



ILO Skills Development Academy

Académie du développement des compétences

Academia sobre a Formação e o Desenvolvimento de Competências

Employers and Skills Development

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1. What model is the most efficient?



Country A

- Employers pay taxes to fund TVET system
- They are not engaged with public sector training providers
- They do not believe in TVET certificates
- They run their own non-coordinated training programmes

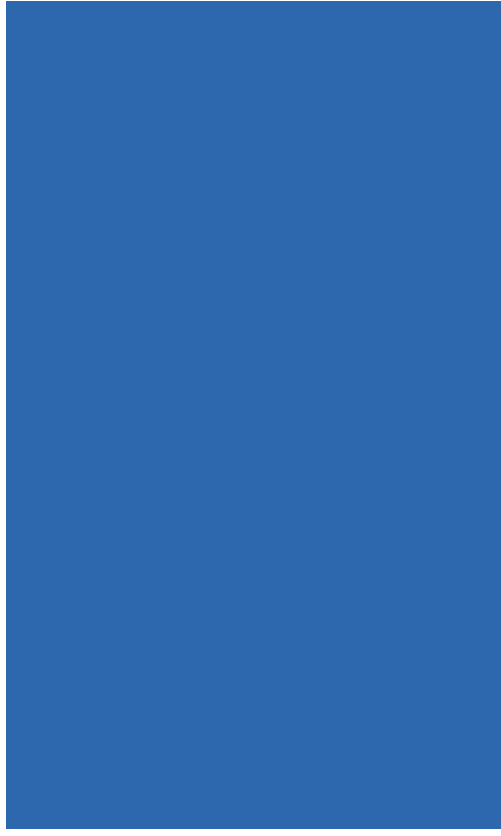
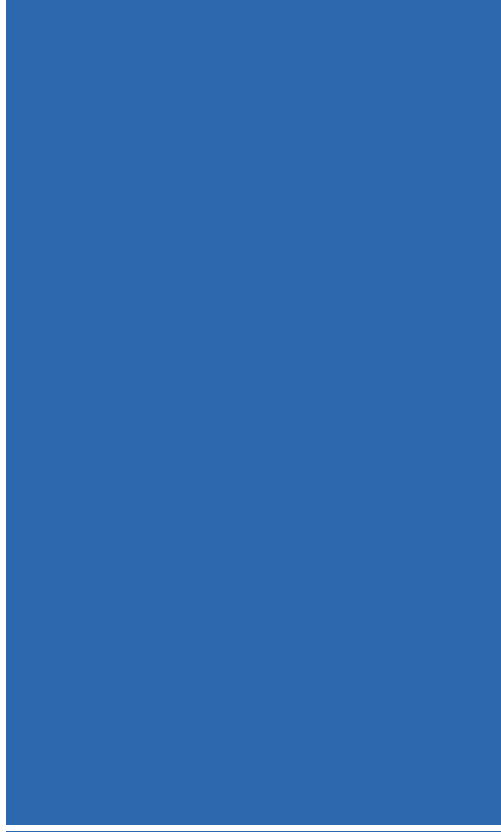
Country B

- Employers pay taxes that fund the training system
- They demand a high quality public training service
- They review the contents of certificates and testing processes
- They establish PPP for skills development

1. Role of employers in Skills Utilisation



Challenges



1. Take home



**Successful skills development systems
require a positive involvement
of employers and employers organizations
in both skills formation *AND* skills
utilisation**

2. Positive examples of employers involvement

Sector based skills councils in Jordan

- Pharma. And F&B
- Skills anticipation
- Development of curricula
- Capacity building of HR
- Skills for economic diversification

Local Skills councils in Palestine

- Established with GLZ support
- Partnership with TVET providers for greater employers involvement



A collage of images showing students in various school settings: a classroom, a library, a science lab, a sports field, and a central graphic of the IO logo surrounded by a gear and laurel wreath.

