Public Private Partnerships in Vocational Education and Training: International Examples and Models

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Introduction

As Kazakhstan faces making investments in their extensive vocational education and training system, there are important forces driving the vocational education and training system in Kazakhstan to bring employers more actively into the educational process. The first reason to engage employers is to improve system level governance, to engage social partners in planning for vocational education and training. The second reason is fiscal. The government is interested in sharing the cost of vocational education and training with employers. Thirdly, there is a sense among local educators that the quality of the education will be improved by employer involvement in curriculum and testing, particularly in the development of the educational standards or a national qualifications framework. Finally, although it is undocumented, there remains a need to engage employers at the local level in the teaching and learning process. This last reason is perhaps the most critical from the international literature, although the hardest to mandate through national level policy and investment.

The following memo provides some introduction to the issue of social partnerships or employer involvement in vocational education and training, and describes the existing situation in some key countries globally.
Social Partnerships in VET

Public-Private partnerships, or social partnerships, are critical to the development of high quality vocational education and training because they allow for regular communication between employers and VET providers. This generation of better networks for communication is a tangible outcome of social partnership activities. Communication is critical in VET practice on many levels. This communication enables VET providers to learn what skills are in demand and to train for jobs that change regularly. The communication also allows employers to have input into the curriculum of VET and often gives them a recruiting tool to attract skilled workers. In systems such as those in Australia, New Zealand, or South Korea by developing a national qualifications framework and accountability system they have encouraged the development of communication. Therefore, communication is both a critical part of good social partnerships and an outcome of consistent engagement between the public and private sectors (Grubb & Lazerson, 2004).

In a market economy, public private partnerships are the glue that links education and employers. The term is really used as shorthand for a range of public policies, funding systems, and curriculum frameworks that have as a shared goal to tighten the level of communication among educators and employers. The policy framework that governs these partnerships is varied, although there are archetypical systems. Germany’s “dual system” is one model of public private engagement. The German system is based on a law from 1969 that mandates a particular governance structure for vocational education and training. At the heart of the German system is a delegation of responsibility for curriculum and assessment to a coalition of labor representatives,
businesses, and educators. The business associations play a particularly complex role, managing the system by monitoring the quality of training provided by firms in the dual system (Brand, 1998; Gill & Dar, 2000; Rauner, 1998). Studies of the German model lay out the following as key components that need to be in place:

1. A legislative framework that requires firms to invest in training of newly hired workers;
2. A funding mechanism through a combination of federal, regional, and business spending;
3. The capacity to carry out job analysis and curriculum development;
4. Local institutions that represent the interests of businesses; and
5. Trained professional instructors and administrators.

The German model has proven difficult to replicate internationally. Some countries, such as Thailand or Korea, have managed to put into place a small number of dual system places (Gill & Dar, 2000). However, even the former Eastern Germany has had challenges in extending the dual system. Culpepper’s book (2003) is a detailed examination of the reasons that the dual system can and can’t be expanded within Europe. There are several lessons, most importantly that unless companies see participation in their best interests they will not participate in and ultimately pay for training and hiring of vocational education graduates. The reality is that as labor markets are liberalized, and the cost of doing business in Germany itself has increased relative to other manufacturing intensive countries like China, the dual system has become less important as a critical part of the VET structure. The need to lower labor costs and
maintain flexibility in the hiring and assignment of labor among nations means that firms are less interested in participating in a dual system (Culpepper, 2003).

A second model for private involvement in vocational education and training is Japan, which maintains a model completely different from that used by Germany, but one that is relevant in the US and other nations with strong social networks (Kariya & Rosenbaum, 2003; Rosenbaum, 2002). Historically, labor for Japan’s manufacturing system has come from high schools, which have a network of relationships with hiring managers that allow them to place their most accomplished students preferentially. This system is based on a local relationship, and depends on high school staff correctly analyzing the skills of potential graduates and their fit with the academic and vocational needs of employers. The Japanese system is similar to an extent to what happens in US vocational schools, but only in those that are very high quality. In both cases, the high quality vocational schools are built of strong relationships between educators and employers.

