



United Nations Development Programme

LESSONS FROM TURKEY



# HOW THE PRIVATE SECTOR DEVELOPS SKILLS

OVERVIEW

## **HOW THE PRIVATE SECTOR DEVELOPS SKILLS: LESSONS FROM TURKEY**

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Istanbul International Center for Private Sector in Development

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## PREFACE

Building on the excellent cooperation that the United Nations Development Programme (UNDP) and Turkey have developed since 1957 and stemming from the provisions of the Partnership Framework Agreement signed in March 2011, the Istanbul International Center for Private Sector in Development (IICPSD) was established as the global centre of excellence in promoting actionable partnerships with the private sector for market-born solutions to growing development challenges.

The development and welfare of countries are closely linked to the presence of qualified human resources. National competitiveness is no longer determined solely by physical capital: the quality of human resources is central to productiveness and efficiency. Young people, in particular, need to obtain the necessary information, skills and qualifications required by the constantly changing business world. The importance of skills development increases daily because young people's skills are critical for sustainable development and employment. This IICPSD research initiative, therefore, represents a timely insight into the role of the private sector in developing human capital.

Researchers shared their initial findings at the "How the Private Sector Develops Skills: Lessons from Turkey" conference, held on 13 June 2013. The conference was an important step for strengthening links between skills generation and the labour market by bringing together public and private sector representatives. IICPSD, the Union of Chambers and Commodity Exchanges of Turkey, civil society bodies and institutions involved in the labour market and skills development united to achieve a common goal and demonstrated the importance of working together to develop skills more effectively.

Turkey will continue to promote education as a key area in line with its goal to become one of the world's 10 largest economies by 2023. We have two current priorities in education: achieving a "quality-centred transformation" and tightening the match between the education system and the labour market. We will prioritize applied training courses to develop human resources, and foresee policies to increase private sector participation in skills design and delivery.

I sincerely hope that this research serves as an example for similar studies and initiatives globally.

A handwritten signature in blue ink, reading "Cüneyd Düzyol", is placed above the printed name.

M. Cüneyd Düzyol  
Undersecretary of Ministry of Development  
Republic of Turkey



## FOREWORD

The 2015 deadline for the Millennium Development Goals is approaching. The successor post-2015 Development Agenda will continue to have poverty eradication and the reduction of inequalities at its core. Therefore, the generation of decent employment and the development of human capital will remain essential goals to create a poverty-free world by 2030. The opportunities for innovation and market growth are the milestones of the journey to a more sustainable global society. The power of knowledge that the education systems must deliver to all is the focus of this research.

Our main message is that the private sector actors have a role to play in both the design and delivery of skills development. Without the engagement of companies, chambers, business associations and the like, the skills gap will continue to grow alongside the rising world population. In turn, youth unemployment, women's underemployment and the marginalization of economically disadvantaged groups will worsen. I bear witness—having been, during my time in Government Office, a member of the National Council for Vocational Training in Spain—to how the tripartite responsibility over human capital development is one of the necessary conditions for its quality and speed. The private sector in particular has a fundamental role in this global effort.

This research was structured around two main goals in order to get a more comprehensive picture of how the private sector can contribute to skills development. The first goal was to increase academic awareness of and interest in this topic while establishing the basis for further research and case analysis. Though skills generation as a whole is a thoroughly researched area, the private sector component receives less attention, and few data are available on the modus operandi of business actors in skills development.

The second goal was to understand the lessons learned in different private sector-led and public-private partnership models in order to improve the results of multi-stakeholder partnerships with the private sector. As a result, successful practices can be replicated at local, national and international levels, and disadvantaged groups can acquire the necessary skills to participate in the value chains. Learning how to work with the private sector is key for effective skills generation and in turn sustainable growth.

It is also important for the Global Alliance for Sustainable Employment (GASTE) to expose countries in transition to the excellent models of technical education and skills development put in place in economies ranking among the 10 most competitive in the world. All relevant United Nations Agencies, Funds and Programmes are invited to join the debate and exchanges that GASTE will foster, ensuring that the considerable expertise of the United Nations system is shared. I very much encourage GASTE to facilitate South-South, action-oriented partnerships between governments, the private sector, labour unions and other stakeholders to promote effective governance arrangements in skills development. This is nowadays a fundamental building block for stronger economies and better societies.