Post apprenticeship

Cost

- # Wage and social security premium

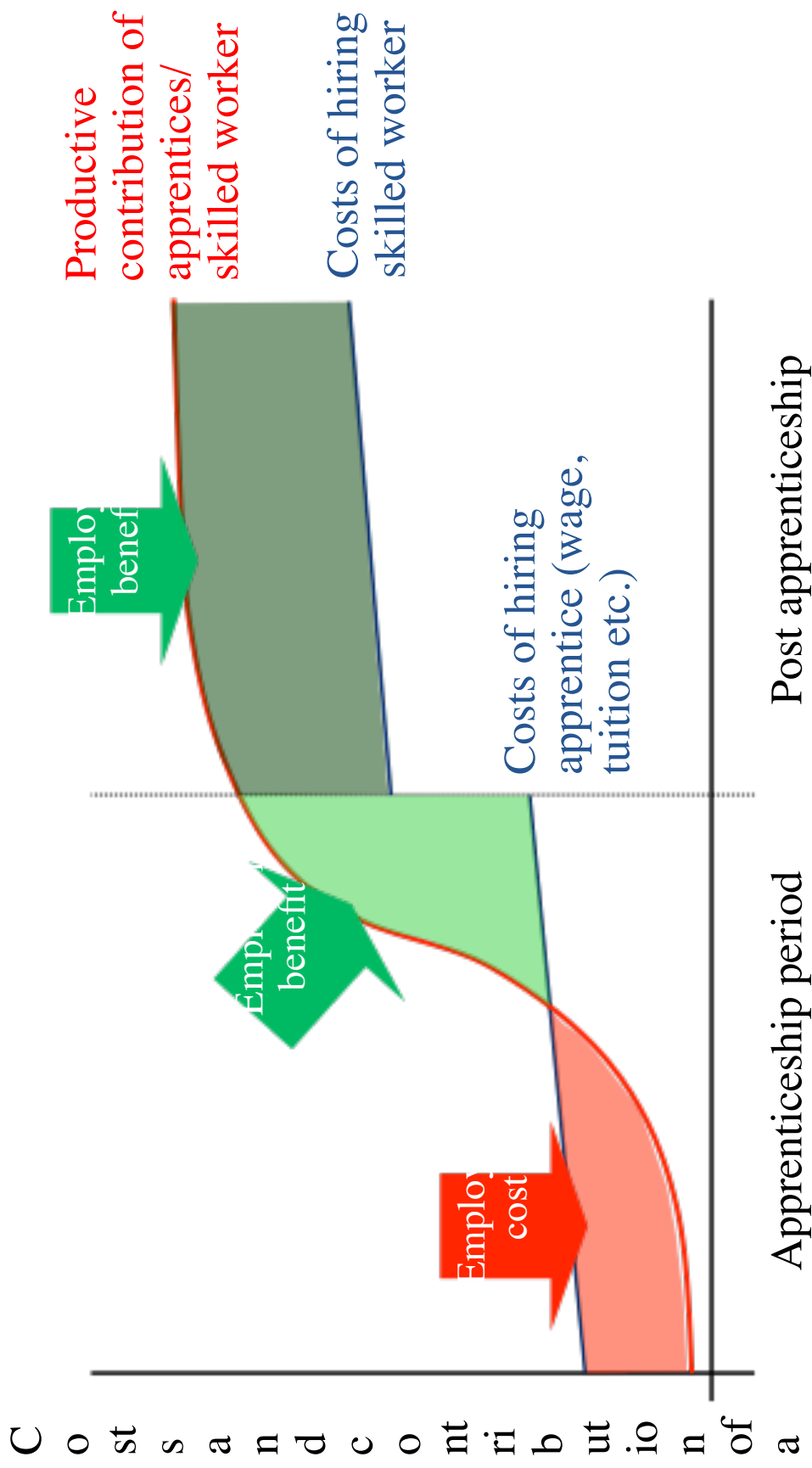
* Blue: non-monetary or latent cost/benefit

Benefit

- High productivity of skilled workers
Savings from reduced turnover (e.g. recruitment and initial training costs)
Innovation, adoption of new technology



3. A stylized model of cost-benefit of apprenticeships



Adopted from R. German. "Do firms benefit from apprenticeship investment?" *IZA World of Labour* 2014:55

Cost-benefit survey 2009 Switzerland



- 2,500 host companies surveyed in 2009
- Companies invested CHF 5.35 billion, derived net benefit of CHF 474 million (ROI 8.9%)
- Around two-thirds of host companies recouped the cost by the end of the apprenticeship programme.
- Cost-benefit varies by occupations and programme duration

Source: Strupler, M and Wolter, S *Dual-track VET: a success story – also for host companies*