A third model focuses on is encouraging firm level training through government policy. This is usually called a “Human Resource Development” or “Workforce Development” system. Countries that have this kind of program include South Korea, Malaysia, and Singapore. They evolved in East Asia largely as governments in the 1960s-1980s tried to strengthen economic growth through spending on both initial and further vocational training (Ashton, Green, James, & Sung, 1999; The World Bank, 1993). The core of this HRD strategy are taxation policies that allow the government to collect revenue from firms (usually set at some percentage of the firm’s labor costs) and then allow firms to use these resources to train within their own companies. Recent studies
from Gill and Dar (2000) and Johanson and Adams (2004) provide some basis for stating that governments have increasingly used incentives, such as tax levies, to promote training (R. K. Johanson & Adams, 2004). As Ziderman (2001) describes, firms (especially small and medium sized firms) under train, and governments need to play an increasingly active role in promoting training. However, Ziderman (2001) goes on to show that national training funds need to be carefully monitored for sustainability of financing and that proper controls are in place to assure that funds are spent on appropriate training activities. Ziderman (2001) also reports that training levies have become increasingly important in financing training within firms (Ziderman, 2001). While there are problems with the use of levies, they are a strong role for government in directing training among firms.

The major problem with these programs are under estimating the guidance that firms need from the government. The reality is that East Asian nations were successful precisely because they maintained a strong hand for government in training policy. The role that government can play in this training policy varies. In general, the most important capacity for government to maintain is the ability to craft an accountability system that will measure how firms spend resources provided through a government human resource development system. There are relatively few examples of strong fiscal management systems for training, although the programs in Hungary, the United States, and Malaysia are worth investigating further (GAO, 2004).

The major difference for this third pattern is that the goal is to support the investment in training that companies feel will enhance skills of their workforce. Skills training levies are not normally used to fund vocational education at the secondary level.
In fact, to do so would violate a basic assumption of training, that government should pay for those educational activities that confer social benefit (like vocational education) and firms are expected to cover the costs of training that improves productivity directly.

Unlike the traditional German system of apprenticeships, this model relies on market mechanisms to increase the skills levels of out of work youth, informal sector workers, or incumbent workers needing re-tooling. Firms are given state funds through tax systems that collect from firms a portion of payroll taxes. Firms can then carry out training interventions (Herschbach & Gasskov, 2000). This model could be problematic from a theoretical perspective. As Ziderman (2001) points out, the strategy often results in training for large firms, but does not necessarily benefit small or medium sized companies. Moreover, if firms are simply using the funds to provide specific skills training, the state is then subsidizing activities that firms would undertake on their own. To address this concern, many countries (and states in the U.S. context) carefully monitor spending under these levy systems (Moore, Blake, Phillips, & McConaughy, 2003). However, the tax levies are subject to intense political conflict over allocation of resources (GAO, 2004).

**Country Examples**

**National Policy and Structure**

Using public-private partnerships in vocational education and training is something every country does to an extent. There are several dimensions to the kind of engagement that firms have within a national context. The following cases details the policy and legal framework, the characteristic activities that public private partnerships
engage in, and the reform that the vocational systems have undergone in recent years. The emphasis is on describing the characteristics of the public-private partnerships in vocational education and training.

**Introduction**

In virtually all countries (the US is no exception) there are some national level policies that guide the engagement by employers or other partners in vocational education and training. The most well known law is the German Vocational Education Act from 1969, which legislated the apprenticeship system that has come to be known as the “dual system.” Among former states from the Soviet Union there has been a good deal of policy activity. Hungary, for example, created legislation in the mid 1990s to (among other things) decentralize vocational education management (Godfrey, 2000; R. Johanson, 2000). As part of the decentralization, the government created a new system of continuing vocational education and a comprehensive national registry of vocational qualifications (Bocz, 2000). Slovenia, additionally, rewrote its vocational education laws by making training the responsibility of the private sector as well as the government. The specific changes included creating common curriculum documents for industry and education that outline the requirements to complete a specific vocational degree.

While the Russian Federation decentralized in the 1990s to a significant extent, there were only modest attempts initially to bring private sector actors into the vocational governance (R. Johanson, 2000). The former Eastern Germany is an excellent example, as the traditional German laws were transferred to the former Eastern German territory,
providing a legislative framework for apprenticeships through the dual system (Culpepper, 2003). The results of this expansion of the 1969 “dual system” to Eastern Germany have been less successful, as the number and duration of the apprentices hired depends on firm level characteristics.

