

Learning for Jobs: Summary and Policy Messages

The message of Learning for Jobs

For many learners in vocational education and training (VET) and for many employers, the gulf between learning and work is large. Learning is often seen as abstract, classroom-based and academic. The world of work is seen as concrete, with bosses and customers, profits and machinery. These are stereotypes, but with a grain of truth. Institutions providing VET have a style and ethos quite different from the world of work with different goals, incentives and constraints. And yet, despite the separation, the task of VET remains that of meeting labour market needs – of providing *learning for jobs*.

Learning for Jobs: the OECD work programme

This exercise seeks to help countries increase the responsiveness of VET systems to labour market requirements. It aims to improve the evidence base, identify a set of policy options, and recommendations. It looks primarily at initial VET for young people in schools, workplaces, colleges and other providers.

A programme of analytical work draws on evidence from all OECD countries. It includes an international questionnaire on VET systems, literature reviews of previous OECD studies and the academic literature on topics such as costs and benefits of VET, and analysis of available VET indicators.

Country policy reviews are being carried out in Australia, Austria, Belgium (Flanders), the Czech Republic, Germany, Hungary, Ireland, Korea, Mexico, Norway, Sweden, Switzerland, the United Kingdom (England and Wales), and the United States (South Carolina and Texas), between the end of 2007 and 2010. Special studies will also be conducted in Chile and the People's Republic of China. Canada, Denmark, Finland and the Netherlands have also contributed financially to the work.

The results of both the analytical work and the country reviews will feed into the comparative report. This initial version¹ is being made available on the OECD website. The final comparative report, drawing together all the conclusions of the study, will be published in late 2010.

This policy review of VET was conducted simultaneously with another OECD exercise on “systemic innovation in VET”.² This exercise included a number of case studies in Australia, Denmark, Germany, Hungary, Mexico, and Switzerland.

For further documents and details of the work programme see:
www.oecd.org/edu/learningforjobs

1. Field, S., Hoeckel, K., Kis, V. and Kuczera, M. (2009). *Learning for Jobs: OECD Policy Review of Vocational Education and Training. Initial Report*. OECD, Paris.
2. OECD (2009) *Working Out Change: Systemic Innovation in Vocational Education and Training*. OECD, Paris.

This report makes proposals to bridge this gulf, to connect vocational education and training to the world of work. The mix of provision therefore needs to balance the needs of employers with the preferences of students. Bridges are also needed for teachers and trainers, to bring teaching skills to trainers in workplaces, and to ensure that vocational teachers and trainers in schools and colleges are familiar with the needs of the modern workplace. The most direct bridge is to bring learning directly into workplaces, in apprenticeships and other forms of workplace training.

None of these bridges can be built without the right supports. The most central of these has to be an effective partnership between government, employers and unions to ensure that the world of learning is connected at all levels with the world of work. Good data are critical, so that the impact of learning on labour market outcomes can be identified. That same information, through strong career guidance, can inform young learners about vocational pathways into the world of work.

Potentially VET plays a key role in determining competitiveness. Since OECD countries cannot compete with less developed countries on labour costs, they will need to compete in terms of the quality of goods and services they provide. That means a highly skilled labour force, with a range of mid-level trade, technical and professional skills alongside those high-level skills associated with university education. Many of the unskilled jobs which existed in OECD countries a generation ago are fast disappearing. Although general education also has its claims, VET is frequently seen as the right vehicle for upskilling those who would otherwise be unskilled and ensuring a smooth transition into the labour market.

A global economic crisis developed while this report was in preparation, casting a new and sometimes sharply different light on the issues examined. The size and impact of the crisis varies from country to country, but potentially it could have large effects. Some apprentices are being made redundant midway through their training. Newer cohorts may find that hard pressed employers concerned by their immediate survival are less willing to offer workplace training. Fewer jobs mean that potential learners are keener to remain in, or take up full-time education and training. At the same time public expenditure pressures, sharpened by the crisis, make it harder to accommodate the increased demand. VET systems will also need to provide the skills needed for the future rather than the past – a particularly demanding challenge in the face of painful and rapid economic restructuring. Some opportunities may nevertheless emerge, for example to redeploy the practical skills of those leaving industry as teachers and trainers.

