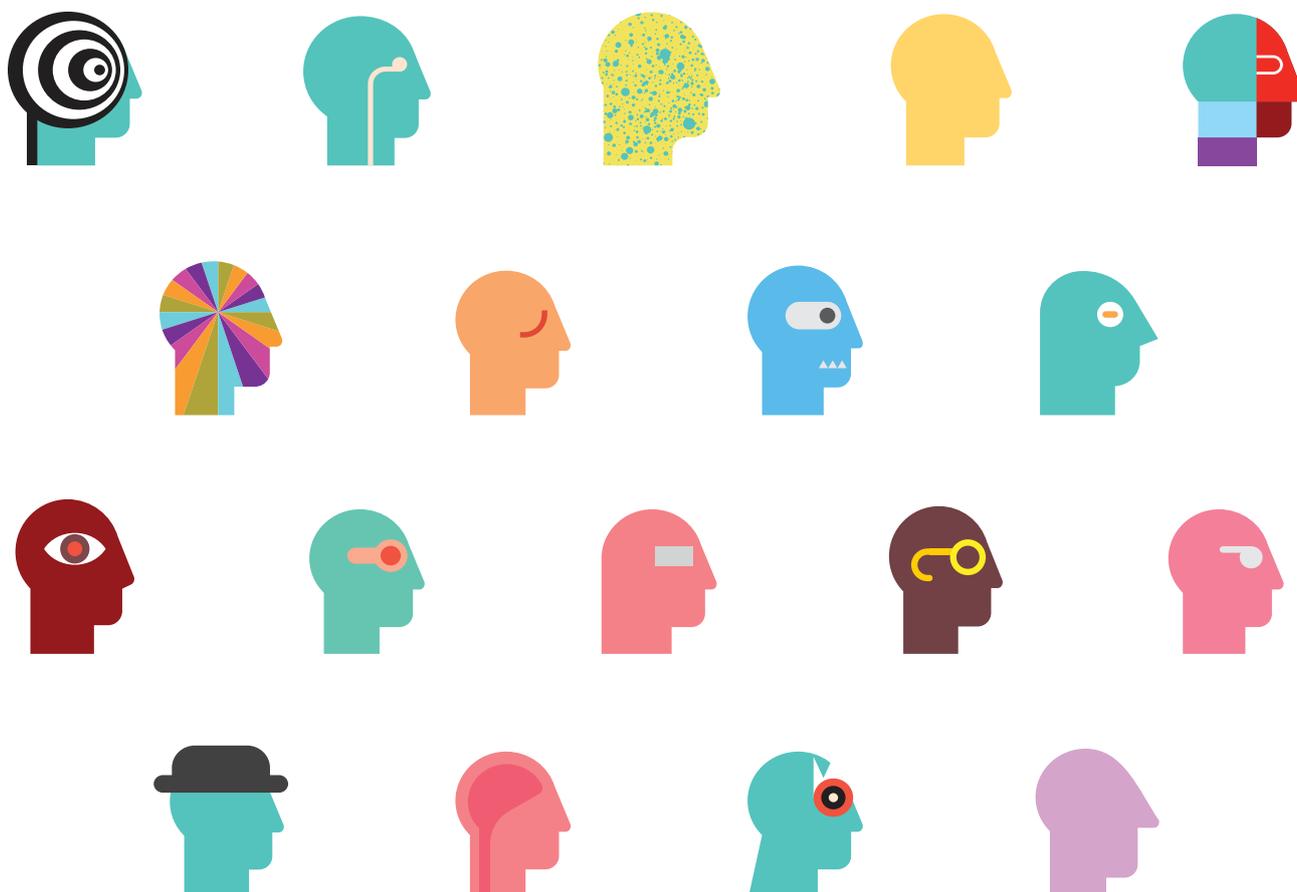




THE ADECCO GROUP



Employability, not only employment

VET, apprenticeships and the urgent need
to bridge the skills gap in a post-Covid world

Introduction

The global impacts of Covid-19 have been profound, and while governments across the world try to find the right economic and health routes out of the continuing crisis, employers too must find solutions to ensure businesses stay active, with a healthy, optimistic and correctly skilled workforce in place.

