

# LESSONS FROM ABROAD

**Professor David Ashton**

## DEVELOPING SECTOR BASED APPROACHES TO SKILLS

In recent years many countries have developed sector-based approaches to raising employer demand for skills. These vary considerably from country to country but there are a number of common elements that appear to contribute to the success or failure of these policies. There is much we can learn from this overseas experience to improve the effectiveness of the UK sector skills approach. What this experience tells us is that for the UK the single most important factor in creating an effective employer-led system of skill development is to place the employers at the centre of the system, with employee support. Then ensure that the various component parts of the vocational education and training system are aligned and working together toward the same objectives.





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## ABOUT THE AUTHOR

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He has provided consultancy services in the field of training and human resource development to organisations in the private and public sectors, various government departments in the UK, South Africa and Singapore, and international organisations such as the EU and the International Labour Organisation. He is currently engaged in a research project funded by the Economic and Social Research Council on the skill strategies of multi-national corporations. His publications include: *Education and Training and the Global Economy*, (1996) Cheltenham: Edward Elgar, with F. Green; *Education and Training for Development in East Asia*, (1999) London: Routledge, with F. Green, D. James and J. Sung and *Supporting Workplace Learning for High Performance Working*, (2002) Geneva: ILO, with J. Sung.

## SSDA CATALYST - CONFRONTING UK'S CHALLENGES

This series of short papers, each written by a recognised expert in their field, is designed to provoke debate on crucial skill and productivity issues. Each issue of SSDA Catalyst will summarise the implications of influential research, and will recommend next steps for policy or business practitioners, lines of policy development and fruitful areas for further research.

Raising skills and productivity to enable the UK to compete in a global economy is a significant challenge. These short papers will offer no simplistic solutions. Some views expressed will undoubtedly be controversial, questioning widely-held assumptions and contesting public policy or business practice.

Our aim is to promote understanding of the skill and productivity challenge and to engender constructive debate.

Sam Porter, Chief Economic Adviser, SSDA

This issue of SSDA Catalyst is based on research the author undertook with Dr Johnny Sung and Dr Arwen Raddon. Dr Johnny Sung was the lead researcher and responsible, together with Dr Arwen Raddon, for the final report on which this paper is based. Johnny Sung also provided a valuable input into this paper. The author would also like to acknowledge the valuable editorial help provided by Sam Porter in sharpening the presentation of the argument.

The views expressed in SSDA Catalyst are those of the author, and do not necessarily represent the views of the SSDA or the Skills for Business network.



## WHAT MAKES A STRONG AND EFFECTIVE SECTOR SKILLS APPROACH?

An extensive review of practices in 9 countries<sup>1</sup> has identified six principal components that make up an effective sector skills approach.

### (1) AN EFFECTIVE SECTOR SKILLS APPROACH ENABLES EMPLOYERS TO PLAY THE KEY ROLE IN IDENTIFYING SKILL REQUIREMENTS AND DESIGNING THE COMPETENCIES REQUIRED.

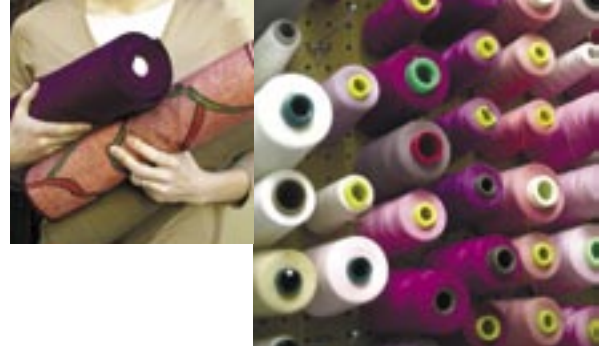
In addition to delivering practical on-the-job training, employers, and where relevant, unions and professional bodies, need to exercise control over the qualifications system, because this determines the content of the off-the-job training. In this way employers help to shape the supply of skills. However, there is considerable ambiguity in our understanding of the ways in which employers are incorporated into the process of identifying skill needs. This is reflected in the loose use of the term employer-led to mean employer-consulted, employer-owned, and employer-driven, among other things. The research revealed that when we talk of employer involvement this can be achieved in a number of ways.

- By employers driving or leading the determination of skill needs and the qualifications/competencies that are to be delivered, as in the Netherlands. There, employers play a key role in the sector-based Knowledge Centres where the competencies required for their sectors are identified and assessed. These Knowledge Centres are used to ensure that both work-based and school-based trainees are trained to the same standards.