In recent years, however, there has been a vast legal and organizational effort in the Russian Federation to expand social partnerships. There are several positive steps in terms of legislation in the Russian Federation, which does strengthen the use of social partnership in vocational education. Olenynikova (forthcoming) points out that the Russian Union of Entrepreneurs and Industrialists now has over 328,000 members from across business in Russia, and committees dedicated to VET standards and quality. There are sectoral business organizations in hospitality or restaurants that have developed occupational standards for workers (Kamarovsky & Blasum, 2005; Oleynikova, 2007).

Oleynikova’s (Forthcoming) typology of Russian Federal firms also stresses that social partnerships remain misunderstood as a framework for integrating VET and employers. In general, as Oleynikova (who represents the National Observatory in Russia) points out, the use of legislative tools to build social partnerships is a necessary but not sufficient action for government to increase employer involvement in VET. Schools interpret social partnerships as covering a very narrow range of activities, to develop links with enterprises and employment offices (Oleynikova, Forthcoming). More aggressive involvement by firms in social partnerships with VET institutions is also limited by the lack of formal legal frameworks governing enterprise involvement in the distribution of funds for VET schools. As Oleynikova describes, “Both systems, that of employment and VET, have not developed a coordinated and informed interpretation of
the concept of social partnership/social dialogue in VET that would lay the foundation for articulated and coherent communication. (pp. 4 in MS)”

**Example Cases**

**Malaysia**

Among the countries targeted for this review, there are some interesting examples of how partnerships were built into vocational education through new legislation. The Malaysian authorities crafted a new piece of legislation in 1992, the Human Resources Development Act. This Act, which funds the Human Resource Development Fund, has distributed money to firms which they can use to train incumbent workers. Money is transferred by manufacturing firms, and the budget is subsequently spent by firms on apprenticeships and other training activities. The primary focus of the Malaysian 1992 legislation was to create a new agency, the Human Resource Development Council. The Council is composed of a fixed number of employers representatives, governmental representatives, and independent members. The primary work of the council is to collect a levy from employers and provide the money back to companies to pay for training in the workplace. There is relatively little impact on the public vocational or technical education system. The emphasis is on funding human resource training in the private sector. The outcomes of this process have been evaluated. Hong Tan reported that the HRDF has been successful since 1992 in increasing the likelihood that firms will train workers, especially for medium sized firms.

The larger vocational and technical education system in Malaysia was also fundamentally restructured in the 1990s (See Textbox 1). In 1996 the government
converted many of the vocational schools to technical schools. By 2000 there were over 70 technical schools and only 4 vocational schools for the whole country of over 20 million people. Moreover, some technical subjects were introduced to general secondary schools to improve the preparation for the labor market in general secondary education. The reasons this shift happened are important to note. First, Malaysia’s economy was growing rapidly in the 1990s, particularly in more highly educated professions. Second, there was a rapid increase in the average educational attainment of the population. Finally, the government made a strategic decision that industry could train workers in the “blue collar” professions that used to be the work of vocational schools (Mustapha & Abdullah, 2001).¹

The implications of the Malaysian move away from secondary vocational education are useful for the current situation in Central Asia. Firstly, this refocused the TVE secondary system on academic preparation and away from narrow technical or vocational skills. Second, it did create some negative feedback from the vocational education sector, as teachers and administrators traditionally focus on occupational specific instruction (Mustapha & Abdullah, 2001). However, it is unclear based on the evidence that is available what the consequences of this decision were for larger policy issues such as labor supply or social partnerships. There have been no specific studies on this issue in particular.