This paper argues that, as Alain Dehaze, CEO of The Adecco Group, recently said, now is the time to “invest in people, not only jobs”.

Investing in people and their skills is imperative, and the need immediate. The skills gap, apparent long before the outbreak of Covid-19, has accelerated as a result of the pandemic.

Vocational education training (VET) and apprenticeships have proven perfect vehicles for investing in people. Not only do they offer benefits for students as well as employers, but importantly, they can bridge the ever-widening, Covid-fuelled skills gap.

The impacts of Covid

“ There needs to be a shift of focus that currently equates academic achievement to employability, to one that champions skills ”

It has long been recognised that societal megatrends were already changing the working landscape. Increased automation, the ever-growing gig economy and the introduction of artificial intelligence, for example, were already impacting the workplace before the outbreak of Covid-19. There is now wide agreement that these megatrends have accelerated following Covid-19.

The skills gap, which has long been noted, has become even more pronounced with the onset of Covid-19, not only within the current workforce, but also with wider job seekers. The existing workforce, having experienced prolonged periods of remote working, have seen a need for improved IT skills, for example. Similarly, leaders too need different skills to navigate a new remote/office hybrid environment.

This skills gap in the current workforce and the wider job seeker market needs a coordinated and urgent focus, particularly as the impact of Covid-19 continues to affect the job market.

The Organisation for Economic Co-Operation and Development (OECD) has estimated that **GDP decreased by 15%** in member countries between the fourth quarter of 2019 and the second quarter of 2020. They had further predicted that a second pandemic wave leading to a second lockdown – at the time a possibility, but now a reality – could see unemployment rise to 12.6% by the end of 2020.

This rise in unemployment has significantly impacted the young. For example, the International Labour Organization's (ILO) Monitor findings show that one in six youths have had their work curtailed since the Covid outbreak, while the OECD notes that following the loss of 4 million jobs held by young people, youth unemployment went from 11.2% to 17.6% in three months as a direct result of the Covid crisis¹. Stefano Scarpetta, Director of Employment, Labour and Social Affairs at the OECD, gave a sobering summary: “In a matter of three months, Covid-19 wiped out the labour market progress achieved over 10 years after the financial crisis.”

As such, this year's graduates are faced with poor chances of securing a job in the short term, while their older peers are going through the second major global crisis of their still young careers. Similarly, workers that are in diverse forms of work have been hit hard during the Covid crisis, particularly the self-employed, with a gender gap also emerging as women see greater declines in employment than men.



¹ OECD, Employment Outlook 2020 Report

Alette van Leur, Officer in Charge of the Policy Portfolio and Director of Sectoral Policies at the ILO, suggests this is the worst crisis since WWII and, as a consequence, there is need for comprehensive, inclusive and forward-looking policy responses to support youth through the Covid-19 pandemic and beyond. This, she said, might avoid the emergence of a “lockdown generation” and prevent long-lasting damage to young people.²

There is, then, a **clear need to help young people into work, but the skills gap suggests that we might need to move away from an academic approach to one that prioritises skills and employability.** Indeed, it is vital we do. With the current unemployment outlook, governments are starting to invest in job creation schemes, and if predictions are that 85% of jobs that will exist in 2030 haven't been invented yet³, then the need for new skills becomes ever more apparent.