- By civil servants using major employers as a model to identify the skill needs of specific industries, and then delivering the training or competencies through the employers. This approach has been pioneered in Singapore, which does not have a sectoral system.
- By employers owning the system, where they set up and finance the bodies used to define and deliver the skills. This pertains in the textile and construction industries in Hong Kong and to a certain extent in some UK sectors such as construction.
- By consulting employers about their skill needs and the delivery of training within specific sectors. In the UK this is done on a voluntary basis – through employer involvement in the Industry Lead Bodies which determined the NVQs, in the Sector Skills Agreements, and in other government training programmes such as the apprenticeships. In South Africa employers have a statutory obligation to become involved with their sector councils, if only through the payment of a levy.

Of these approaches, the latter is the one in which the employers play a more indirect role in determining the competencies which drive training programmes in different sectors. Thus in the UK many of the competencies at the heart of the NVQ framework were identified by consultants who then consulted employers to obtain their approval. This was one reason why employer up-take was limited in some industries.

<sup>1</sup> Sung, Raddon and Ashton (2006) "Skills Abroad: A comparative assessment of international policy approaches to skills leading to the development of policy recommendations for the UK", SSSA Research Report 16



The most effective approach is where the competencies are employer-driven. This ensures that employers actively determine skill needs and competencies that are used to deliver programmes. When this is combined with some control over funding, as in New Zealand and the Netherlands, it provides the most powerful combination of factors, as it helps ensure that other delivery agencies work to the sector's agenda. There are instances in the UK system where employers have been more directly involved in the development of qualifications, for example in the automobile industry. However, there is a case for all the Sector Skills Councils (SSCs) to reconsider the ways in which employers and unions are involved in the development of qualifications and the identification of broader skill needs.

### (2) AN EFFECTIVE SECTOR SKILLS APPROACH SECURES THE CONSENT OF EMPLOYEES.

Qualifications and skills also meet a public need. One of their most important functions is to provide a measure of transferable skills, and enable the individual employee to gain recognition for their wider skills in the labour market. To secure this objective, the most effective systems also involve unions, professional organisations or employee representatives alongside the employers in the determination of skill needs. This way the system achieves a broader legitimacy among the labour force. In the Netherlands the system involves the unions, as representatives of the employees, in the process of identifying sector skill needs. There, the employers take the lead, but the union representatives ensure that the needs of individual employees are met.

### (3) AN EFFECTIVE SECTOR SKILLS APPROACH MAXIMISES THE USE OF FINANCIAL INCENTIVES.

An effective sector skills approach usually involves the use of a range of financial incentives. These can take three different forms.

The first is the use of statutory regulation of one form or another, such as the levy on employers that is used in France. The French levy operates effectively in all sectors but is embedded in a wider social partnership system. In the Netherlands the levy is also used extensively but it is only between 0.2% to 0.5% of the wage bill that is paid into a sector training fund. In South Africa, the compulsory levy on all employers has been essential in establishing a national training infrastructure. However, other countries operate levies in a more selective manner. In Hong Kong levies have been successful but are confined to just two main sectors, textiles and construction. The Singapore government has imposed a tax on low paid labour as an incentive for firms to move into higher value-added industries and product markets. It then uses the proceeds to subsidise the training or upskilling of older workers across a range of sectors.

The second form is the use of direct government subsidies, such as the subsidies for trainees wages used in England's Employer Training Pilots or the provision of matched funding, where the government shares the cost of training with the organisations in receipt of the training.

The third is the use of indirect financial support. In the Netherlands, this takes the form of a tax refund of 15% of the trainee's wages for those employers which have their workplaces accredited by the sector council.

All these different types of financial incentive have proved effective in changing the behaviour of employers, but only under specific institutional and political conditions.



Whatever financial incentives are used, it is important that their use is aligned to other components of the system. It is important not to remove other features of the system such as the minimum wage, which may encourage employers to give greater attention to skill issues.

When we compare the UK to other countries, two distinctive features are apparent. Firstly, the UK government does not utilise the full range of financial incentives, and is therefore deprived of a powerful tool in changing employer behaviour. Secondly, the UK does not channel these financial incentives through the employer-led skills councils.

**(4) AN EFFECTIVE SECTOR SKILLS APPROACH USES GOVERNMENT FUNDING OF THE SECTOR SKILLS BODIES TO ENSURE THAT THEY TAKE COGNISANCE OF LONGER-TERM GOVERNMENT OBJECTIVES.**

There is a danger that if the councils are only responsive to employer demands, then the government may fail to achieve its wider and long term objectives, such as to encourage the economy to move in the direction of higher value-added production, or knowledge industries, or to respond to social (equity) objectives. For example, Canada originally established SSCs with the help of public money to kick-start the establishment of a sectoral approach to skills. Then later they decided to continue with public funding, because it gave the government leverage over employers to ensure that more general and long term policy concerns were addressed. The role of government in shaping the demand for skills is most highly developed in Singapore, where national economic development needs play a powerful role in determining which parts of the economy grow.