¹Technical and vocational education is defined by the ILO and UNESCO jointly as education “…used as a comprehensive term referring to those aspects of the educational process involving, in addition to general education, the study of technologies and related sciences, and the acquisition of practical skills, attitudes, understanding and knowledge relating to occupations in various sectors of economic and social life.” This general view is in practice leads to a differentiation between 1) vocational education focused on practical skills and 2) technical education which is focused more on technologies and related sciences. Additionally, in general technical education is provided at a higher level than vocational education, although this is not a simple division (UNESCO & ILO, 2003), pp. 7.
Malaysia’s formal education system under the jurisdiction of the Ministry of Education has 6-3-2 structure consisting of six years of primary, three years of lower secondary, and two years of upper secondary education. The formal technical and vocational education system starts at the upper secondary level to prepare them for further technical education at the tertiary level (at the polytechnic, college, and university levels) or for entry into the workforce. There are 70 secondary vocational schools with total enrollment 33,751 students and 17 secondary technical schools having a total of 11,136 students (Asian development Bank, 2004).

TVE as well as skill training in Malaysia are offered by various types of educational and training institutions, but public institutions play the leading role. All skill training-related standards and certification are coordinated by the National Vocational Training Council (NVTC), which includes representation from the government and the private sector.

SVS students are given emphasis on academic subjects with the purpose of providing them a better foundation, and they should decide to continue their higher education in technical colleges or polytechnics. In addition to these academic subjects, they select a group of vocational subjects in accordance with the vocational course. Vocational stream students pursue courses with greater emphasis upon academic subjects, while skills training stream students follow courses with more practical work. Vocational studies make up about 50% of the total course content in SVS. In STS, the subjects are more science- and mathematics-based and technical subjects are less practical. Technical studies make up only about 17% of the total course content in STS (Asian development Bank, 2004).

In the vocational track, SVS students are required to take the Peperiksaan Sijil Pelajaran Malaysia Vokasional (SPMV) at the end of the second year. Those with excellent achievement may further their studies at local institutions of higher learning or enter the job market. In the skills training track, more emphasis is placed on the practical skills training to acquire proficiency in trade skills to industry standards. At the end of a training period, students take the Peperiksaan Majlis Latihan Vokasional Kebangsaan Asas (MLVK). Although students in the skills training program are offered opportunities for advanced and specialized training, most completers join the job market.

The SVS/STSs also offer skill training programs for those lower secondary school graduates who did not follow the SPM or SPMV programs. Graduates of the skill training programs can take trade tests conducted by the National Vocational Training Council (NVTC).
Ireland

A second example comes from Ireland. Ireland’s secondary vocational education system has changed considerably in the recent past and this has provided extensive opportunities for social partnerships to continue to influence the provision of vocational education. The basic features of this shift in secondary vocational education are outlined in Textbox 2.

Textbox 2: Ireland

Up until the early 1960s the Irish system consistent largely of private liberal arts schools designed to enter higher education and a system of two year post primary vocational schools that were terminal educationally (Gleeson & Hammond, 2000). Ireland’s vocational system fundamentally changed in the 1960s to evolve a more formal vocational structure, and later developed an accountability structure to ensure that students from comprehensive and vocational schools master the material that is intended.

Currently the Irish secondary education system consists of four different types of schools, secondary schools, vocational schools, community schools, and comprehensive schools. Community and comprehensive schools were established in the 1960s and 1970s to provide greater local and religious control over schooling. However, given that there is now a common curriculum and that all post primary students take the same state examination, the difference in curriculum orientation between the three non vocational schools is less extreme than it used to be. Currently, about 29% of youth are enrolled in vocational high schools, 55% are in secondary schools, and 15% are in community or comprehensive high schools.

All Irish youth take the same state exams at the high school level. At age 15/16 youth sit for the junior certificate, while between ages 17/8 youth take the leaving certificate. However, there are currently three kinds of leaving certificates, the Leaving Certificate, the Leaving Certificate Vocational, and the Leaving Certificate Applied. The Leaving Certificate Applied was developed in 1995 and consists of a 2 year course in three areas general education, vocational education, and vocational preparation (Canning, 2007). Only about 7% of youth take this course. The Leaving Certificate Vocational is the main vocational course at the secondary level, and offers a range of areas of study. About 30% of youth take this certificate.