As such, there needs to be a shift of focus that currently equates academic achievement to employability, to one that champions skills that can be immediately taken and used in the workplace. Those already employed

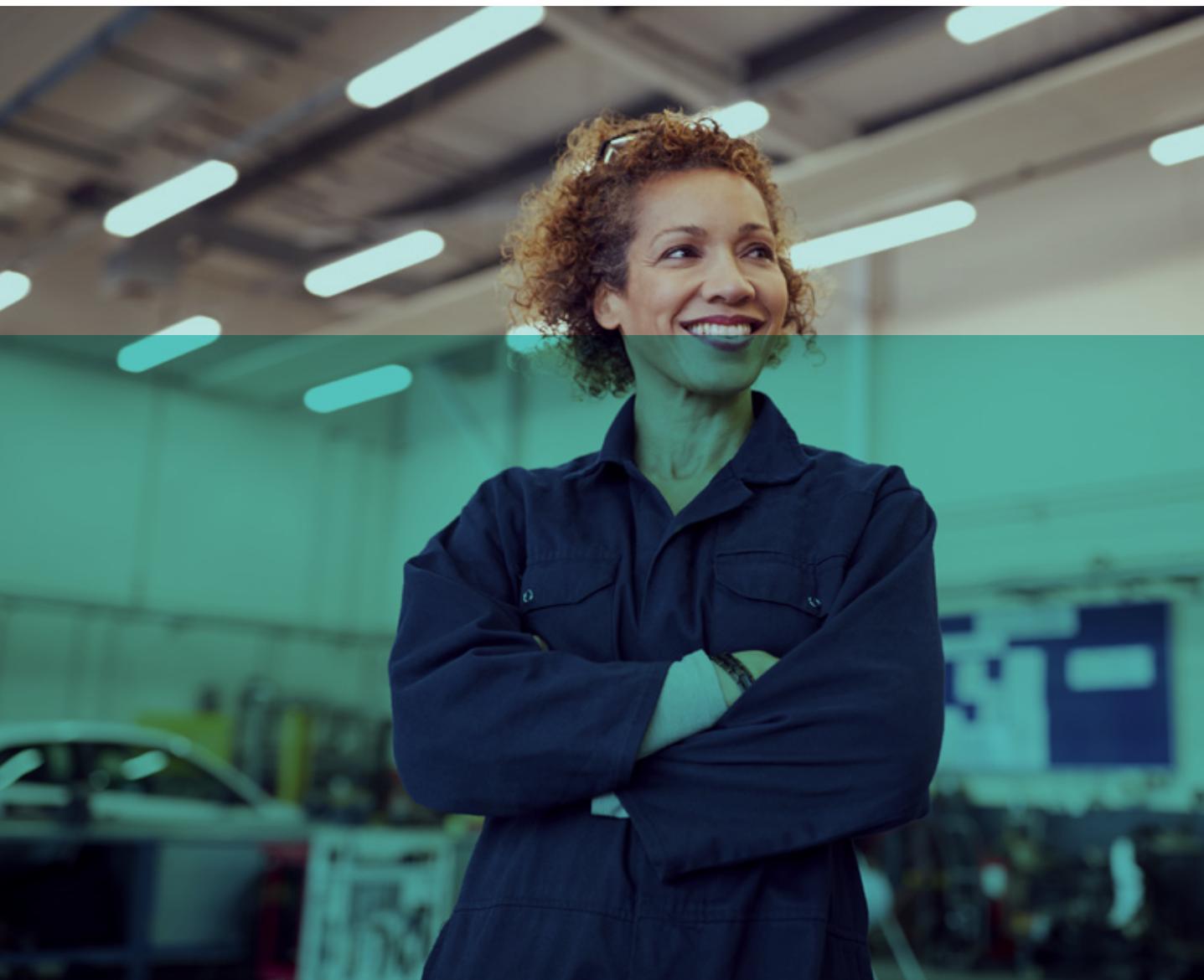
too need to move to a continual education mindset to ensure their skills, and therefore their employability, remain up-to-date and relevant.

This shift in mindset needs to happen on a societal level, to include students, workers, employers, trainers, education providers and the policy makers supporting them. The focus needs to be on narrowing the accelerating skills gap, and the only way of doing that is by providing learners with the skills needed by employers.