A handwritten signature in black ink, appearing to read 'Magdy Martínez-Solimán', is located below the main text.

Magdy Martínez-Solimán

Director

UNDP Bureau for Policy and Programme Support



## OVERVIEW

A common challenge among all nations—regardless of their economic performance and human development—is integrating their youth into the economy. In 2012, the global youth unemployment rate was 12.4%, or 0.9% worse than the precrisis level in 2007.<sup>1</sup> According to calculations by the International Labour Organization, the Middle East and North Africa have the highest youth unemployment rates.

But this is not just a problem in developing regions, as indicated by the 18.1% unemployment rate among youth in developed economies and the EU. Worse, youth unemployment in the EU-27 was 22.8%, twice overall EU unemployment. In addition, 13.2% of the EU's population ages 15–24 are not employed or enrolled in educational or training programmes. Youth unemployment was particularly high in Greece (44.4%) and Spain (46.4%).<sup>2</sup>

Underlying causes have been identified but solutions have yet to emerge, despite increasing attention to the issue by governments and development organizations. Exacerbating the trouble in finding a solution is that as the job-seeking process drags on, the risk to human development increases, especially in fragile states. More importantly, low youth employment shows underperforming education policies and programmes. It may also indicate misallocation of public budgets, as an increasing number of graduates who find a job end up in an activity other than the one they trained for.

Skills development is crucial to the growth and sustainability of all developing economies. Not only is it related to resolving youth unemployment problems, but also to enhancing the profitability and operability of the market. Because the success of companies in a raft of sectors largely depends on the capacity of the country, market or education system to train qualified staff, which is one reason why vocational education has attracted such international attention. The World Economic Forum's Global Competitiveness Index 2012–2013 report, for instance, recognizes the importance of skills in creating competitiveness at the country level.<sup>3</sup>

Still, despite its vital role in development, skills generation comes up against serious challenges worldwide, including shortfalls in physical, legal and educational infrastructure; absence of win-win cooperation between the private sector and education and training providers; and financing issues. Countries and development agencies on their own have limited capacity to tackle these problems.



*BUTGEM Textile Workshop. Credit: BUTGEM*



It is hard to foresee and address the gap between labour supply and skills demand in the market, especially in a globalizing world reliant upon rapidly changing technologies. The private sector, however, has the potential to address deficiencies in skills generation as well as to bridge the mismatch. Companies can contribute to the education and training process, in turn producing qualified employees. Through its engagement in skills development, the private sector not only helps improve national competitiveness but also increases its profitability as better trained staff become available to it.

Private sector actors have a role in both the design and the delivery of skills training programmes. Without the engagement of companies, chambers and business associations, the skills gap will continue to grow. The unemployment of youth and marginalization of disadvantaged groups will only get worse. To overcome these challenges, the private sector's role must be better understood by all stakeholders, from public institutions to civil society.

### *The Global Alliance for Sustainable Employment*

As a result of the keen interest of all stakeholders, IICPSD and the Union of Chambers and Commodity Exchanges of Turkey established a global platform to promote greater private sector engagement in skills generation as a means for integrating disadvantaged groups into the economy and increasing positive development effects on the economy. The joint IICPSD–TOBB alliance—the Global Alliance for Sustainable Employment (GASTE)—was launched at a signing ceremony during the conference, *Private Sector's Role in Vocational Training: Lessons Learned from Turkey*. GASTE brings together international partners and stakeholders to research and promote new approaches to skills development with an emphasis on private sector-led skills development.

GASTE expects to foster cooperation and consultation among governments, private sector actors and other stakeholders in order to change management of skills development programmes. Given the importance of continually improving labour productivity for sustainable growth, IICPSD will partner with other champions in market-born solutions to poverty and business-led skills development programmes. GASTE seeks to enhance human capital, promote inclusive markets and integrate disadvantaged groups into the economy.

