



2019 Dhaka – 33rd CACCI Conference 26th to 27th November

Greater emphasis on skills development and availability

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1. Summary

A well-functioning vocational education system is a partnership between students, employers, education providers and the government. Each has a critical role to play, with communication between them all the key. Establishing feedback loops which ensure students are receiving learning relevant to today's workplaces is essential.

Students and their parents deserve clear and objective information on which to make their study choices. Students should know before they invest significant time and money into courses what prerequisite courses are required, what their qualification will give them, and their likely employment prospects.

Engaging workers in lifelong vocational learning, particularly older workers, allows for any catch-up literacy and numeracy skills to be incorporated into the curriculum.

2. Background

Vocational education is practical learning which emphasises the skills, knowledge and attributes required to perform a specific role or work in a particular industry. Vocational education is sometimes variously referred to as trades training, apprenticeships, or on-the-job training.

Vocational education ensures key economic sectors such as construction, manufacturing, tourism, and agriculture, among others, have a well-trained workforce. Vocational education's importance is growing at a time when many countries are experiencing skills

shortages and are having to both expand training schemes and use immigration to provide employers with the workforces they need.

3. Skills development and availability

The global economic recovery from the 2008 financial crisis is driving down unemployment in many countries to near cyclical lows. According to the International Labour Organisation ('ILO') the currently strong state of international labour markets is subject to additional modernising forces of globalisation, digitisation, and automation, leading to countries' growth becoming constrained by their ability to access the right skilled labour.¹

Labour shortages are not a new phenomenon, but they are increasingly experienced in all sectors from low to highly skilled. Even today's low-skilled jobs come with expectations around worker literacy, numeracy, health and safety knowledge, technical know-how, and - for gig-economy jobs - the ability to self-manage tax payments.

Research from Asia Pacific Economic Cooperation ('APEC') Human Resources Development Working Group shows that skills shortages are a significant barrier to investment and economic development in the region.²

The changing nature of work means workers can no longer expect to have a single employer across their lifetime. People will change employers multiple times during their careers, sometimes even jumping sectors. Even older workers need reskilling, whether it is due to modernisation or being laid-off. This requires 'lifelong learning' for workers of all ages, defined by Collins as both formal and informal learning opportunities throughout people's lives to foster the continuous development and improvement of the knowledge and skills needed for employment and personal fulfilment.³

¹ Skills and employability in Asia and the Pacific: <https://www.ilo.org/asia/areas/skills-and-employability/lang-en/index.htm>

² A Report on the APEC Region Labour Market: <http://publications.apec.org/Publications/2014/02/A-Report-on-the-APEC-Region-Labour-Market-Evidence-of-skills-shortages-and-general-trends-in-employ>

³ Collins Dictionary: <https://www.collinsdictionary.com/dictionary/english/lifelong-learning>

Vocational education systems play a vital role in delivering relevant, timely, practical skills to learners of all ages. These systems are made up of three principal actors: students, employers and the government.

Students undertake skills development, particularly within a formal education system, to receive useful skills they can use to secure and excel at a job. Students must have confidence that their investment of time and money in this training will produce the outcome they want. Therefore, policies and programmes which reduce the barriers to training, and enhance the preparation of students for this stage of their academic pathway, should be encouraged. Such assistance could take the form of financial aid to fund periods of study, or published research which informs students about the likely career outcomes from their chosen course of study.⁴

Employers are seeking potential employees with the relevant skills and experience they need to grow and increase workplace productivity. Usually, this need is continual, so a pipeline of workers coming through a formal training system preparing them for work is preferred; providing greater certainty of successful outcomes to both students and employers over the long-term.

In many countries, the government plays an active role in managing the training system and spends considerable sums running it. Government policy-makers and taxpayers, therefore, require confidence their investment is being well utilised and is providing value for money.

For all actors in this system - students, employers and the government - to have confidence they are getting the most out of it, the collection of relevant and accurate data that is openly shared is essential. This creates the feedback loops correctly targetting resources while allowing independent organisations to cross-examine the system and provide commentary.⁵

⁴ New Zealand operates a training and careers portal at www.careers.govt.nz

⁵ Strengthening Skills: Expert Review of Australia's Vocational Education and Training System: https://pmc.gov.au/sites/default/files/publications/strengthening-skills-independent-review-australia-vets_1.pdf

4. Improving vocational training

A well-designed qualifications system is one that is simple and clear, so students know beforehand the content of their training, and employers can understand what to expect from graduates they employ. A qualifications system containing underutilised courses or overburdened with many similar but different courses confuses users. It can lead to unsuitable graduates being hired or employers being reluctant to hire because they are uncertain what graduates are capable of doing.⁶

Business input into the design of the qualifications is vital to ensure that training is relevant and boosts the employability of graduates. It maintains the relevance of the qualification as technology, and industrial processes develop. While there is a concern this could capture the qualification and delays its progression, vocational education is different from pure academia. As long as industry is requiring the skills produced, the qualification remains relevant. The focus of vocational education is on delivering work-ready people able to perform the tasks needed for the jobs they are filling.