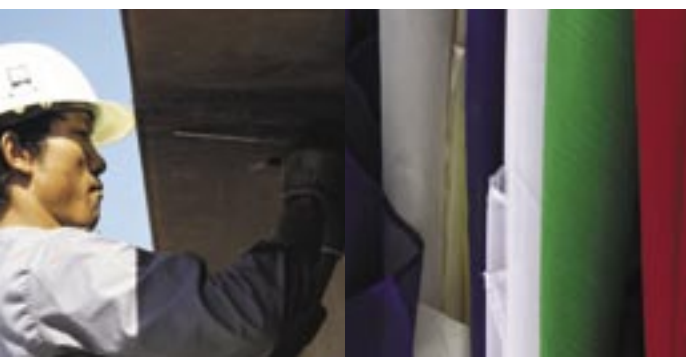
**(5) AN EFFECTIVE SECTOR SKILLS APPROACH ENSURES AT LEAST SOME OF THE FUNDS FOR PUBLIC TRAINING PROVISION ARE DIRECTED THROUGH EMPLOYER-LED SSCS.**

The single most powerful factor in shaping the supply of skills through the national vocational education and training (VET) system is the way in which the public money available for subsidising vocational education and training flows through the system.

The most effective SSCs are those in New Zealand and the Netherlands, both of which were employer-led, and directly in control of substantial funding for training. In the case of New Zealand, public funds are delivered on a per capita basis per trainee. In the Netherlands, there is a combination of public funds, tied to the volume of training in any one sector, and private provision in the form of a small levy on employers in the sector. In the USA, although there is no federal system of sector skill councils, it is evident that the success of the Workforce Investment Act and the High Job Growth Initiative is due in no small part to the fact that these provide for a high level of employer involvement in controlling the use of funds for training. What is crucial, is that the employer-led skills councils have a strong influence or control over the delivery of training programmes.

Without control over funding, the councils in the other countries examined, have been severely handicapped in terms of their attempts to ensure training provision and delivery is responsive to employer needs. For example, in Australia, the links between supply and demand for training are made via the “training packages” and the apprenticeship system, leaving the sector councils (ITABs and later ISC) as “smaller partners within a large framework, with multiple layers of influence and governance”<sup>2</sup>. The sector councils act as the voice of employers, but whether that voice is heard or not is beyond their control.

<sup>2</sup>Sung, Raddon and Ashton (2006), p51





This is the type of situation we are moving to in the UK. Here, the current system, with funding channelled through the LSCs, the RDAs and Train to Gain, means that the SSCs have only an indirect influence over the allocation and use of public funds for training. While the Sector Skills Agreements will increase the SSCs' influence over provision, other agencies control the funding and are responsible for the delivery of the programmes. All the evidence from the countries studied in this project suggested that where the employers are not directly involved in these activities, the system is far less responsive to their needs. The only way to ensure that employers needs are at the centre of the national skills system is to provide them with control over the resources required to deliver skills.

**(6) AN EFFECTIVE SECTOR SKILLS APPROACH ACKNOWLEDGES AND MANAGES THE TENSIONS BETWEEN THE CENTRAL OR FEDERAL GOVERNMENT AND THE NATIONS OR REGIONS.**

The move in the UK to a more devolved system of vocational education and training is raising crucial policy challenges for its sector-based approach to skills development. While education and training delivery, and the qualifications systems associated with it, are increasingly determined by national authorities the SSCs remain federal in their approach. The problems generated by this are already becoming evident. In each of the nations, the SSCs have to deal with different political priorities, systems of funding, national targets and qualification frameworks. This makes collaboration in pursuit of common policy objectives problematic.

Here there are very clear lessons to be learnt from countries with an experience of operating two-tier systems. There are two common problems faced by both the Australian and Canadian two-tier systems. The first is the limited influence of the federal councils, in part because of the limited resources made available to them and in part because of their lack of control over the funding of training at the state level. The second relates to problems of communication and conflict between the state councils who operate at the state level and respond to the local concerns of employers, and the federal councils who respond to the political priorities of the federal government. While the federal or central councils do provide a common forum for the sector at the federal level, their influence at the provincial level is limited. The result can be uncoordinated duplication across the states/territories.