More specifically, GASTE aims to:

- Flag the importance of and promote new approaches to skills development, especially involving of the private sector in designing and delivering programmes that create more sustainable employment and irreversible poverty reduction;
- Facilitate South–South actionable partnerships among governments, private sector and other stakeholders to enhance development impact through skills development initiatives that mobilize private actors;



*IICPSD TOBB Signing Ceremony. Credit: TOBB*



- Share experiences on public-private partnerships and private sector-led initiatives in vocational education and training in order to facilitate knowledge transfer;
- Promote research on and sharing of lessons from cooperative efforts with the private sector designed to provide effective skill generation and inclusive employment in both developing countries and developed countries.

*Given the crucial role of skills for productive capacities and human development and the private sector's potential to contribute, it is vital to reveal, analyse and report on the cases where the problems of skills development have been addressed by the private sector, often through innovative solutions.*

The role of the private sector in skills development should not be seen as a substitute for state systems, but as a complement and a self-benefiting contribution to labour productivity and profits. Lifelong learning that secures adequate skills for the market is a powerful tool for poverty risk management, and it is a necessary investment by business in building economic resilience and competitiveness. In addition, lifelong learning has the potential to lift the barriers that prevent the unemployed from finding jobs. Skills empower people and help them build sustainable livelihoods. Both the Skills Toward Employment and Productivity (STEP) programme of the World Bank and the ILO's Decent Work Initiative rely on the business world's continual investment in competence-based training, which is critical to sustainable employment.

Stronger participation of the private sector in generating skills further ensures that employee qualifications will adjust to meet the needs of greening economies with sustainable production and consumption patterns. Vocational, technical and entrepreneurial skills should change with the market if the private sector scaled up its participation in building people's knowledge and capacities.

However, engaging the private sector requires more research and effective policies. The social response to radical change is usually market distorting, so social protection systems are difficult to adjust in real time. That is why the social model of the last century, with its contributory social security programmes and insurance-based protection against work-related risks, remains in place despite its failure to act effectively as a countercyclical force during downturns and a promoter economic sustainability.

Sustaining a transition from state-led social protection programmes to private sector-led skills training is a complex mission. The UNDP Istanbul International Center for Private Sector (IICPSD) has taken up this mission in the hopes that it can fight poverty by creating market-born solutions with private and public actors and international partners.

### *Highlights from five cases*

The research in this volume was structured around two main goals that would create a more comprehensive picture of how the private sector can contribute to skills development. The first goal was increasing academia's awareness of and interest in these programmes in order to establish the basis for further research. Although the topic as a whole is thoroughly researched, the literature on the private sector component is rather weak; there are little data available describing the modus operandi of business actors in skills development.



The second goal was analysing different private sector–led and public-private partnership models to derive lessons to help various stakeholders more effectively partner with the private sector. Sharing knowledge about successful practices allows their replication locally, nationally and internationally, improving efforts around the world helping disadvantaged groups acquire the skills required to participate in value chains. Learning how to work with the private sector is thus crucial to effective skills generation and in turn for sustainable growth.

The obstacles to improving skills generation are not only limited to practice. Attempts by the private sector, and by private sector–led or public-private partnerships, to overcome them have been inadequately researched. As a result, generalizable best-case scenarios are either undocumented or remain unknown.

So, given the crucial role of skills for productive capacities and human development and the private sector’s potential to contribute, it is vital to reveal, analyse and report on the cases where the problems of skills development have been addressed by the private sector, often through innovative solutions. A comprehensive set of cases from a range of countries can form the basis for sharing tested and applicable models that can be deployed in projects and initiatives by the private sector.

#### *BUTGEM: Meeting the needs of local industry*

BUTGEM, a non-profit vocational and technical training body, was established in 2009 with the twin goals of responding to industry’s need for skilled technical staff and improving the welfare of disadvantaged people, especially unemployed youth. Bursa CCI and industrialists finance all BUTGEM activities; no government funding is required. Trainees do not pay fees for the training and services.

Every year, BUTGEM trains more than 3,000 young people in, for example, textiles, automotive metals, mechatronics, computer software and hardware. The employment rate for trainees who successfully complete the courses at BUTGEM has reached 80%.