How to do this? **This paper suggests that vocational education training and apprenticeships might prove ideal vehicles** to equip job seekers with relevant skills, which might also lessen the potential economic impact as more people face labour market transitions. With this in mind, let us consider the advantages of using VET and apprenticeships to deliver employability, or employable skills.

² Quoted from GAN Global online seminar, 17 July 2020

³ Institute For The Future (2018)





Advantages of vocational training

According to the World Economic Forum, unemployment has become the number one identified risk by businesses and, as a consequence, **governments are starting to pivot towards massive job creation programmes and investments. This in turn will create a demand for a huge skill-matching exercise to join the dots between the unemployed and new jobs.** It might be useful, then, to consider the past success of VET and apprenticeship programmes in helping students transition into work.

Historically, young VET graduates have relatively lower unemployment rates than general education graduates or those who do not have an upper-secondary degree (17% versus 22% and 26%, respectively). These are outcomes we should be aspiring to: to have appropriately skilled workers in worthwhile employment,

and ones that give them high job security throughout their working lives.

VET delivers this. As Brunello and Rocco (2017) showed, VET graduates and those following vocational paths fare better in finding initial jobs. On average, **vocational graduates have a shorter gap between ending their studies and starting their first significant job:** 7.5 months for VET graduates compared to 8.9 months for general education graduates. They also have higher probabilities of spending their working lives in paid employment.

The reasons for this are varied. For example, VET is often cited as helping graduates transition from school to work, particularly for high-risk students. As Henriques et al (2018) showed, vocational paths for these students lowered dropout rates, thereby benefitting their labour

market prospects. As such, **vocational routes deepen the pool of available graduate talent**. But giving the right skills is crucial, and Verhaest et al. (2018) show that VET graduates at the start of their career are less likely to be mismatched by qualification and have a lower degree of over-skilling compared to general education graduates.

“ The best thing employers can do to improve their business, their workforce and their community is to stop hiring based on four-year college degrees ”

Ginni Rommety, former CEO of IBM

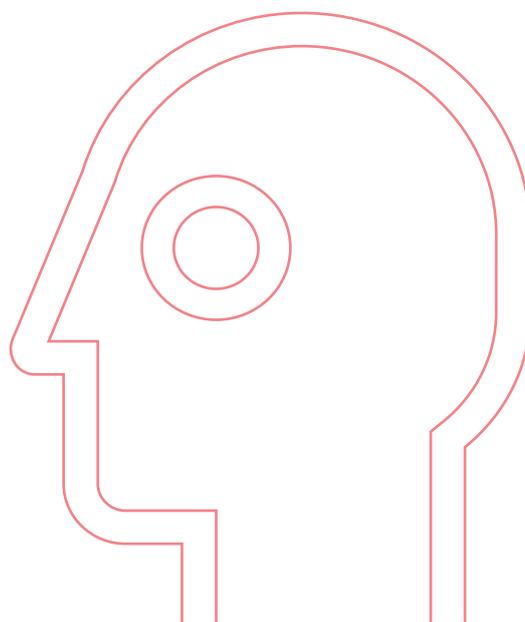
But the benefits of VET and apprenticeships are wider than only helping those who did not follow an academic education. **VET might also be effective in providing those currently within work with the skills needed to adapt and reskill in a changing working environment.**

All of this suggests that VET and apprenticeships offer demonstrable benefits and advantages in transitions from study to work, that have proven to work - the fact that young VET graduates have higher employment rates and lower unemployment rates than general education graduates in OECD countries has remained stable over the past 15 years, as has been seen in, for example, Austria, Germany, Norway and the United States.

Switzerland too might provide a perfect example that demonstrates the benefits of vocational training, not only for graduates and employers, but also for the country as a whole.