After undergoing severe economic crisis in the 1970s-1980s, Ireland established six three-year social partnership programs which guided economic and social policies including educational policies (FÁS, 2004; O’Donnell, 2005). There were three parties to the first agreement in 1987, government, business and industry, and trade unions (Gleeson, 2000). Community and Voluntary sectors joined these later. Since 1987, when
the first partnership agreement (Programme for National Recovery) was made, Ireland showed remarkable economic growth (Boyle, 2003; O’Donnell, 2005). Though demographic factors and European Social Funds created the background of this rapid growth, there was continuous investment in education and training which made skilled labor supply (Boyle, 2003; FÁS, 2004; Gleeson, 2000). Table 1 shows the six social partnerships program and major vocational education issues in each program (Department of the Taoiseach, 1987, 1991, 1994, 1998, 2000, 2003).

Table 1. Social Agreements in Ireland and Major Vocational Education Issues

<table>
<thead>
<tr>
<th>Title of Social Agreements</th>
<th>Duration</th>
<th>Vocational Education Issues</th>
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<tbody>
<tr>
<td>Programme for National Recovery</td>
<td>1987-90</td>
<td>• Provision of training for people who do not complete second-level (FÁS, CERT, ACOT)</td>
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<tr>
<td>Programme for Economic and Social Progress</td>
<td>1991-93</td>
<td>• Development of specific programmes for second chance education (Youthreach, the Vocational Training Opportunities Scheme, and a number of literacy and community schemes)</td>
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<td></td>
<td>• Provision of vocational training, guidance and placement services for people with disabilities</td>
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<td></td>
<td>• Ongoing vocational training and updating of skills training for the existing workforce in sectors undergoing technological change</td>
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<tr>
<td>Programme for Competitiveness and Work</td>
<td>1994-1996</td>
<td>• Training for the long-term unemployed</td>
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<td></td>
<td></td>
<td>• Emphasis on the role of FÁS training programmes in assisting companies and enterprises</td>
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<td></td>
<td></td>
<td>• The role of higher education institutions in the continuing training of the workforce, particularly in high technology areas where knowledge becomes redundant within a relatively short time</td>
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<td></td>
<td>• Development of the existing links between both sides of industry and the higher education sector for the continuing training of highly skilled personnel</td>
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<td></td>
<td></td>
<td>• Giving focus in the training needs of small firms</td>
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<td></td>
<td></td>
<td>• Active labour market interventions by Government in the form of training and employment opportunities, particularly for the marginalized and disadvantaged</td>
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<td></td>
<td></td>
<td>• Emphasis on the acquisition and development of usable and marketable skills which meet the needs of industry and services, and improve the competence and capability of the individual employee</td>
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<tr>
<td>Partnership 2000</td>
<td>1997-2000</td>
<td>• Enlarge women’s participation in mainstream vocational education, training and employment programmes</td>
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<td></td>
<td></td>
<td>• Emphasis on life long training and education</td>
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<tr>
<td>Programme for Prosperity and Fairness</td>
<td>2001-2003</td>
<td>• Increased emphasis for people with disabilities in vocational training</td>
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<td></td>
<td></td>
<td>• Elimination of unqualified early-school leaving, with a particular emphasis on the Leaving Certificate Vocational and Leaving Certificate Applied programmes</td>
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<td></td>
<td></td>
<td>• Enterprise partnership in training and development</td>
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<td></td>
<td></td>
<td>• Training and personal development which is linked to lifelong learning</td>
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<td></td>
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<td>• Better defined training and development needs in organizations</td>
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As Gleeson and Hammond (2000) illustrate, the social partnership agreements have been an “absolutely central plank of Irish policy” (page 6). The core of each partnership agreement is a consensus that resources need to be focused on the disadvantaged and providing a wide range of education and training activities. As the authors draw our attention to, the early agreements focused efforts on the activities of the public sector, while the later activities emphasized the non formal and training sectors such as FAS. Throughout the development of the social agreements, there are changes in policy on vocational education and training. From the first agreement to Partnership 2000, there were shifted emphases in the policy (Gleeson, 2000):

- Shift from emphasis on vocational education and training in lower level education, vocational education for the disabilities and the unemployed to general human resource development; and
- Shift from emphasis on formal education system to non-formal education in training sectors in terms of lifelong learning

Increasing demand for skills in global market required vocational education and training system to be responsive to demand of industries. As Ireland diverted its attention to high value-added areas and attracted foreign capital and global leading companies, the demand for skilled labor rose as an issue. In the 2000s, there still was emphasis for vocational education for the disabilities and upper secondary education, such as LCV and LCA. However, it is clear that the focus shifted from vocational education to training and development.