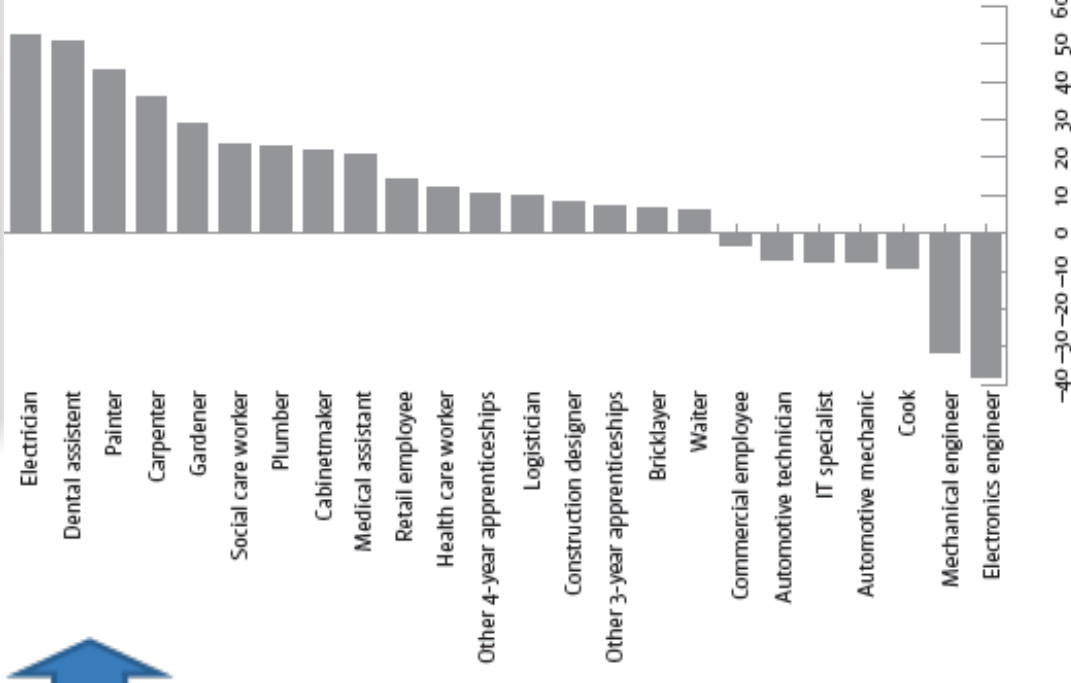
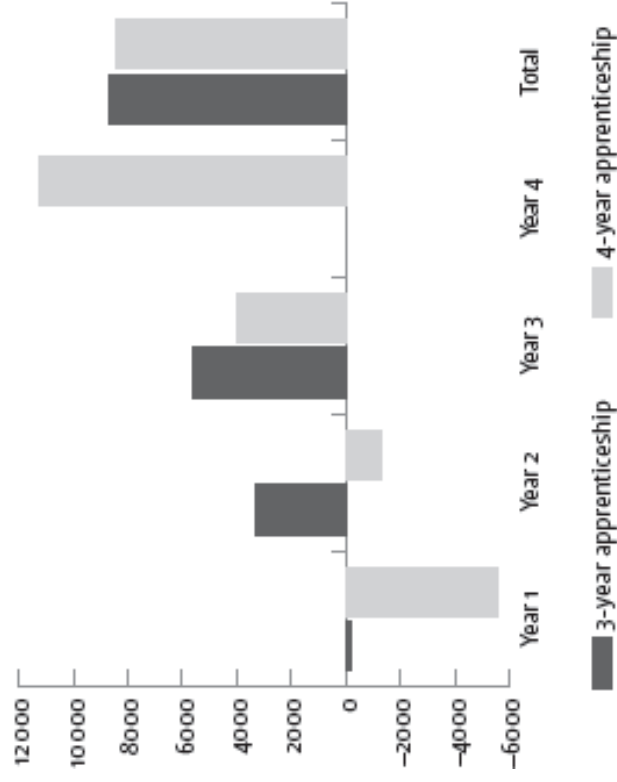
Switzerland Cost-benefit survey 2009



Net benefit of apprenticeship by occupation (in 1,000 Swiss francs)

