

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

Input paper for the e-discussion of the VSD network

2 to 20 March 2015

1 Background

SDC ascribes the partnership with the private sector high value. The upcoming face-to-face event of the employment and income (e+i) network sets this issue as overarching topic. Previous e-discussions of the vocational skills development (VSD) network also centred on the important element of private sector participation in VSD. In this scope, the network discussed the topic of cooperation with the private sector in 2009, and in 2011 and 2012 the discussion revolved around the question of how to ensure that VSD programmes are labour market-oriented. In this context, one of the traditionally most important ways to collaborate with the private sector was discussed: participation in the development of occupational standards, certification and assessment. The discussion at hand aims to tie up to the precedent discussions, build-up on and further develop the previous findings and thereby focus on different roles of the private sector. ([see reference documents on shareweb](#))

This short paper serves as an input to the discussion. It is based mainly on two documents: “The role of the private sector in vocational skills development” by Markus Maurer and “Understanding and analysing vocational education and training systems – An introduction” by Franz Kehl, Gunter Kohlheyer and Wolfgang Schlegel. ([see reference documents on shareweb](#))

2 Roles of the private sector in vocational skills development

“Today, most countries aim to organise vocational skills development so that it better matches labour market needs. Such an approach is supposed to ensure that training is provided in relevant economic sectors or vocational fields (*quantitative match*) and that it meets the expectations of employers and/or costumers (*qualitative match*).”¹ To achieve this, the private sector must considerably be involved while planning, implementing and financing VSD.² Whereas there are various types of contributions by the industry to VSD, three key roles of the private sector will be analyzed in more detail and serve as entry points for this discussion:

Role 1: Private sector as a client of training providers

Different institutions deliver VSD. Training providers are organisations offering education and training services. Companies are their clients as they demand and train personnel for the labour market, for instance by providing tailor-made in-service trainings for specific companies, or consultancies and R&D for the industry. Companies’ expectations, however, are often not met. A study by McKinsey shows that whereas less than half of youths and employers believe that graduates are adequately prepared for entry-level positions, education providers are much more optimistic: 72 percent of them believe new graduates are ready to work.³ Industry is asking for graduates they immediately can deploy. This implies that teachers and trainers impart technical and entrepreneurial knowledge and skills that are up-to-date with the latest technological trends and developments. To make the grade, training providers must invest in their venues (classrooms, laboratories and workshops or other simulation facilities) and equipment on a regular basis and teachers and trainers must have regular exposure to company sites.

¹ Maurer, M., The role of the private sector in vocational skills development. 2015.

² Maurer, M., The role of the private sector in vocational skills development. 2015.

³ McKinsey Center for Government, Education to employment: designing a system that works. 2013.

Food for thought:

- *What are areas of cooperation between training providers and companies? What are strategies to increase exchange between the two actors?*
- *How can training providers reach companies working in the informal sector?*
- *What can companies (or chambers/employer associations) do in order to make sure that training providers deliver the skills they need? What can training providers do to match labour market demand?*

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

Companies are also a big player in training provision. In countries with apprenticeship training they account for the major part of training delivery. In other countries they play a complementary role by offering internships for trainees.⁴ A very effective form to collaborate with the private sector is when artisans or workers act as instructors in (practical) training, even if the training is organised outside workshops or firms. These persons are aware of the skills that are required for young people to succeed in the labour market. Given their professional background, they are able to impart these skills better than trainers with an academic background and little or no practical experience in a company. Trainees get socialised with the world of work, which is important for finding a job after the training ends. From the financing perspective, providing on-the-job training is the most prominent form of in-kind contributions of the private sector.⁵

Food for thought

- *Employers are significant providers of training. How do you identify them as potential partners and how do you convince them to collaborate?*
- *What are immediate benefits for companies to provide training?*
- *Work-based and centre-based training, if combined, can be particularly effective. How to achieve this?*
- *Companies may be sceptical towards prescriptions from outsiders on how company-based training should be executed. How do you deal with this situation? In how far is there a need of quality control from outside and how can it be done without discouraging the companies?*

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

Collaborating with the private sector at the system level is yet another important area to develop and ensure more labour market-oriented VSD programmes. "At the national level, many countries have established commissions (e.g. skills councils, national vocational education commissions, sector committees) that include private sector representatives who provide general advice on how to organise the VSD system, which trades to focus on, or how to organise specific training programmes."⁶ Curriculum revisions or developments present a typical intervention of VSD reforms. Within these interventions, company representatives are invited 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 converting informal apprenticeships into a sector-based or even national formal apprenticeship system.⁷

⁴ SDC, Kehl, F., Kohlheyer, G., Schlegel, W., Understanding and analysing vocational education and training systems – An introduction. 2013.

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

⁶ Maurer, M., The role of the private sector in vocational skills development. 2015.

⁷ Maurer, M., The role of the private sector in vocational skills development. 2015. UNESCO, EFA Global Monitoring Report. Youth and Skills – Putting education to work. 2012

Food for thought

- *What is your experience in collaborating with associations or skills councils?*
- *How can we bring in private sector concerns in government policy and implementation strategies and in the relevant laws and regulations? What role do sector-specific and cross-sectorial industry associations play?*
- *In many partner countries, there is often no organised private sector with which the VSD programmes could formally interact. What is your experience in working with poorly organised and weak private sectors?*
- *What is your experience in transforming informal apprenticeship into formal apprenticeship (e.g. through training of master trainers, introducing regulations, assessment and certification)?*

3 Objectives of the e-discussion

In light of the inputs presented above, the objectives of the e-discussion are defined as follows:

- Members of the VSD network exchange information and experience on good practices and innovative interventions regarding collaboration with the private sector.
- The network discusses the specific role of collaboration with the private sector in VSD.
- The discussion leads to practice-orientated recommendations.
- The discussion provides key inputs (topics, guiding questions, lessons learnt) and “food for thought” for the face-to-face event.

4 Proposed core topics and course for the e-discussion

We invite the network members to join the e-discussion and to focus their contributions on the following three core topics:

- **Core topic 1:** Collaborating with the private sector as a **client of training providers**
- **Core topic 2:** Collaborating with the private sector as a **provider of (practical) training**
- **Core topic 3:** Collaborating with the private sector in **VET system design, reforms and development**

In order to structure the e-discussion, we will feed the three core topics consecutively into the discussion, starting with the first core topic (2 to 8 March 2015), followed by the second core topic (9 to 15 March 2015) and finally the third core topic (16 to 20 March 2015).

The e-discussion will be facilitated by Katharina Walker (HELVETAS Swiss Intercooperation) and Maria Bieberschulte (KEK- CDC Consultants).

5 References

All reference documents can be found on e+i Shareweb ([>see reference documents on shareweb](#))

- Hilpert, A., & Walker, K. (2012). Synthesis of the online discussion on “Labour Market Orientation in Skills”, 13th February to 2nd March 2012.
- Maurer, M. (2015). The role of the private sector in vocational skills development.
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- Walker, K., & Hilpert, A. (2011). Labour Market Orientation in Skills Development / TVET projects: Synthesis paper of the online discussion (September 2011).

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