This raises a further problem about the role of SSCs as a forum for employers. If they are organised at a federal level, this can provide an effective channel of communication to federal policy makers. However, the employers' influence at the local level will be limited. On the other hand, if the SSCs are organised at the local level, while they may be effective in influencing local VET provision, their influence on federal policy will be limited.

Australia's response to these problems has been to reduce the number of sector bodies at the federal level, and introduce a broader remit for them to become more focussed on the strategic development of the sectors. However, the resources available to the federal sector bodies are limited, and the individual states control issues such as registration of training providers and the funding framework for education and training.





Therefore the potential for conflict between the two levels remains. The federal government has recently attempted to address this problem by creating stronger, more direct links between the federal skills councils and the colleges providing the training.

In an emergent federal system such as in the UK, there is an urgent need to think through the problems of devolution to avoid serious mistakes. We need to be clear about what functions the central or federal agency performs, as opposed to those performed by the nations or regions. There is clearly a role for the UK federal sector councils to provide a forum for the sector and a voice to the UK government, as well as to facilitate strategic change within the sectors as they adjust to the pressures of global competition. What is less clear is whether they have a role at the state or national level, as we would call it in the UK. If instituted, national or regional skills councils or branches of the SSCs would be more in touch with the demands of local employers and could create more effective links with the different national systems of vocational education and training in England, Scotland, Wales and Northern Ireland.

If we continue with the present system, there are likely to be tensions and conflict between the SSCs, with their “federal remit” responding to the demands of Westminster, and the national and regional bodies that fund education and training and structure qualifications. Failure to act on these issues could mean confusion over the respective roles of the various components of the system and inefficiency in its operation.

## WHAT CAN GOVERNMENTS DO TO CREATE A SYSTEM THAT IS RESPONSIVE TO EMPLOYER DEMANDS AND RAISES SKILL LEVELS?

Here we examine a range of ways in which governments can use their powers and resources to shape the system. However not all these actions are equally powerful in their impact. We therefore start with the most important.

**(1) ENSURE THE COMPONENT PARTS OF THE SYSTEM ARE ALIGNED TO THE SAME OBJECTIVES AND THAT THE EMPLOYERS, WITH EMPLOYEES’ SUPPORT, ARE DRIVING IT.**

The single most important contribution governments can make to the establishment of an employer-led system of skill development is to place the employers at the centre of the system, with employee support, and make sure that the various component parts of the VET system are aligned and working together toward the same objectives.

SSCs cannot function effectively if their operations are constrained or contradicted by other components of the VET system. The other components referred to here are crucially the flow of funding, the delivery of skills through the vocational education system, the determination of vocational qualifications, financial incentives for training, the support of unions and/or employees and the objectives of other relevant government agencies.



Where the funding for training flows through employer-led sector councils, and where the employers control the qualification system, this ensures that the supply of skills through the VET system responds directly to employer needs. Such a system is made even more effective when two further conditions are met. Firstly when the unions and employee representatives are also involved, as this ensures that both the wider public functions of qualifications and the sector-specific needs of employees are met. Secondly when the employers are encouraged to further invest in the development of their existing workforce through the use of levies and/or tax incentives. All this can be illustrated by reference to the sector approach adopted by the Netherlands depicted in Diagram 1.

In the Netherlands the flow of public money for sustaining the VET system is in two directions. In one direction, it flows to the employer-led skills councils and, in the other, to the umbrella body responsible for delivering vocational training (BVE Raad). The flow of funds to the skills councils is used, after consultation with the unions, in two ways. To accredit employers to receive government tax breaks for training, so stimulating the demand for training, and to develop occupational standards, so shaping the curriculum used by the colleges to provide vocational training.

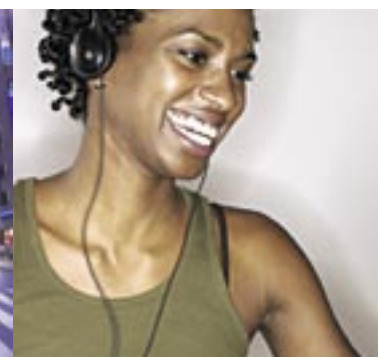
The public funds that flow in the other direction through the umbrella funding body (BVE Raad) provide the resources for the more theoretical off-the-job training delivered by the vocational training colleges. These colleges mirror the individual sector skills council in that they specialise in delivering the training for one sector. They provide the off-the-job training and some practical training for the employers, who then deliver the on-the-job component. The employers' demand for specific numbers of trainees is thereby met by the colleges, but the curriculum they use is determined by the occupational standards shaped by the employer-led sector skills council. This completes a virtuous circle with

employers in the driving seat. The use of public funds is supplemented by private money generated by the training levies imposed by the councils, which is then used to pay for training from the colleges in the form of one-off programmes – for example, special courses to retrain redundant workers in a sector or deliver new skills.