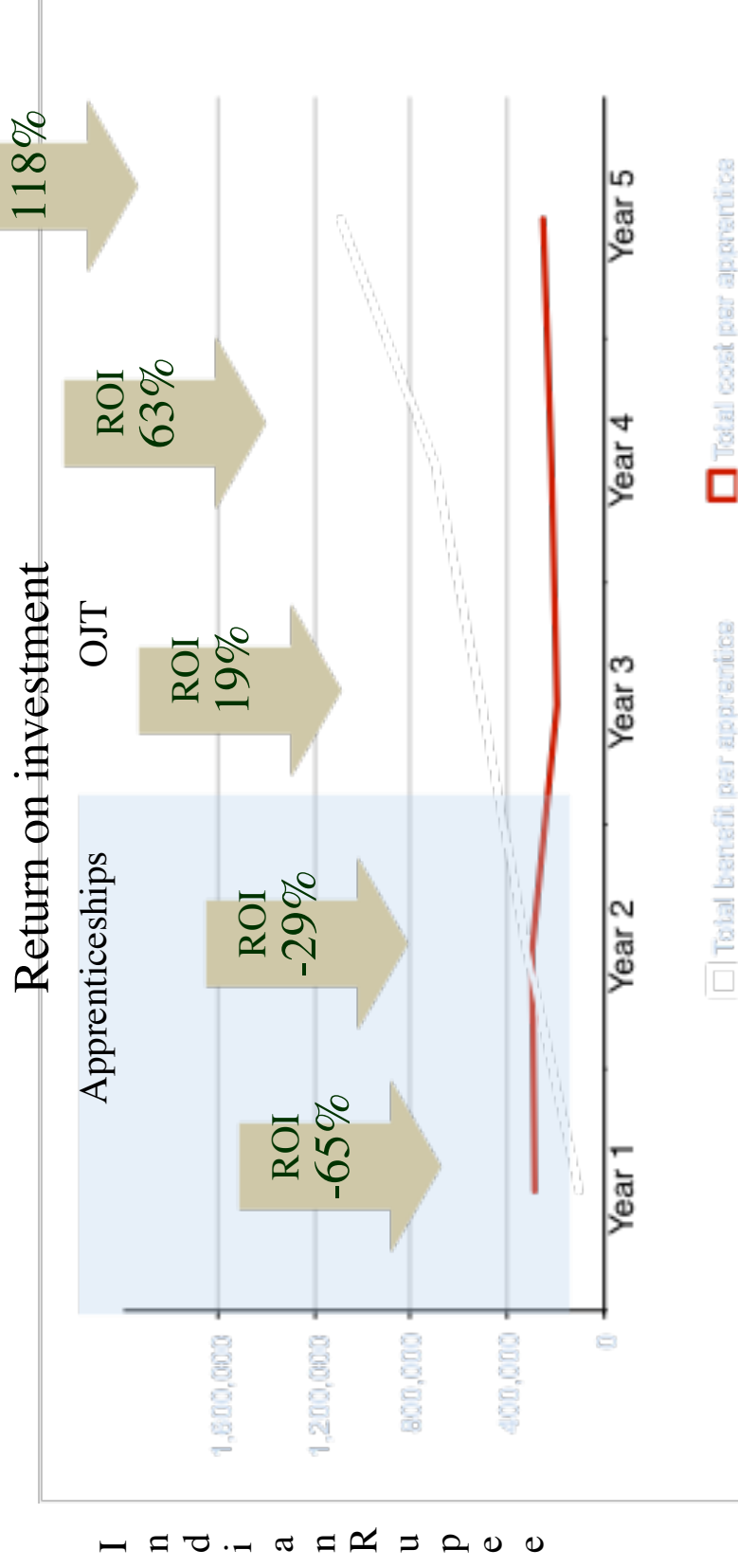


Net benefit by year and duration of apprenticeship (in Swiss francs)



Return on Investment (ROI) India, Technician

- Food processing equipment manufacturer
- 2 year apprenticeship programme for technician (80% practical, 20% classroom)



Source: Rothboeck . Using Benefit Cost Calculations to Assess Returns from Apprenticeship Investment in India: Selected SME Case studies

Saved recruitment costs



- Retaining apprentices save future recruitment and training costs (e.g. advertising a vacancy, conducting job interviews and the value of lost production until a new hire reaches full productivity)
- Empirical research on this aspect is scarce
- Hiring and initial training costs vary:
 - UK: 2.4-11.2% of wage bill
 - Switzerland: 3.3% of wage bill

Source: Muehleemann, S and Wolter, S (2013) "Return on investment of apprenticeship systems for enterprises: Evidence from cost-benefit analyses" *EENEE Analytical Report* No. 16

Factors that affect cost recovery



- Duration of apprenticeship programme
- Ratio between school-based and workplace learning
- Hours spent on actual production
- Retention of apprentices

Source: Muehleemann, S and Wolter, S (2013) "Return on investment of apprenticeship systems for enterprises: Evidence from cost-benefit analyses" *EENEE Analytical Report* No. 16

4. Occupational licensing



- Definition
- Benefits of the model
- Origin of the intervention
- Review of GPs around the world on OL
- Future of the intervention: in search of a champion!!



Thank you!