#### **Private sector ownership, expertise and know-how**

BUTGEM is an initiative exclusively owned by the private sector striving to bridge the gap between labour demand and supply in Bursa through vocational and technical training courses. Since the beginning, the overall objectives, training courses and student selection for BEGEV and BUTGEM have been formulated to meet the needs of local industry while taking into account insights from industrialists themselves. According to Fahrettin Gülener, founder of Ermetal Inc., this approach illustrates how to develop solutions with a technical mindset. Private sector ownership of BUTGEM enabled the private sector to use the training courses’ output—skilled labour—as an input for the production process, which in turn leads to higher private sector engagement and knowledge transfer.

One of the frequent challenges faced by vocational and technical training programmes is using outdated training schemes that lead to suboptimal employment results. With BUTGEM, the training schemes originated in industry’s demands and were tailored accordingly, increasing the trainees’ employability. To replicate this successful approach, skills-generation programmes should address the skills demand of the market by targeting continuous private sector engagement.

#### **Close proximity to the production sites**

The first workshop was in Gülener’s factory, a location selection strategy also used by BEGEV and BUTGEM. The founders deliberately set the training sites close to the industrial estates to demonstrate their ownership



*BUTGEM Textile Workshop. Credit: BUTGEM*

and close engagement. The proximity naturally facilitates information exchange between the private sector and the training centre as well as with trainees: the industrialists visit the training centre to share their knowledge and experience and to select employees, while the trainees can observe the production process. The proximity also allows training centres to provide timely and effective services to the private sector, such as upgrading the skills of existing employees, which in turn generates additional income for the training centre.

Site selection for the courses is vital. When participants cannot assess the courses' benefits—mainly job opportunities—distance is an impediment to attendance.<sup>4</sup> Proximity to industry is a great asset to training programmes because they make clear the programmes' benefits to students and help direct them to job opportunities.<sup>5</sup> If the initiative prioritizes attendance, an easy-access training site is preferable, but if immediate employability is the prime concern, basing training close to industrial areas with private sector partnerships can greatly help to achieve the objectives.

### **Selecting the right candidates for job training**

Delivering proper training to the right candidates improves the chances of meeting goals for the number of trainees completing training and being employed after training. Trainee participation and completion rates depend greatly on the individual motivation to learn.

BUTGEM accepts applicants after face-to-face interviews. The interview committee has a thorough understanding of the programme's required skills and qualifications as well as the applicants' profiles. This initial evaluation helps guide and coach potential trainees, providing trainees with a clearer understanding of the content of and outcomes expected from the training programmes. Trainers frequently point out that BUTGEM's trainees are more enthusiastic to learn than other vocational training students because they know that BUTGEM is their final opportunity to start a career. Their motivation also increases their speed of learning, which in turn improves the course's effectiveness.



## MLMM: Improving perceptions of vocational education



MLMM Project Brochure. Credit:KOÇ

Koç Holding and Vehbi Koç Foundation, in partnership with Koç Group Companies (the country's largest private employer) and the Ministry of Education, launched the MLMM project in 2006. Its project partners included the 21 companies in the Koç Conglomerate including Tüpraş, Aygaz and Tofaş.

MLMM aims to promote youth employment by creating awareness of the importance of vocational education and developing a public-private partnership for improving it. The project's activities include pairing each vocational high school with one of the 21 companies in a relevant sector. Other components of the project include scholarships to students of vocational high schools, internships at Koç Group companies for students, coaching by employees of the Koç Group companies, up-to-date laboratories in vocational high schools, training for vocational high school teachers, partnerships with national and international organizations and recruitment priority for the vocational high school graduates in Koç Group companies.

### Ownership and engagement increase the project's performance

The strong commitment from the family and the corporate group shaped the project in several ways. They ensured a programmatic and coordinated approach, increased the engagement of the units from the participating group companies, spurred synergies through the involvement of a diverse group of companies and institutions, and enabled policy-level dialogue and advocacy with stakeholders at the highest level of all sectors.

Group-level corporate social responsibility policy-making leads to companies creating policies and technical units fully engaging with the programme. For instance, internships for vocational school students became a responsibility of human resource (HR) divisions across the Group's companies and were monitored by Group headquarters. In certain cases HR units even approached suppliers and other business partners for internship placements, reflecting how deeply units internalized the project's goals. Members of the Koç family cultivated stakeholder buy-in by publicly thanking company focal points and vocational high school coaches (MLKs) at

annual corporate meetings and sending letters of appreciation for their contribution to the project. The personal engagement of the Koç family in making these acknowledgements empowered employees by increasing their motivation and dedication to the project.