The Swiss mechanical, electrical and metal industry (MEM) is Switzerland's biggest industrial employer, with some 320,000 employees, but is one that needs continual access to qualified, skilled workers. For decades, Switzerland had already been one of the leading nations in championing vocational skills and, within the MEM industry, this has proven invaluable. Currently training between 19,000 and 20,000 people, the MEM industry is one of the largest training facilitators in Switzerland, and the benefits are clear. Not only are the skills of the graduates matched to the industry, benefitting both student and employer, but this level of investment in training has also given the Swiss MEM industry a strong global reputation, which sees almost 80% of its products exported. This makes Switzerland second in ranking per capita for machinery exports globally.

Overall then, **VET graduates are equipped with the skills needed to ensure they enjoy lower unemployment levels** and in jobs where they will be given full-time, permanent contracts. However, neither are VET or apprenticeships perfect. While they do offer a compelling course to navigate through the disruptions caused by Covid-19 and the ever-changing work environment, there are obstacles to be addressed to ensure this pathway is as effective as it can be.





Obstacles to address

VET and apprenticeship pathways are not a panacea. While the benefits of these routes are clear, there are obstacles which will need to be addressed to ensure the effectiveness for students choosing these pathways. Indeed, the notion of ‘choosing’ represents the first obstacle, with several studies showing that students receive less information about VET programmes compared to general programmes (Musset and Mytna Kurekova, 2018).

This was further underlined by Cedefop (2017), which showed that only 45% of students in Ireland, Portugal, Italy and the United Kingdom received information about VET when making a decision about their upper-secondary education, though that figure rose to at least 80% for those in Estonia, Finland, Slovenia and the Slovak Republic. There is, then, some disparity in giving VET and apprenticeship information to students, depending on country. There might also be **some disparity in how VET pathways are marketed to potential students: they need to be shown as valuable education routes rather than a ‘second best’ path for those unable or unwilling to take an academic route.**

Working adults, meanwhile, are faced with the triple VET whammy of access, availability and awareness. Not only are they less likely to access guidance on VET, but are programmes available specifically tailored to working adults? And do those programmes address the real-life obstacles that working adults face? For example, the OECD (2019) found that even for those working adults who did want to participate in further training, some were unable to do so because they were **too busy at work (24.6%), find training too expensive (22.9%), or have time constraints because of childcare responsibilities (16.7%)**. Often, working adults are also unaware that their skills become obsolete and need to invest in upskilling or reskilling to remain employable.

Financing of upskilling or reskilling for working adults in particular needs some thought. Though there is a pressing need to ensure this group keeps their skills relevant, we must also consider how these are financed⁴. While VET might mitigate some of the risks, with those students working and earning while they learn, those who require more significant skilling might face financial challenges. Working adults, perhaps with

⁴ A fuller discussion on this can be found at: www.future-skilling.adecco.com

other financial commitments, cannot be expected to live on apprenticeship earnings nor finance continual VET programmes. As such, who pays for these? Should employers pay salary and skilling costs? Do governments provide subsidies? And are employers willing to accept a less productive employee as they take time away from their duties to study?

There are also reputational issues which need to be addressed. Those aiming for top jobs need to be reassured that VET and apprenticeships can lead to success. The recent #CtheFuture research carried out by The Adecco Group suggests that there is already some belief in this. This survey, carried out amongst 5000 Gen-Zers and focusing on what they believed the future C-suite would look like, showed that most believed that future CEOs may not need a university degree. This demonstrates a shift in mindset from job seekers that other pathways can succeed outside of traditional educational routes. The promotion of role models, of those who have reached the top from a VET or apprentice starting position, might also help to lessen reputational issues.

For example, [success stories from people such as The Adecco Group's Stephan Howeg, who started his career as an apprentice but now sits in a leading role at a Fortune 500 company, or Sergio Ermotti, a former](#)

“ Disney’s CODE:Rosie programme took non-technical female employees and, following a three-month intensive training programme and a year-long apprenticeship, saw them transition from low-skill roles to working in one of Disney’s technical departments ”

[apprentice who became CEO of UBS, should give confidence for those choosing vocational paths](#) and who have the highest ambitions.