**Current Policy**

The Ten-year Framework Social Partnership Agreement which started in 2006 gave the keynote to training and vocational education policy like these (Government of Ireland, 2006, p. 31):
• Strengthen the technical and vocational dimensions of curricula and to embed key skills such as learning to learn and ICT, to develop higher order thinking skills, to diversify and strengthen language learning, to modernize the technology subjects, and to increase the take up of the physical sciences at senior level; and

• Drive the lifelong learning agenda by enhancing access to training, the development of new skills, the acquisition of recognized qualifications and progression to higher-level qualifications.

Also, there is a section on workplace learning and up-skilling which identified major areas for action like these (Government of Ireland, 2006, p. 88):

• the development of a targeted guidance, learning and training program, particularly accessible to the manufacturing sector, to include coaching and mentoring for workers in vulnerable employments where appropriate;

• the introduction of measures for the promotion of take up of apprenticeships by older workers; and

the mainstreaming of the Knowledge Economy Skills Passport (KESP), focusing on computer literacy, science and technology fundamentals, basic business skills and innovation and entrepreneurship.

South Korea

The final example for this discussion comes from South Korea, which has historically had a strong vocational education system. Korea’s story, as with Ireland and Malaysia, is marked by rapid economic growth with a strong government led investment in the vocational training system (Ashton, Green, Sung, & James, 2002; Hawley & Paek, 2005; Y. H. Lee, 2004). Although S. Korea has experimented heavily with many different vocational education programs, the current structure is divided between a system that focused on the secondary education needs of high school students and a system that
provides training for those in post secondary vocational fields.

Korea’s vocational system at the secondary level is sharply divided between vocational and general secondary schooling. In 2003 there were 1,297 regular general secondary high schools as opposed to 734 vocational schools. The vocational schools enroll almost 550,000 youth at the upper secondary level on an annualized basis. Korea’s curriculum reforms enacted in 1997 have only recently been extended to the high school level. These curriculum reforms represent a substantial push to preparing a skilled workforce. The curriculum defines an educated person as one who,

1. A person who seeks individuality as the basis for the growth of the whole personality
2. A person who exhibits a capacity for fundamental creativity
3. A person who pioneers a career path within the wide spectrum of culture
4. A person who creates new value on the basis of understanding the national culture
5. A person who contributes to the development of the community on the basis of democratic civil consciousness.

Korea’s vocational system is largely government run and developed. The national Ministry of Education and Human Resources has primary responsibility for the vocational education programming as well as the activities in general secondary schools. Policies are largely enacted nationally, and local administration has relatively little autonomy historically in changing curriculum, teacher requirements, or other core aspects of schooling (See Textbox 3).

The partnership system is Korea is much less developed then those in Ireland. At the national level Korea’s system is managed by a strong central authority, leaving
relatively little latitude for vocational schools to engage with businesses about the core outcomes of schooling. However, the fundamental reorientation of Korea’s system to a National Qualifications Framework has led to substantial engagement by firms and business associations in the training of workers. In 1997, Korea put into place a qualifications act, which allows certification of skills through qualifications promoted by the private sector as well as through standard qualifications through the public sector. The national technical qualifications promoted by the government are supplemented by non technical qualifications supported by the private sector. Private qualifications have been introduced by firms in office work, computer/information technology, languages, sports/fitness, education/social work, technical skills, and management/administration (Kim, 2001).

Private sector involvement in vocational education and training is also supported by the nascent social partnerships supported through the Ministry of Labor as well as the larger policy of supporting industry level training through the Employment Insurance Scheme (EIS). The social partnerships supported by the national government are designed to support job creation and vocational training. These programs are encouraged by the re-written Vocational Training Partnership Act which was enacted after the 1997 financial crisis. The EIS supports training and re-training of workers through a tax on firm level wages. After 1998 all firms are taxed regardless of their size, and firms are assessed between 0.1 and 0.7 percent of their total wage depending on the size of the firm. The total contribution a firm is assessed is between 2-3% depending on the economic circumstances in Korea. (Y.-h. Lee, 2000; Y. H. Lee, 2004).