Why should government support initial vocational education and training?

Workplaces provide a strong learning environment. Why not then leave vocational training to employers and reserve basic state-supported education for numeracy, literacy and general subjects like the sciences, history and geography? One reason is that, in the absence of initial training, industry, left to its own devices, may not have incentives to provide sufficient training. A second reason is that public investment in initial VET can pay off in terms of labour market returns. More specifically:

- In perfectly competitive labour markets, while firms provide firm-specific training to their employees, they have no incentive to provide general training, since the benefits of general training will accrue to the employee, even when the investment in training would pay off handsomely in terms of productivity. Despite market imperfections, this remains a problem.

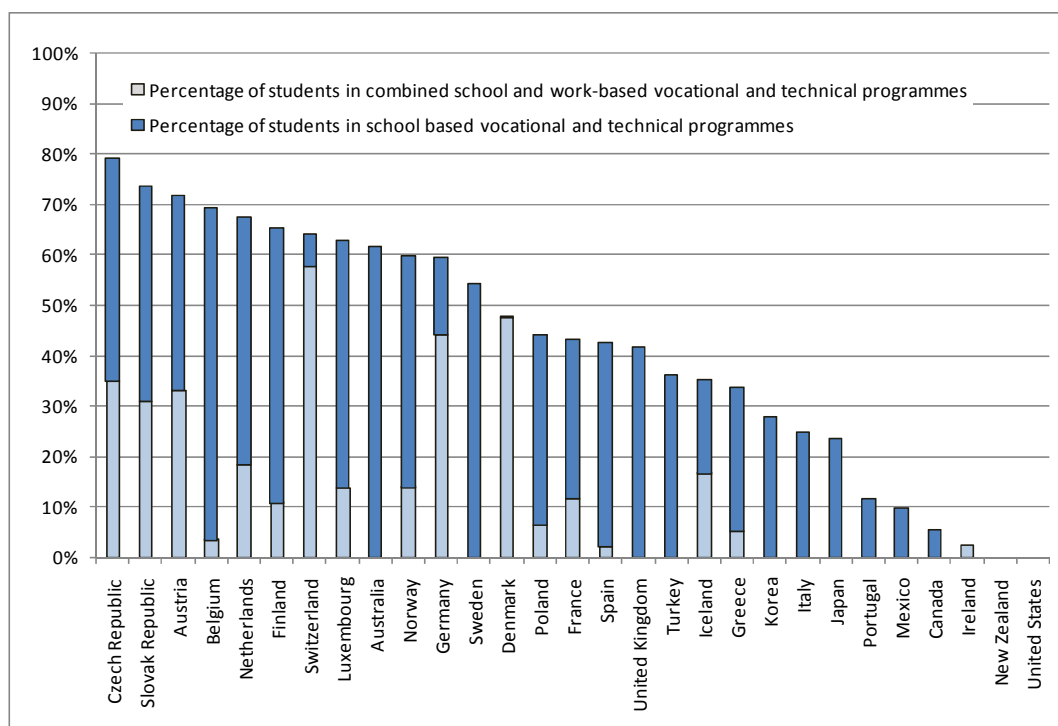
- In more regulated labour markets, where the initial hurdle required to enter employment is a high one, young people may need initial training to make themselves more “job ready” before entering the labour market. Legal wage minima, implicit minimum wages set by collective bargaining, and strong employment protection legislation all make new employees expensive and risky, and therefore make employers reluctant to take on untrained employees.
- Well-educated individuals participate more often in adult education and training. Those with lower levels of education, who would benefit the most from additional skills, might not be able to acquire them as readily once in the labour market. On grounds of equity as well as efficiency, it may therefore be necessary to assist these individuals to develop job-relevant competencies before they enter the labour market.
- The key test is whether VET for young people pays off in the labour market. Under some circumstances it does so. In the very different circumstances of the United States and Switzerland, different studies show positive labour market returns from upper secondary VET.