But it is not just about job seekers; employers too need to be convinced that VET and apprenticeship pathways can lead to positive outcomes for their companies or organisations. [Employers need to move away from an obsession with degrees and instead shift to a skills-based hiring approach](#), where they consider and look at the skills needed for a particular role and then recruit accordingly. This has many benefits: the employer gains staff that are appropriately skilled for their roles, they have a wider potential talent pool from which to choose, and it helps employers become more open to candidates from diverse backgrounds, such as those from disadvantaged backgrounds, who may not have had the opportunity to attend university.





Companies such as IBM and Facebook that are already taking this approach should be applauded and their successes used to inspire. For example, Disney's CODE:Rosie programme, which took non-technical female employees and, following a three-month intensive training programme and a year-long apprenticeship, saw these women transition from low-skill roles to working in one of Disney's technical departments.

By ditching the need for a formal degree, these stories inspire other organisations to follow suit. Further, as those employees prove it can be done, so they too become role models for others considering a vocational path.

Another issue to remedy is the fact that some current VET systems are not particularly agile or able to quickly adapt and respond to future needs. This is a systemic problem, and one that can be overcome, but it will need all parties to come together to design and shape future iterations in a coordinated way. However, this further highlights that these systems are designed differently depending on country.

For example, while mid-level VET and apprenticeships play an important role within some markets (such as in Switzerland, Austria, the Czech Republic, Germany and the Slovak Republic), they play a more limited role in places such as Canada, Israel, Japan and Mexico. Countries also differ in the way they organise VET, with

some having important workplace learning components in their VET curricula (e.g. Austria, Germany, Norway and Switzerland) while others take a predominantly school-based approach (e.g. Belgium, Finland and Slovenia).

A similar landscape is seen with apprenticeships. The popular image of an apprentice is often of working in a skilled trade or craft, such as construction or manufacturing. While this is an accurate reflection in many countries, where apprenticeships are most common in manufacturing, construction and engineering (OECD, 2018), **it does miss the potential benefits of apprenticeships in sectors where most of tomorrow's jobs will be found.** In Switzerland, by way of example, it is common to undertake an apprenticeship for jobs within the service sector, such as banking or retail. This is becoming more common in other countries and should be further encouraged.

Finally, and particularly in the new Covid-led landscape, we must also consider the barriers created by the provision of VET and online learning. The current climate depends upon the digital skills of not only learners, but also the trainers and VET providers. Both students, organisations and trainers must also have access to the relevant technologies and the ability to use it effectively.

All of these potential obstacles can and must be addressed, but it will take a coordinated approach.

Reshaping the landscape

“ The real voyage of discovery consists not in seeking out new landscapes but in having new eyes ”