*Group-level corporate social responsibility policy-making leads to companies creating policies and technical units fully engaging with the programme.*



### **Improving the reputation of vocational high schools**

A key contribution of the project's development professionals was framing the problem and formulating an achievable, complementary and meaningful intervention. Technical and vocational education is a constant item on the agenda of the government and development institutions, but their targeting of the problem with considerable resources has not yielded the desired results. One previously neglected constraint to the success of training programmes is the low reputation of vocational education among students and the private sector. Families and students consider vocational education as a choice for underachievers or students who lack any other opportunity. Many employers share these perceptions and recruit university graduates into jobs that simply require vocational skills. However, there are not many job seekers with the required technical qualifications and four-year university degrees.

To remove these misconceptions, MLMM carried out activities including an advocacy campaign to raise awareness among the public and the private sector; scholarships demonstrating appreciation for student success and to increasing their self-confidence; project competitions to showcase students' talents and to counter the negative image of vocational education; and prioritizing MLMM scholars in employment among Koç Group companies. MLMM also aimed at changing the negative perceptions of HR divisions of private companies, which are key stakeholders in recruitment.

### **An innovative coaching system**

Vocational high school students often lack motivation in their studies, in part due to the poor reputation of vocational education. In addition, most of these students belong to disadvantaged and excluded segments of society. These personal and systemic factors generally accumulate and lead to low self-perception. As a result, in addition to technical education, these students need support for both personal and professional development.

A key component of MLMM, the vocational high school coaching of the MLK system assists students in their personal and professional development, promotes their social inclusion and improves their self-confidence. The coaches, selected from successful employees who are also vocational high school graduates, function as effective role models because they can empathize with students. The MLK system has a well-developed and standardized framework integrating a set of predetermined personal and professional development modules. The coaching programme's objective is ensuring that students are well rounded and ready for future challenges.

The coaching programme includes coordinators based at partnering companies who ensure the proper functioning of the project by organizing project activities, coaches and MLKs. This two-tiered system is based on volunteerism, which provides an opportunity for Koç Group employees to enhance their personal coaching and communication skills as well as their contribution to society.

#### *SÜTAŞ: Building technical and occupational skills for the dairy industry*

Sütaş, a leading dairy products producer, signed a partnership protocol with Uludağ University in 1996 with the goal of improving private sector–university collaboration in vocational education. The partnership established the Sütaş Dairy Farming Education Centre to provide practical field experience and theoretical training for the students of Karacabey Vocational College (VC) Department of Livestock Breeding. In 2000, Sütaş signed a protocol with the Turkish Ministry of Food, Agriculture and Livestock



(MFAL) to train dairy farmers, animal keepers and technical personnel in dairy breeding techniques. Sütaş established a partnership with Aksaray University in the same manner as its earlier partnership with Uludağ University, opening another Dairy Farming Education Centre in 2010. The partnerships between Sütaş and the vocational colleges not only provided occupational and technical skills to their graduates but also contributed to the overall quality and capacity of the dairy products labour market.

### Identifying the lack of skilled labour in the dairy value chain

Sütaş identified the lack of quality human capital as one of the bottlenecks in the dairy production value chain. The constraints existed at two key stages: at the milk production stage, farmers provide physical

labour. At the processing phase, qualified vocational skills are needed to process the milk, a sensitive raw material.



*Credit: SÜTAŞ*

Sütaş's vocational education and training targets vocational college students and farmers to strengthen the value chain and increase its inclusiveness. In the producer training courses, farmers attend theoretical lessons and applied training courses that provide introductions to modern dairy farming techniques and the latest knowledge. Successful participants are also entitled to certification authorized by Sütaş and MFAL.

The most critical component of the VC students' training courses is the applied training courses held at Sütaş's training

farm and facilities. Students become familiarize with the production equipment and the processing stages, methods and techniques employed. Sütaş reaches out to these students to inform them about promising career opportunities in the dairy sector. The scholarships and internships offered by Sütaş to the Karacabey VC students are among the many ways the company communicates these job prospects.