Diverse ways of meeting human capital needs

The diversity of national VET systems is well-recognised, particularly the contrast between systems where VET plays a very central role in the initial education of young people – for example in Austria, where 70% of young people undertake VET at upper secondary level – and other systems, like the United States, where very few undertake a designated VET programme (see Figure 1). Less well-understood is the great variety within families of VET systems, for example the radically different approaches to upper secondary VET in Sweden (where upper secondary VET involves a limited amount of workplace training) and in Norway, where upper secondary VET is commonly linked to an apprenticeship. Another element of this diversity is the relative mix of initial and tertiary VET in the system as a whole. For example, in Australia much initial training of young people (primarily ISCED levels 3 and 4) occurs once they have left school and entered the workforce. While this diversity is a challenge to international comparison, requiring an acute sensitivity to national contexts, it remains possible to identify common problems and common solutions to those problems across countries.

Trends in the supply of, and demand for VET provision are also very diverse. At upper secondary level some countries have been expanding VET provision, while in others it is diminishing. At post-secondary and tertiary level the global patterns are even less clear, given the weak frameworks for identifying and measuring VET at these levels.

Figure 1. Vocational education and training as a share of the upper secondary sector (ISCED 3), 2006



Source: OECD (2008), *Education at a Glance 2008: OECD Indicators*, Table C1.1, OECD, Paris.

Note: In Hungary, the Ministry of Education assesses the share of students participating in vocational training schools/institutions as 23% in 2007/8.

Many things contribute to the flow of human capital to meet labour market needs. These include not only education and training systems, but also enterprise training, informal learning, migration flows, and a wide range of factors affecting labour force participation at different ages – retirement and invalidity arrangements, childcare provision and maternity and paternity arrangements. This has two implications. First, in the face of any given labour market need, many policy instruments are relevant – some labour market needs may be best met by allowing an increased migration flow, or by reforming pension arrangements, rather than through initial VET. Second, for any government to make these choices requires high quality co-ordination across the range of government departments responsible for these different policy areas. This is a major challenge.

Analytic work on VET has been conducted in universities, national institutes and in some international bodies including UNESCO, ILO, the European Commission and its agencies. But there remain many big gaps. One is comparative policy analysis, undertaken across a range of different countries to identify policy solutions that work. The second big gap is data. ISCED remains a weak instrument for identifying VET in secondary and tertiary education, so data on the percentage of the cohort that enters VET remains patchy.

Meeting the needs of the labour market

VET systems need mechanisms to make sure that the number of people trained in different occupations matches labour market needs. While student preferences on their own do not always adequately reflect labour market needs, it is very hard to plan provision to meet labour market needs. Forecasting the exact skills needed in a given labour market is hazardous. Ideally, VET programmes should include an element of workplace training because, apart from the learning benefit, employers' willingness to provide such workplace training reflects labour market demand for the skills acquired in the VET programme. Overall provision needs to balance student preference and employer demand.

But the balance also depends in part on funding. If students pay the full costs of provision they may reasonably expect their preferences to play a dominant role. Conversely, where employers fund all the training, they will naturally expect to decide what is taught. Between these two extremes, there are many models of mixed support for training from government, students and employers. Efficiency requires these models to reflect the mix of benefit obtained from the training.

Within individual VET programmes, a good balance between generic and specific skills is important. VET graduates need the occupationally specific skills that will allow them to enter skilled jobs without lengthy additional training. They also need generic transferable skills to carry them through their working career, including the ability to adapt to fast-changing workplace requirements.

Meeting labour market needs: OECD recommendations

- Provide a mix of VET programmes that reflect both student preferences and employer needs. One effective way of doing so is through an apprenticeship system, where a market balances supply and demand.
- For VET beyond secondary level, share the costs between government, employers and individual students according to the benefits obtained.
- Engage employers and unions in curriculum development and ensure that the skills taught correspond to those needed in the modern workplace.
- Through VET systems, provide young people with the generic, transferable skills to support occupational mobility and lifelong learning, and with the occupationally-specific skills that meet employers' immediate needs.

Effective teachers and trainers

Many countries are facing a shortage of teachers and trainers in VET institutions as the current workforce ages. Some teachers and trainers also lack recent workplace experience. In industry, a different problem emerges. Trainers (including the supervisors) of apprentices and trainees in companies often have no specific pedagogical training. Often, VET institutions need stronger links with industry, while workplace trainers need more pedagogical training.