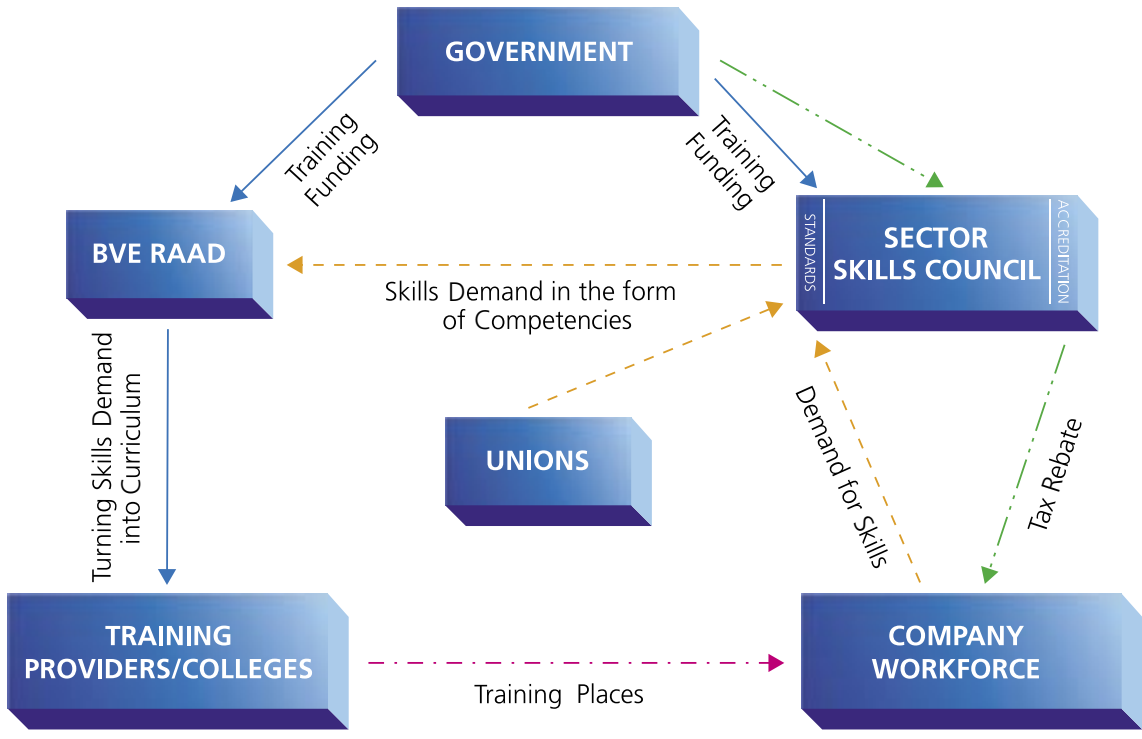
This cumulative reinforcement of the various components produces a system that is highly sensitive to the skill needs of employers but, because of the involvement of the unions, is cognisant of the public interest. This is what we mean when we speak of the component parts of the system being aligned to the same objectives and being driven by the employers.

In England there is no such virtuous circle with employers' organisations in the driving seat. The Sector Skills Agreements (SSAs) provide a potential mechanism for driving the system, as they represent the considered views of employers on the current and future demand for skills. But their effectiveness is restricted because the employer-led SSCs are not in control of the funding required to implement these agreements. As Diagram 2 illustrates, the SSCs are largely outside the system. Decisions that determine the use of public funds to stimulate training are made through the Regional Skills Partnerships (RSPs) where the Sector Skills Councils, through the SSAs, provide an input.

However, the agencies which control the use of these funds are the Learning and Skills Council (LSC), the Regional Development Agencies (RDAs) and Train to Gain (TtG). Critical here is that their remit is to respond to the policy agenda of the government. Thus, the decisions made about the number of training places and the level and type of training delivered by the colleges tend to be influenced more by the policy of the government than by the needs of employers. As a result the subsequent training places and programmes have to be "sold" to employers.



