests a collaborative work environment.

Role 3: Collaborating with the private sector in VSD system design, reforms and development

Insights from the E-discussion



Sector Skills Councils

Institutional approach to include private sector in VSD governance

Dilemma: Councils consider project as client

- *“By ignoring the lack of ownership, we must not wonder if some skill councils perceive themselves as service providers for projects and not primarily for their sector.” Pius Frick*

Councils must produce tangible results





Collaborating in VSD systems development