Marcel Proust

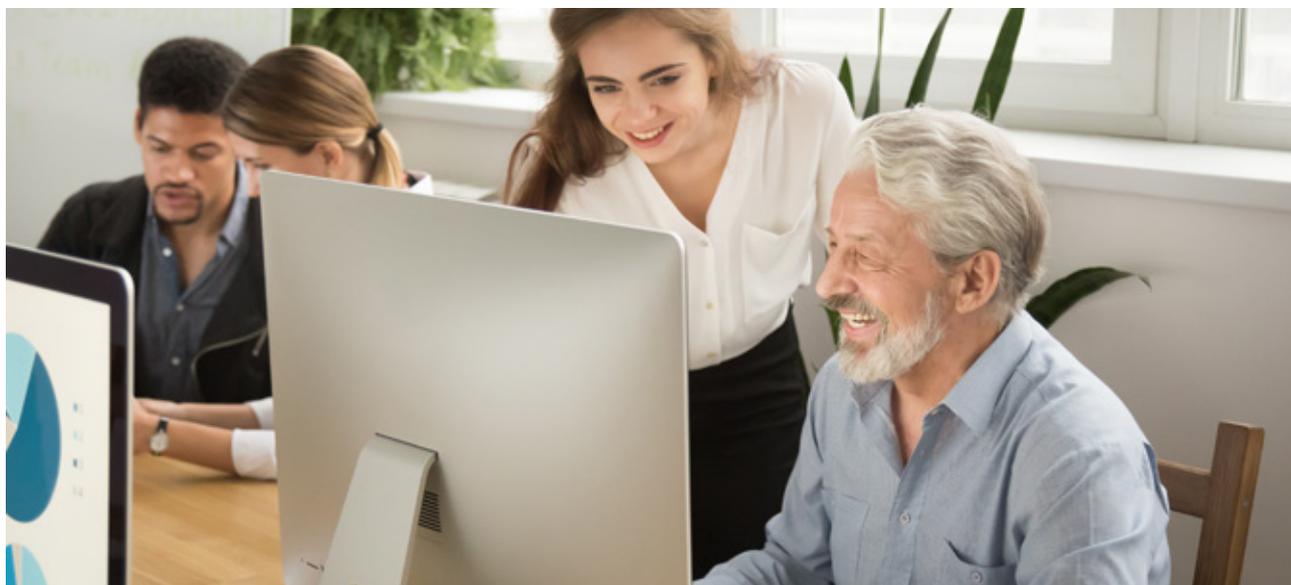
Designing and shaping future VET & apprenticeships

A re-evaluation of the current VET and apprenticeship offerings must take place, whilst recognising that in some countries VET graduates perform better than others. **VET graduates do not face identical challenges in all countries**, so the need for intervention depends on the specific quality of each VET system and its ability to adapt to changes. For instance, Austria, Denmark, Germany and Switzerland produce VET graduates that enter the job market with skills that are well matched to employer needs. These countries all feature strong ties between VET institutions and social partners. Although education systems cannot simply be copied from one country to another, we should encourage countries to examine other's successes and adopt elements they might be able to use.

Employers should also be involved in designing curricula, qualification standards and student evaluation

guidelines. Moreover, employers can share information about student outcomes and skill needs to feed into the re-design of curricula, and also be involved in determining the optimal timing for curriculum re-design. Again, in countries like Austria, Switzerland, Denmark and Germany, employer involvement in these aspects is strong (KOF Swiss Economic Institute, 2016).

The array of offerings also needs to be considered and widened. Limiting apprenticeships, for example, to “traditional sectors” means missing out on the potential benefits of apprenticeships in sectors where most of tomorrow's jobs will be found. In recent decades, many countries have sought to diversify the coverage of apprenticeships in recognition of the potential of apprenticeships as a pathway to a wider range of skilled jobs (OECD, 2018). Australia introduced non-trade apprenticeships in the 1980s, and these now outnumber





trade apprenticeships. In Switzerland, the three most popular apprenticeship occupations are business and administration, wholesale and retail sales, and building and civil engineering. In Germany, the most popular apprenticeship occupations are in the management and retail sectors. In Ireland, new apprenticeship programmes were introduced in 2018 in the fields of software development, network engineering and cybersecurity. The National Recruitment Federation in Ireland recently also started a new apprenticeship degree for recruiters, the first of its kind in the world.⁵

If apprenticeships and VET systems adapt to prepare students for high-skill jobs, such as technicians and associate professionals, VET graduates can benefit from the growing job opportunities in those types of jobs. Higher VET and smooth pathways for VET graduates to tertiary education are crucial in this respect.

However, whilst this is positive and produces students with skills for the market, we must also be mindful that some students might have chosen the vocational track because of negative experiences within a standard school-based setting. It is important then that these newly redesigned courses strive to enhance the attractiveness of vocational education and address the sometimes negative relationship that students may have with school-based education.