A nationally consistent funding model ensures that geographic disparities do not arise across the country. Consistency means that demand is not artificially steered towards areas that are relatively ineffective or unproductive. All citizens should be treated equally regardless of whether they come from urban or rural areas. Consistency ensures there are no wrinkles within the system that could be exploited by less conscientious organisations, or more deprived areas getting left behind as more advanced areas with more resources develop.⁷

A well-rounded vocational education system caters for second chance learners who did not attain qualifications in high school. This includes students leaving high school without basic literacy and numeracy skills. Vocational education provides an opportunity to reintegrate

⁶ Consultation on proposed changes to the New Zealand Qualifications Framework:
<https://www.nzqa.govt.nz/assets/About-us/Consultations-and-reviews/NZQF-Review/NZQF-consultation-paper-231018-Final.pdf>

⁷ Strengthening Skills: Expert Review of Australia's Vocational Education and Training System:
https://pmc.gov.au/sites/default/files/publications/strengthening-skills-independent-review-australia-vets_1.pdf

them as young adults (or even older adults) into a formal learning system and deliver literacy and numeracy skills training within a set of vocational training such as trade apprenticeships. Literacy and numeracy are required skills for almost every job, but including it ensures students can continue their lifelong learning as well as participate more fully in everyday life.⁸

Lifelong learning involves upskilling and training people who have already interacted with the education system in the past. Their reasons for getting back into learning could be for straightforward reasons such as adapting to new technology in their workplace or coming up to speed with regulatory or legislative compliance changes. Therefore, they do not necessarily need to undertake full courses to achieve their goals. Much smaller chunks of the qualification may be relevant, and in fact, forcing them to complete the whole qualification is a waste of effort and money. Instead, they can achieve their goals through smaller pieces of the qualification, also called micro-credentials. By carving up the qualification system into more smaller building blocks, it improves flexibility and ensures relevance to the learner and employer.⁹

5. Building the local skills base

Giving children the knowledge and confidence to pursue their chosen careers starts in the compulsory or high school system. Many vocational education qualifications will require the students to have completed pre-requisite courses at high school. The simplest way to achieve this is to design pathways that flow seamlessly from secondary to tertiary education. This reinforces the need for guidance to parents and students to lay out the pathways available for students to achieve their enter career.

Pathway information can take the form of publications showing which courses a student should consider as they progress through the education levels to achieve their goals. Career advice should also include guidance to set expectations for students and their parents.

⁸ Best practice for embedding adult literacy and numeracy: <https://www.tec.govt.nz/focus/our-focus/adult-literacy-numeracy/best-practices/>

⁹ Education Micro-Credentials 101: Why Do We Need Badges? Forbes Magazine: <https://www.forbes.com/sites/petergreene/2019/02/16/education-micro-credentials-101-why-do-we-need-badges/#3cb334b22419>

Guidance communications should consist of employer demand for the skills, likely salary expectations, and the ability to move into adjacent fields.

Employers have a responsibility to get involved and provide feedback to education providers about their skills demand forecast. It is only with good feedback from employers that providers can change and adapt the courses they offer. Also, there needs to be an update to the career guidance information, so students are receiving an accurate and up-to-date picture on the courses they are taking.

Employers who are struggling to attract workers into their field should take it upon themselves to get in front of students at local education providers and present to students directly on the benefits of their sector. It is too easy to blame students or parents for making specific industries unpopular, but employers need to make an effort to improve their sector's reputation.

6. Supplementing local skills through migration

While migration is attracting significant political attention internationally, migration remains a powerful economic driver for destination areas. As stated at the start of this piece, skills and labour shortages are holding back economic growth in many countries. Migration can contribute to fulfilling these shortages and provide for thriving communities when well managed.

New Zealand has successfully lifted the percentage of its population with tertiary qualifications through targeted migration policies. The domestic born population is achieving tertiary qualifications at roughly the historical average, so the lift in tertiary qualifications is coming from inward migrants being more highly qualified than outward migrants.