### Sector-wide intervention increases overall productivity

Sütaş seeks a solution that benefits the dairy sector as a whole. It aims to conduct all business responsibly and defines education as a key component of its responsibility to the sector and society. Because the education gap in farming is considerable, the returns of training courses are high, with even a brief course greatly improving capacity. Lack of efficiency among farm production complicates logistics, given the higher transportation costs per litre of milk and low yields per farm and per animal. Thus business efficiency should improve along with the productivity gained through vocational education and training.

With this guiding perspective, Sütaş provides training not only to its own suppliers but also to farmers from other regions. In line with its sector-wide approach, Sütaş partners with sector stakeholders, such as the Cattle Breeders' Association, fodder producers and MFAL, contributing to and benefiting from their activities.



For instance, the participation of experts from these institutions improves the quality of training courses by sharing up-to-date methods and techniques. The training courses provide an opportunity for farmers and participating institutions to enlarge their professional networks.

All actors in the sector are better off with the productivity increases and associated sector growth created by vocational training and education. Thus dairy sector stakeholders may consider sector-wide cooperation when developing training programmes.

### *ÖZİMEK: Helping a wide range of social groups*

The ÖZİMEK project was launched in 2007 by the Istanbul Special Provincial Administration, Istanbul Provincial Directorate for National Education, Istanbul Provincial Directorate of the Turkish Employment Agency and Istanbul Chamber of Commerce with the aim of addressing unemployment in Istanbul by providing vocational training courses to a wide range of social groups.

#### **Use of idle capacity**

The project uses the existing capacity of vocational high schools during their off hours. Entry costs are the single highest cost for vocational training projects and initiatives, especially for those targeting manufacturing. Because infrastructure, machinery, equipment and software require heavy investment, most vocational training projects created by Istanbul's municipalities and chambers avoid providing courses in subject areas that require this investment.

ÖZİMEK identified this challenge, deciding to bridge the gap and thereby increase the courses' attraction. The project capitalizes on the infrastructure of selected vocational high schools by using them during evenings and weekends. Taking advantage of these otherwise idle resources increased the capabilities of the project beyond its financial resources. This led to two additional benefits: improved access to teachers' and instructors' time and higher participation rates due to students' and employees' ability to attend courses after their studies or work.



*Credit: ITO*



## **Effective project management and institutionalization**

The implementing institutions, driven by their mandates to establish a long-term engagement with vocational education and training, identified solutions within the project's scope that built on their synergy. Given that all implementing institutions have distinct duties and responsibilities in delivering skills programmes, they unified by treating the project as an independent initiative. A well-defined project protocol, with clear roles, responsibilities and allocations of resources provided the project with a self-regulating structure beyond the implementing institutions' identities. The steering committee, comprised high-level executives from the partner institutions, served as the highest decision-making and monitoring body. This top-level engagement boosted the strengths of the project partners and helped overcome bureaucratic obstacles.

The steering committee is not limited to decision-making; it also conducts monitoring and onsite auditing. Two members of the committee were assigned to conduct onsite auditing for each course. This opportunity for close observation allows the committee to validate and improve their decision-making, prevent possible future mistakes, improve programme execution and enable timely responses by management.

Thus for effective project management, the active engagement of executives from partnering institutions should be considered. This enables partnering institutions to work together and improve project outcomes.

## **Demand analysis and positioning**

ÖZİMEK was successful at identifying the supply of and demand for training, allowing it to position its offerings accordingly. It analysed similar projects (İSMEK, BELTEK) to choose course areas while avoiding duplication.

The project selected occupational areas based on machinery, metal moulding, installation, metalwork, welding, engine and press—areas where other projects and initiatives are relatively weak due to heavy investment requirements. The project relies on information from members of chambers of commerce and the studies of Istanbul Chamber of Commerce and İŞKUR. To avoid duplication and unnecessary competition with the private sector, ÖZİMEK does not offer courses in areas that are well covered by for-profit vocational training providers, such as basic information technologies.

Since coordinator-teachers interact with the manufacturers offering apprenticeship and internship programmes, they are a reliable source of information for what is demanded in the market and how to improve course content. The openness of the project's implementers to new information enabled them to better respond to the market. In its later phases, the project shared its experience with an international project supported by the Turkish Cooperation and Coordination Agency and implemented by Istanbul Chamber of Commerce. Students from abroad were trained with the materials and under the approach developed by ÖZİMEK.