Furthermore, when redesigning VET thought must be given to minimising gender biases. Skilled trade and craft occupations are often perceived as traditionally “male” with limited female participation. While crafts and related trades occupations employ around one third of male VET graduates on average, these occupations only account for 4% of female VET graduates’ employment.

Consideration must also be given to support companies which offer jobs or work experience to young people. These have proven effective at promoting job creation and, with an uncertain future, it might be an important element to replicate more widely. For example, in Denmark and Germany, companies were offered subsidies to maintain their apprenticeships and in Canada, summer job programmes which provide wage subsidies for youth were extended. France too is considering a reduction in employer contributions for young workers.

Finally, as already noted, if we are to re-design VET and apprenticeships, companies need a shift in mindset to switch from demanding academic qualifications to a skills-based hiring approach. We must ensure that any potential students encounter fewer barriers to accessing these routes.

⁵ www.nrf.ie/nrf-apprenticeship-undergraduate-degree-for-recruiters/

Accessibility

Strong career guidance in education is crucial to help students make informed education and labour market choices. It is vital too for those already in the labour market. With skills becoming obsolete quickly, it is critical to ensure career guidance is institutionalised. We need employers to invest in career coaching for their workers as an enabler of their sustainable employment and skills transformation. Policy makers need to invest in this as a key component of sustainable employability, and workers themselves also need to learn, from a young age via the education system, to become more self-reliant.

To be effective - and sustainable - **advice must be personalised and holistic, taking into account the individual's personal circumstances, skills, abilities and preferences,** and navigate available relevant learning possibilities as well as other services to overcome barriers to participation. And it must also be available to all. In France, for example, both jobseekers and those already employed have access to free and personalised career guidance services, under the *Conseil en Évolution Professionnelle*. This service helps participants understand the job market specific to their region and gives tailored training paths as well as options for financing these. Similarly, Youth Guarantees, which entitles all young people to employment or training, can provide a good framework for ensuring that no

jobless young person goes without support in the current crisis.

We must consider cascading the availability of services such as these as wide as possible and so cooperation between schools, employers, trade unions, training providers and public / private employment services might prove effective.

As already noted, and particularly in the current context, the effectiveness of any online learning is dependent upon not only the digital skills of the participant and the trainer, but also the access to the relevant technology. While UNESCO suggests deploying a mix of high, low or no-tech solutions to combat this (such as via mobile, radio and TV), we must also consider if students have personal environments and circumstances that allow them to study, particularly those from lower income families.

Finally, **a multi-stakeholder approach must be used to ensure that potential students that want to access any VET or apprenticeship provision,** be they in school, in employment or unemployed, have barriers removed. Learning opportunities and incentives need to be designed which ensures that **training is flexible and that financial incentives are provided to those who need them** (OECD, 2019).



Key takeaways

If we are to effectively combat the growing skills gaps by using the proven benefits of VET and apprenticeships, it will need a coordinated approach. We must:

Cooperate

Employers, trade unions, schools and training providers need to come together to identify the skills gaps and design and introduce programmes that address these gaps.

Considering the importance of collaboration within the education and training ecosystem, The Adecco Group is a proud member of the European Alliance for Apprenticeships as well as the Global Apprenticeship Network, and a partner of the Global Alliance for Youth. To underline the importance of quality work-based learning, the Adecco Group was also one of the lead partners in the SPRINT project.

This project was funded by the European Commission's Erasmus+, and aimed at establishing quality criteria for internships.

The Adecco Group has committed to re- and upskill 5 million people by 2030 as part of the World Economic Forum's Reskilling Revolution, and to hire 15.000 people on apprenticeship contracts in France until end 2021.

Liberate

Barriers and obstacles to choosing VET and apprenticeship routes need to be identified and addressed, thereby giving potential students more freedom in their choices.

Educate

With newly designed programmes in place, and barriers removed or minimised, we then need to ensure that schools, employers, trade unions, training providers and public/private employment services come together to actively promote and cascade the benefits and advantages of choosing VET and apprenticeship routes.

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