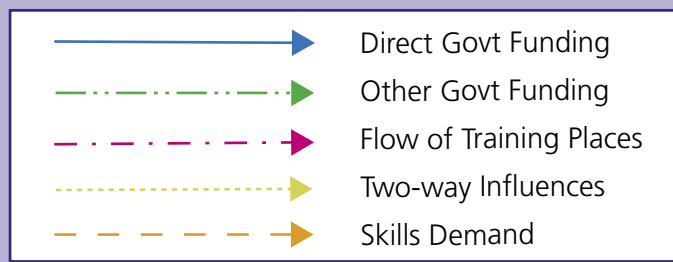
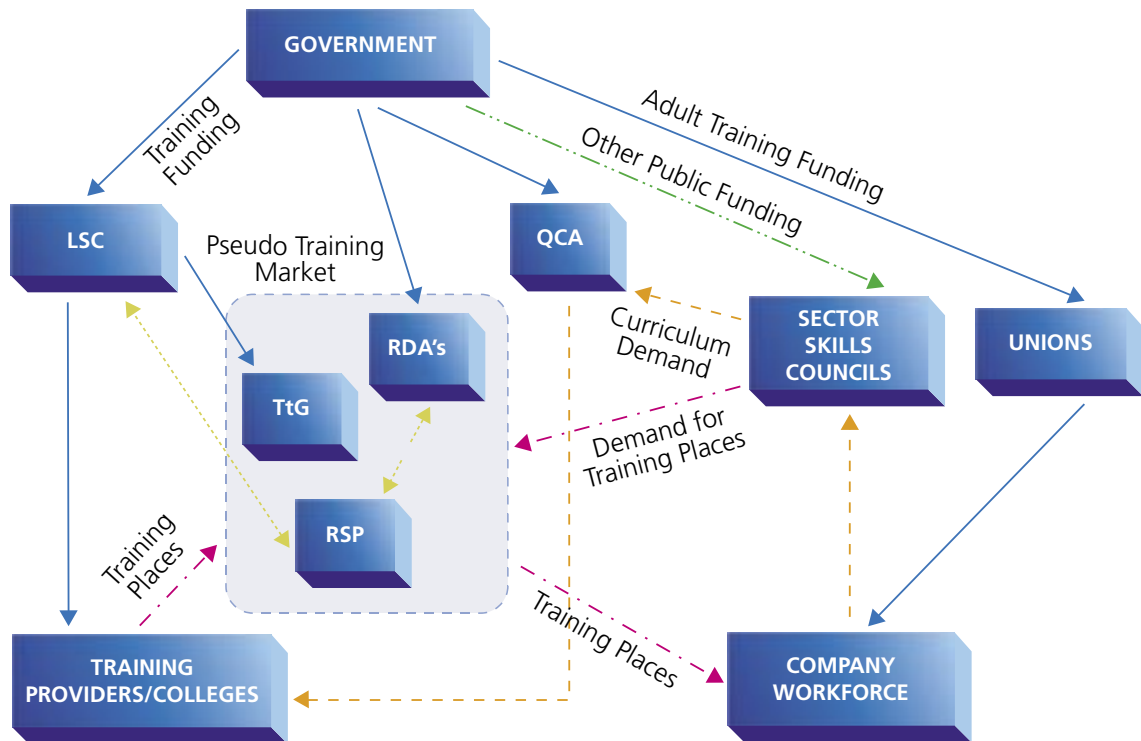
**DIAGRAM 1** THE SECTOR APPROACH IN THE NETHERLANDS



	Direct Govt Funding
	Other Govt Funding
	Skills Demand
	Off-the-Job Training



**DIAGRAM 2** THE SECTOR APPROACH IN ENGLAND



We therefore encounter problems whereby the employers may require training at level 3 but the policy of the government is to deliver places at level 2. Outside these agencies the only other recipient of public funds for training are the trades unions, although the amount they receive for the Union Learning Fund is relatively small and is primarily used to deliver formal qualifications through the workplace.

The other potential mechanism for ensuring that the system is responsive to employer needs is the control of the vocational training curriculum used by the colleges to shape the training they deliver. However, most of the vocational qualifications were designed before the SSCs were established, and control over them is vested in the Qualifications and Curriculum Authority (QCA) not the SSCs – although representatives of the SSCs work with the QCA. Again, unlike the Netherlands where the employer led skills councils directly control the curriculum, in England the skills councils have only an indirect say in the decision-making process. The overall result is that the curriculum content responds just as much to the policy agenda of the government, and its agencies, as to the needs of the employers.

When we now compare the outcomes of the two systems we can see the impact of the synergy of the various components in the Netherlands compared with the lack of synergy between the component parts in England. The result is that in the Netherlands the system delivers a fairly good match between the needs of employers for appropriately trained recruits and the output of the colleges. In addition, when it comes to continuing training, the Netherlands system encourages employers to update the skills of their existing workforce at whatever level they perceive a need. In contrast the UK policy imperatives of Train to Gain, and to a lesser extent the Union Learning Fund, tend to focus only on lower level skills, and, furthermore, only on those skills that can be certified.