### *UMEM: Determining what the labour market needs*

A partnership between TOBB, Ministry of Labour and Social Security, Ministry of Education and TOBB Economy and Technology University (TOBB-ETÜ) launched UMEM in 2010 with the goal of increasing employment.

The project aims to improve employment-generating mechanisms and productivity by addressing the needs of the labour market. The object is increasing the effectiveness of vocational schools by reorganizing the educational system, strengthening the educational and technological infrastructure and ensuring the participation of chambers of commerce and employers in vocational education and training.

### **Labour supply analysis**

Labour market supply analysis is the key component of labour market assessment, though it usually attracts less attention than it deserves. High unemployment rates lead to a hasty conclusion about the demand for vocational courses that overestimates the interest of the unemployed. As the studies of the Social Policy Center of TOBB -ETÜ<sup>6</sup> and the interviews during the case study write shop indicate, job seekers' reluctance for a career in manufacturing stems from their prejudices about jobs in manufacturing, the historically low wages of those jobs, the better working conditions in the service industry and the difficulties associated with the location and schedule of the courses. Further, many job seekers opt to work in the service sector because less training is required for entry-level jobs. Also, while there are job seekers willing to take a job in the manufacturing industry, they are reluctant to change cities for training or jobs. Targeted advocacy activities should be adopted to overcome prejudices.



(From left to right) Minister of Labour and Social Security, Faruk Çelik; Minister of National Education, Prof. Dr. Nabi Avci; and TOBB President Rifat Hisarcıklioğlu. Credit: TOBB



The average wage differential between manufacturing and services is not high, despite manufacturing's reputation and more challenging work environment. For instance, the average monthly gross earnings of plant and machine operators and assemblers in 2010 was only around 62.5 TL higher than those of service and sales workers.<sup>7</sup> For realistic estimates about outcomes, projects need to do more than simply consider market signals from the private sector. The willingness of job seekers to be employed where courses are held should be assessed to avoid wasting scarce resources and causing early dropouts.

### **Market conditions and level of industrialization**

Vocational education and training programmes should be designed and operated in line with labour market dynamics. Key challenges, especially for regional and national projects, are the divergent market conditions and varying levels of industrialization across provinces. The qualified human resource needs of the manufacturing industry, as well as its capacity to absorb trained job seekers, vary by the strength of the industry, sectors active in a particular city, local demand and ease of sales and transport of goods.

UMEM faced these challenges when offering courses in the less industrialized parts of Turkey. In small provinces such as Tunceli, which has only a weak manufacturing base and no effective organized industrial zones, lack of private sector demand limits the number of courses offered. In contrast, industrialized cities such as İstanbul, Kocaeli and Bursa host the highest number of courses.<sup>8</sup> The demand for technical and industrial vocational courses therefore corresponds to local industrialization.

### **Nationwide public-private–university partnership**

UMEM is a nationwide public-private–university partnership, which distinguishes it from other projects. The key stakeholders of the vocational education and training cycle manage the national governance and coordination structure and the administration of the courses at provincial level. The project thus facilitates a partnership between the public and private sectors through a new governance structure that includes private leadership around the country at all levels.

UMEM's nationwide public-private network allows for active involvement in labour policy and disseminates good practices even to the most distant areas. The private sector's engagement ensures that policies and resources are available nationally and that customized training meets the demand and improves responsiveness at the province level. Some design flexibility is necessary to ensure better adaptation to local conditions.

### *Determining impact*

The cases showed the many differences among them. Yet there is one overriding common challenge: determining the lasting effects resulting from their activities. In vocational education and training, assessing programme effects is central to ensuring further achievement by identifying good practices and generating the lessons from the experience.