One very important way of ensuring quality and consistency in VET as in other education programmes is to provide a high quality assessment of graduates. There are demonstrated advantages in evaluating student performance in VET through standardised

frameworks of national assessment. Such national arrangements can improve student performance, enhance the signalling value of qualifications, be more cost-effective than locally organised examinations, facilitate recognition of informal and non-formal learning, and promote flexibility and innovation in learning.

Teachers and trainers: OECD recommendations

- Deliver sufficient recruitment of teachers and trainers for VET institutions, and ensure this workforce is well-acquainted with the needs of modern industry. To this end:
 - Encourage part-time working, with trainers in VET institutions spending some of their time in industry.
 - Promote flexible pathways of recruitment. Allow those with industry skills to enter the workforce of VET institutions through effective preparation.
 - Take advantage of the current economic slowdown to encourage those leaving industry with good practical skills to enter the workforce of VET institutions.
- Provide appropriate pedagogical and other preparation for trainers (including the supervisors) of trainees and apprentices in workplaces.
- Encourage interchange and partnership between VET institutions and industry, so that vocational teachers and trainers spend time in industry to update their knowledge, and vocational trainers in firms spend some time in VET institutions and enhance their pedagogical skills.
- Adopt standardised national assessment frameworks to underpin quality and consistency in training provision.

Taking advantage of workplace training

Workplace training for young people has compelling advantages. It provides a strong learning environment for both soft and hard skills; it facilitates recruitment by allowing employers and potential employees to get to know each other; it contributes to the output of the training firm; and it links training provision to a direct expression of employer needs. Collectively, these arguments are so powerful that all VET systems should aim to make substantial use of workplace training.

Workplace training needs to be complemented by training off-the-job. Some knowledge needed for an occupation and some basic practical skills are better learnt in classroom settings and workshops. Practical training involving dangerous or expensive equipment is less risky in a simulated setting and the slower-pace of a classroom or workshop setting can give students the time to develop and refine their skills. When the economy turns downward, it is sometimes hard to convince an employer worried by the immediate survival of the enterprise to take an interest in training. In the context of the current economic crisis, special measures may be necessary to sustain workplace training and, where necessary, to support it with off the job training.

Apprenticeship – one common model of workplace training – can be an outstandingly effective form of vocational training. An ideal apprenticeship system will involve high quality training providing both transferable and occupation-specific skills, attractive to a wide range of employers, and relevant and appealing to apprentices. Countries use many

types of financial incentives to encourage firms to offer workplace training, including direct subsidies, special tax breaks and training levies.

Workplace training: OECD recommendations

- Make substantial use of workplace training in initial VET.
- Ensure that the framework for workplace training encourages participation by both employers and students.
- Ensure workplace training is of good quality, through the provision of a clear contractual framework for apprenticeships, and through an effective quality assurance system.
- Balance workplace training by other provision (*e.g.* training workshops in schools or other VET institutions) where other learning environments work better, or where workplace training is not available.
- Devise effective responses to the current economic crisis, to sustain workplace training, and cope with increased demand for full-time VET.

Tools to support policy

Good tools are needed to make effective policy. The development and implementation of policy depends on well-informed people, working with different stakeholders through strong institutions.

VET policy development and implementation also requires engagement with employers and unions. Their involvement helps to ensure that the content of VET – what is taught in VET schools and at the workplace and how exams are designed – is relevant to the labour market. Typically this means a set of interconnected institutions at national, regional and sectoral levels, with clear responsibilities for different elements in the VET system.

Information supports the link between vocational education and training and the labour market. It allows students to see their way through a training programme into the labour market, employers to understand what potential recruits have learnt in a programme, and policy makers and training institutions to see whether their graduates are obtaining relevant work.

There are various ways to improve data on labour market outcomes. Better information might be provided either through one-off surveys of those leaving VET to establish labour market outcomes, or by tracking cohorts of individuals through VET into employment to map out career histories.

One very important way of making learning respond to labour market needs is to provide information about outcomes to students. While informal sources such as family and friends may provide useful information, high quality career guidance, well-supported by labour market data, is indispensable.

Policy tools: OECD recommendations

- Engage employers and unions in VET policy and provision and construct effective mechanisms to that end.
- Collect good data on the labour market outcomes of VET, and provide the capacity to analyse and disseminate that data.
- Provide career guidance accessible to all, informed by knowledge of labour market outcomes.