This is not to deny the importance of enhancing lower level skills. The lack of lower level skills is one of the main reasons for the UK's productivity gap with competitor countries. Furthermore, there are also problems with the system in the Netherlands, not least of which is the failure of employers to generate sufficient training places, especially during the downturn of the business cycle. Nevertheless, the system in the Netherlands does provide a good example of what an employer-led system of sector skills training can achieve.

## (2) GOVERNMENTS CAN BE SELECTIVE ABOUT THEIR USE OF SSCs.

Some governments have given priority to supporting specific sectors that are believed to have a greater impact on economic growth, productivity or other policy objectives. For example, the government in Singapore has tended to encourage those sectors which are oriented to international markets and which provide the best prospects for increasing the nation's share of international markets and hence improve economic growth. Sectors that are located in predominantly domestic markets are still supported, but the main thrust of the national effort goes into those sectors where the prospects for high value-added industries and employment growth are greatest. Effectively this means different strategies for different sectors.

To a certain extent the UK government is already encouraging a variant of this policy when it comes to inward investment, by giving the RDAs targets based on their ability to attract inward investment in the knowledge-intensive industries.



A variant of this is for governments to use SSCs to strengthen emerging sectors, where these are seen to have value for the national economy. In Singapore the government has sponsored, through the activities of the Economic Development Board, the emergence of new industry sectors, for example in nanotechnology and optics/photonics. They are attracting entrepreneurs through financial incentives to establish themselves in Singapore in “incubators”, or communities of such entrepreneurs, through which they are provided with links to venture capital for funds and MNCs for access to world markets.

### (3) ENSURE THAT SECTOR COUNCILS CONTINUE TO REPRESENT REAL DIVISIONS IN THE ECONOMY.

It is important that sector bodies should, as far as possible, reflect real differences in the nature of the economy if they are to articulate differences in employer demand for skills. In New Zealand there are over 40 such sector bodies. However, while governments often attempt to achieve this objective when they initiate such bodies, they may subsequently seek to “rationalise” the system to reduce costs. This has recently happened in Australia, where the number of sector bodies has been reduced from 23 to 10. While this may achieve savings in the short term, there is a danger that the councils may no longer reflect real divisions within the economy. In this case important sector-based differences in skill demand may no longer be articulated in the VET system.

The UK has a good record in this area, by ensuring that the sectors have been defined by employers themselves to articulate important sector differences. Once there is a clear representation of sector differences in skill demand, it is possible to differentiate those skills that are generic and transferable across sectors from those which are sector specific.

### (4) ENSURE CLARITY IN FUNCTIONS OF SSCs.

SSCs may be seen to have a dual role. On the one hand, governments may seek to use them as a mechanism to steer employers, often in the direction of adopting higher value-added forms of production, while on the other hand they may confine their objectives to ensuring the effective delivery of training. In other words, should the SSCs’ objectives be to develop a strategic business model for their sector or a training focussed strategy. Experience in other countries suggests that either focus can be effective in delivering results, but that the delivery of results is more effective when there is clarity about the functions expected of individual SSCs. Some SSCs are expected to fulfil more of a strategic role in pushing the sector in the direction of higher value-added activities, especially in those sectors that are internationally traded, while in others it may be sufficient to ensure that there is an adequate supply of skills for the industry. Either way, clarity of expectations helps steer the activities of the sectors.



**(5) THE GOVERNMENT CAN ENSURE THE COMPLEMENTARITY OF RESEARCH AND LABOUR MARKET INFORMATION BETWEEN THE CENTRE (SSDA) AND INDIVIDUAL SECTORS.**

It is important to clearly establish and agree the appropriate activities to be undertaken by the SSDA and the appropriate activities for the SSCs. The experience of the French and US approaches suggests the need for a body such as the SSDA to provide three main research and information functions.

- To identify international trends and areas of national competitive advantage, to feed that intelligence back to the system and to align it with national policy priorities. The Economic Development Board in Singapore performs this facilitating process very effectively.
- To provide information to the SSCs on national trends. There may be lessons from abroad in how to make research forward looking by a) modifying forecasting methods and exploring how other countries such as Singapore have been able to plug gaps in the market, b) helping the market work more effectively and the individual sectors to be more responsive to national needs. In the USA they have developed a system of real-time databases (O\*NET) that contain vacancies and job seekers – with their skills attributes – for this purpose. This has inspired a similar system to be developed in New Zealand.
- The third is to ensure comparability in cross-sector research, for example to ensure that SSCs are using consistent employment categories. Here the SSDA can also play an important role in helping to identify areas of common interest among employers across sectors. This then frees the sector councils to work on more sector-specific and strategic research.