The impact here is threefold: on the private sector, on individuals and on society. For enterprises, the impact on business performance and profitability constitute the key components for determining programme success.<sup>9</sup> "Quality of end products", changes in "sales" and "exports", as well as "innovation" are among other key indicators.<sup>10</sup> For individuals, determining the effectiveness of the programmes requires analysing indicators such as graduate employability and success in upgrading of skills.<sup>11</sup> ILO's suggested indicators, for instance, are not limited to "salary" and "income". Duration of finding and sustaining a job, improvement in job performance,



*BUTGEM Automotive Workshop. Credit: BUTGEM*

and change in welfare are among the other variables that should be incorporated for an effective assessment.<sup>12</sup> For society, the use of development indicators such as the inclusion of disadvantaged people in the economy and access to sustainable incomes helps to identify those practices that make a greater contribution.

All projects and initiatives analysed in this pilot research—and probably most of the ones in skills development—lack comprehensive impact assessment mechanisms, which limits their capacity to identify the programme that components are better at improving skill sets, increasing the chances of employment and promoting opportunities for disadvantaged groups. Due to this, knowledge cannot be shared across cases, and sectors. As a result, programmes needlessly repeat similar mistakes and reinvent the wheel.

It is thus constructive to discuss, case by case, progress towards impact assessment and what is needed to better analyse the outcomes of the research initiatives.

The lessons from BUTGEM could be greatly enhanced if there were more effective mechanisms to assess the impact of the initiative. While the programme monitors basic indicators, such as the number of the trainees who find employment, the exact effect of the training on medium- to long-range employability is unclear because we do not know answers to the following:

- Do these trainees get promoted faster than their peers?
- Is their productivity higher than that of their peers?
- Do they remain in the jobs that they found?
- What is their level of contribution to the productivity and competitiveness of Bursa's industries?
- How many of them were from disadvantaged groups?



Answering these types of question is necessary to enable scaling up the initiative and replicating the model elsewhere.

MLMM is a multifaceted project with various components, each of which could constitute a subproject on its own. Other private sector actors and stakeholders of vocational education could learn substantially more from MLMM if a robust impact assessment mechanism were in place to identify the project activities that created greater value by increasing the employability of vocational school students and contributing to their personal and professional development. If there were a better understanding of MLMM's impact, the project could design more effective and results-oriented strategies. MLMM did in fact conduct a social impact assessment study of its first four years of implementation in 2010.

ÖZİMEK kept records of its trainees' employment status after they completed the courses: whether they found employment or received a promotion or salary increase. A more robust impact assessment, though, would have also helped it determine which courses contributed to these outcomes most, which would lead to more sustainable employment in the long run. Understanding the results of the different project activities—such as the engagement of local institutions, the human resource portal or the awareness-raising events—would enable resource allocation to the components that make the greatest contributions.

Sütaş conducts surveys for its training participants after they complete their courses, creating a continuous feedback mechanism. After IICPSD began to analyse Sütaş's vocational education and training initiative, the company commissioned an independent study to evaluate the activities. It is difficult to analyse the study's findings because baselines were not established, but the study is a step towards impact assessment.

Within UMEM, TOBB-ETÜ plays a key monitoring role, tracking project implementation and providing important data on, for example, which courses students prefer and the reasons for high numbers of dropouts in certain locations and courses. While it is not complete as an impact assessment, it provides some ideas to project management about problems in the field.

For all of the projects, a central difficulty has been that they did not implement impact assessment systems prior to the projects' launch. Baseline data on the status of students and trainees, incomes, skills and the like should be obtained through pretests, and then compared with the results from post-completion tests.

Using impact assessment studies allows skills development programmes to refine and improve their courses, but they must gather the right data so that they are measuring all the relevant the results. The Global Alliance for Sustainable Employment makes this area a priority for enhancing the effectiveness of skills generation programmes that include the private sector.

## NOTES

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- |   |                                       |    |                                     |
|---|---------------------------------------|----|-------------------------------------|
| 1 | ILO 2013.                             | 7  | TÜİK 2010.                          |
| 2 | Eurostat 2012.                        | 8  | UMEM Case Writeshop, 28 March 2013. |
| 3 | Schwab 2013.                          | 9  | Cedefop 2011.                       |
| 4 | Ünlühisarcıklı, Arslan and Dinç 2014. | 10 | ILO 2011.                           |
| 5 | Canlı, Öner and Kemiksiz 2014.        | 11 | World Bank 2013.                    |
| 6 | Bilgiç Alpaslan and Marangoz 2012.    | 12 | ILO 2011.                           |



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