New Zealand operates a skills shortage list which provides for fast-tracking immigration applications in highly sought-after occupations. Listing jobs makes it easier to facilitate migration into job offers in those designated sectors. This has been supplemented with a

sub-national breakdown of the skills shortage lists, although their recent implementation means it is too soon to calculate their benefit.¹⁰

A system of temporary work visas can provide a good match of employers requiring immediate work with workers prepared to travel to exactly where the work is. Temporary visas mean the work right is limited, and employers cannot rely on a never-ending stream of foreign workers, they must use it as a temporary stopgap that allows time to ramp up domestic training efforts. The government can accredit employers to help prevent the abuse of temporary migrants who are more vulnerable workers. They can enforce minimum standards by taking away the employer's right to employ temporary workers. A useful feature is to have the employers as the visa sponsor rather than the individual – who is probably unfamiliar with the destination country's bureaucracy, and it makes the employer responsible for the worker in their care.¹¹

Seasonal migration is a specific subcategory of temporary work and is a way of better matching work of a seasonal nature with employers, such as in farming or horticulture. Allowing only migration on a seasonal basis ensures domestic workers are not displaced while set migrant expectations that they can work only for a limited time. Given the predominantly temporary nature of the work, employers must meet additional responsibilities for their workers, such as providing pastoral care and accommodation.

Similarly, providing international students who have travelled to another country for their tertiary education with the right to work adds a steady pipeline of temporary but motivated workers into the system. This can help a destination country fulfil shortages in specific sectors where there are not enough domestic workers, for example, childcare or tourism. It also allows international students to gain some work experience in their desired field while undertaking their course of study.

A country with the ability to competently manage an immigration system that is flexible enough to change with demand will benefit economically. Countries must be able to

¹⁰ New Zealand's Skills shortage website: <https://skillshortages.immigration.govt.nz>

¹¹ A new approach to employer-assisted visas: <https://www.mbie.govt.nz/dmsdocument/3716-consultation-paper-employer-assisted-work-visas-and-regional-workforce-planning>

efficiently process immigration applications to allow people into the country. Backlogs will put potential migrants off travelling. Furthermore, doing so demonstrates that the country is open for business and will provide a globally competitive edge.

7. Mutual recognition of skills and qualifications

Mutual recognition of qualifications between countries benefits both the countries with a free flow of qualified people and the individuals themselves who have more choice about where to work without the barrier of a closed qualifications regime. Governments entering into government-to-government agreements cements this relationship. However, care must be taken that in some countries, professional advancement is conducted through non-accredited vocational development rather than formal tertiary accredited courses.

It is crucial that the tertiary education system favours skills development through transferable qualifications within a formal system. Ad hoc skills development, even if provided through an employer giving their employees professional development, means the worker is constrained in their ability to move onto another employer without the back up of a nationally recognised formal qualification. However, employers must have confidence in the formal education system to produce graduates with relevant skills in order to continue to use it. Otherwise, competitive demands on employers will mean they continue to train their staff but will favour professional development outside of the formal qualifications system.

Mutual recognition of qualifications results in internationally recognised skill sets, which will sometimes also lead to mutually recognised professional body membership. However, there are notable instances where professional bodies set an unreasonably high bar and, if their membership is required to practice the trade, they become a barrier to immigration. Governments need to construct their legislation providing for mutual recognition in a way that does not allow membership bodies to restrict new members with qualifications from other countries unfairly.¹²

¹² Mutual recognition schemes: <https://www.pc.gov.au/inquiries/completed/mutual-recognition-schemes/report/mutual-recognition-schemes.pdf>

8. Learning by doing

Business wants to upskill their workers. A view that businesses do not want to spend the money investing in their workers misunderstands the strong internationally competitive forces on businesses to innovate and adapt. Often critics miscalculate the amount of money businesses spent on upskilling by only including expenditure on the formal qualification system, and ignore outside professional development. This professional development is equally relevant, but to generate the additional benefits stated above from having transferable qualifications, businesses must have confidence in the formal system to cater to their needs and deliver.

Businesses who spend on their staff want to get the productivity gains from their investment.

On the job vocational training is relevant to the workplaces the students will end up working in. In addition, it lets students earn from the beginning by having a job while they train. This is an important consideration for many who cannot afford time out of the workplace to learn or who need to support their family. It means they can get the qualifications they will need to get on with life without having a purely academic qualification and the potentially substantial student loan debt associated with that.

9. Conclusion

Countries need to continually improve and refine their vocational education systems to stay relevant as technology advances and labour force demands change. Government and chambers of commerce play a vital role to ensure this constant evolution improves outcomes for students and gives certainty of a skills pipeline to business.

Vocational education enables greater economic freedoms for workers by giving them transferable skills they can use to advance their careers. Lifelong learning ensure they remain up-to-date and employers have access to increasingly productive employees.