**(6) ENSURE EFFECTIVE PERFORMANCE MONITORING.**

The review of international best practice reveals that performance monitoring can be an effective means of measuring the work of sectors, have positive benefits in terms of accountability and make the best use of public funds. However it also revealed the need to maintain a balance between accountability and bureaucracy in developing systems to monitor performance of SSCs. There is a need to be clear on what should be measured, and how should it be measured, and to guard against such problems as excessive bureaucracy. An overly bureaucratic and complex system that attempts to monitor both activities and outcomes, as in Canada, can lead to a diversion of staff activities and be counterproductive. On the other hand, the system still has to be monitored and outcomes identified. But the experience of New Zealand suggests that for smaller Industry Training Organisations a mission statement and business plan has proved an effective means of monitoring outcome.

## CONCLUSIONS

COMPONENTS OF AN EFFECTIVE SECTOR SKILLS APPROACH
Employers play a key role in identifying skill requirements and designing competencies
The consent of employees is secured
The use of financial incentives is maximised
Government funding of sector skills bodies ensures they take cognisance of longer term government objectives
Some of the funds for public training provision are directed through employer-led Sector Skills Councils
The tensions between the central / federal government and the nations / regions are effectively managed
WHAT DO GOVERNMENTS NEED TO DO?
Ensure the component parts of the skills system are aligned to the same objectives and that the employers (with employees support) are driving it
Be selective about their use of Sector Skills Councils
Ensure that Sector Skills Councils represent real divisions in the economy
Ensure clarity in the functions of Sector Skills Councils
Ensure the complementarity of research and labour market information between the centre and individual SSCs
Ensure effective performance monitoring

It is clear from the review of international practices that there is no single set of “best practices” that can be identified and simply transferred from one country to another. However, there are important lessons that apply at the level of the “system” as a whole. The most effective route to ensuring the VET system responds to employer needs is to place the employers in the driving seat. This must be done in two ways. Firstly, with the help of unions or professional associations, ensure that employers’ sector needs are used to shape the curriculum. Secondly, ensure that employer-led bodies have some control over the funding of training. This will enable employers’ sector needs to determine the number and levels of trainees produced by the colleges and training providers. Once the system is responsive, then strong leadership from the sector councils, underpinned by public financing, can be used to push employers in the direction of the high value-added forms of production so critical to future economic success.

## RECOMMENDED READINGS

This issue of SSDA Catalyst is based on SSDA-commissioned research by Sung, Raddon and Ashton into national approaches to sector skills with special reference to Australia, Canada, France, Germany, Netherlands, New Zealand, South Africa, Singapore and the USA. In a paper of this size and nature it is not possible to go into details about the individual practices found in specific countries, but details of these can be found in the original report, “Skills Abroad: A comparative assessment of international policy approaches to skills leading to the development of policy recommendations for the UK”, SSDA, May 2006.

The report can be downloaded here:  
<http://www.sdda.org.uk/ssda/default.aspx?page=41>

Printed copies can be ordered from:  
[info@sdda.org.uk](mailto:info@sdda.org.uk)

There has been very little other research conducted into the role of employers in a sector skills approach apart from:

Gunderson, M. and Sharpe (Eds.) (1988) Forging Business-Labour Partnerships: The Emergence of Sector Councils in Canada. Toronto: Toronto University Press.

While there is a large literature on the operation of VET systems in other countries, there tends to be little discussion of the role of employers. The following provide discussion of different aspects of VET systems.

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The European Centre for the Development of Vocational Education (CEDEFOP) web site provides details of reports on the various national systems of education and training within the EU: <http://www.cedefop.europa.eu>

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The International Labour Organisation (ILO) has also published useful reports.

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The website for the relevant ILO publications is: <http://www.ilo.org/public/english/employment/publ/index.htm>

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The OECD also publishes research on various aspects of national systems of vocational education and training, primarily through their Education Directorate see: [http://www.oecd.org/topic/0,2686,en\\_2649\\_37455\\_1\\_1\\_1\\_1\\_37455,00.html](http://www.oecd.org/topic/0,2686,en_2649_37455_1_1_1_1_37455,00.html)

tr. of  
AYAN n.] A

. f. Prov. &  
Catalunya  
1. A native

**catalyst** /'kat(ə)list/ n.  
Something that initiates or causes an important event. Also *fig.*, an agent that facilitates a change.

**catalytic**

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Employer involvement in 14-19 Education: What role can/should employers play?

Small and Medium-sized Enterprises: How can SMEs meet their skill needs?

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