



Project
funded by the
EUROPEAN UNION

EBSOMED
ENHANCING BUSINESS SUPPORT ORGANISATIONS

MAIN OUTCOMES



**Building back resilience:
the role of Employers' and Business
Associations in shaping
the new normal**

The upskilling imperative:
vocational training
&
the new offer of BSOs' services



Project funded by the
EUROPEAN UNION

The EBSOMED project is led by BUSINESSMED within a consortium of six partners.

BUSINESSMED
Union of Mediterranean Confederations of Enterprises



EUROCHAMBRES



ASSOCIATION DES CHAMBRES DE COMMERCE ET D'INDUSTRIE DE LA MEDITERRANEE
ASSOCIATION OF THE MEDITERRANEAN CHAMBERS OF COMMERCE AND INDUSTRY
جمعية غرف التجارة والصناعة للبحر الأبيض المتوسط



**Deutsch-Arabische
Industrie- und Handelskammer
German-Arab
Chamber of Industry and Commerce
الغرفة الألمانية العربية للصناعة والتجارة**



Table of Content

Introduction.....	2
New Context of Vocational Training and Skills Development.....	3
Major Constraints of the VET Sector.....	6
Private Sector Role in Reforming the VET Sector.....	7
Recommendations for a Developed VET Sector.....	9
Conclusion.....	11
References.....	12

Introduction

The Covid-19 pandemic has disrupted the learning process at all levels and has brought about the debate that the education sector was vulnerable and could not cope with the repetitive lockdowns and was unable to ensure learning continuity. The Vocational Education and Training sector (VET) is no exception. The pandemic has exacerbated the vulnerability of the VET sector and has revealed that it lacks the building foundations to be resilient. It appears that the VET sector lacks the technological infrastructure and know-how to connect with learners and provide them with a learning continuity plan to mitigate the pandemic impact on their lives. In Addition, the VET sector seems to be unable to cope with the growing skills gap that has been intensified by the increasing changes in the skills required by the labor market. However, when looking from a different angle at the impact of the Covid-19 pandemic on the VET sector, we read that several reports claim that the VET sector can play a key role in mitigating the pandemic impact on the skills development of the current and future workforce. Several studies argue that the VET sector is the solution to rapidly bridge the skills gap that was recently widened by the double disruption we are witnessing: the Covid-19 pandemic and the automation caused by the fourth industrial era.

This paper is part of the deliverable of the debates of the webinar that was held on December 7th, 2020 to discuss the VET sector and the role of the private sector to build back resilience. During the webinar, participants discussed ways to build foundations for resilient vocational training systems to ensure business continuity. Participants debated the role of employers in boosting the VET sector and offered several recommendations and best practices to help SMEs put in place appropriate measures to ensure that the VET sector is resilient and can rapidly respond to changing labor market demands.

This paper highlights the role of the VET sector in mitigating the impact of the Covid-19 pandemic on widening the skills mismatch. Before the double disruption caused by the Covid-19 pandemic and the digitalization age, the skills mismatch was a question of unbalance between what the labor market demands for skills and what the workforce offers. This mismatch caused difficulties in matching job seekers with the current jobs and led to an increasing rate of unemployment. Nowadays, it seems that the widening skills mismatch caused by recent global disruption has led to job transition where destructed jobs have been replaced by newly created jobs. This transition requires an urgent intervention to reskill and upskill current and future workforce. The VET sector seems to be an adequate solution to tackle this issue of reskilling and upskilling the workforce to handle job transition issue.

New Context of Vocational Training and Skills Development:

According to the recent report (October 2020) published by the World Economic Forum, by 2025, 15% of the workforce role may become redundant. Positions such as data entry clerks, administrative assistant, general operation managers, assembly workers will disappear. Also, 13.5% of emerging jobs may grow. These jobs are related to the technology sector and concern positions such as data analyst, big data specialist, Fintech engineers, etc. The automation that characterizes the fourth industrial revolution and the recession caused by the Covid-19 pandemic may cause the displacement of at least 85 million jobs. On the other hand, there may be around 97 million new roles that will emerge because of job opportunities that will arise from technology related businesses.

These figures confirm that skills gap is going to become more obvious soon. Existing employees will find it difficult to cope with the rapid pace of the new labor market skills needs if they do not readjust their profile and quickly acquire the new skills. Recent graduates who are searching for new career opportunities will encounter more challenges as they will be unable to match their acquired skills with the new labor market demands for technology related skills.

Results of the future of jobs survey conducted by the World Economic Forum suggest that 40% of workforce need reskilling or upskilling. This means that employers must invest in reskilling their employees if they plan to upgrade their businesses. This also means that initial training at both tertiary and vocational levels need to review their curricula and adjust them to the requirements of future jobs. As a matter of fact, those who maintain their jobs will need to reskill themselves to be able to match their profiles with new jobs. Those who will lose their jobs will need to reskill themselves to be able to find a new job. Those who are in the process of choosing their career path must be advised to choose paths of new jobs and they should consider taking specific courses to upskill themselves. It seems that initial and continuing education are no longer able to keep up with the rapid pace of labor market skills needs and there is an urgent need for a flexible educational system that can swiftly bridge the skills gap in an efficient and cost-effective manner.

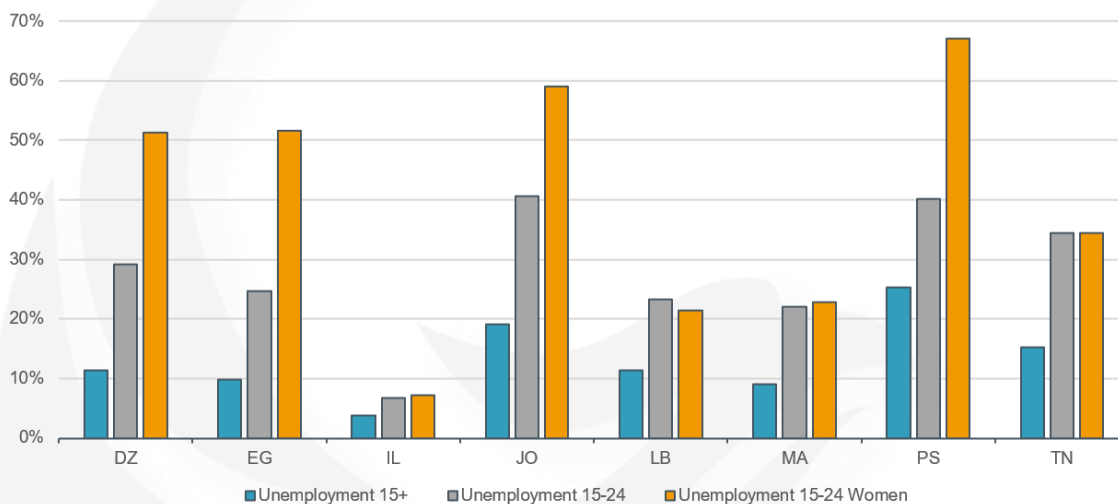
According to a recent survey conducted by ETF, the labour market situation in SEMED countries (with the exception of Israel) is characterised by persistently high youth unemployment rates. The youth unemployment rates across the region are among the highest globally, providing a main challenge for policy makers in these economies.

Youth unemployment rates have traditionally been higher than those of other age groups, and there are clearly some strong determinants. For instance, youth unemployment is more responsive to the business cycle than adult unemployment. This is because young people are more concentrated in certain economic sectors and a disproportionate number hold part-time jobs and temporary contracts. As such, they are also more affected by periods of economic slow-down and are often among the first to lose their jobs.

Youth unemployment is particularly high in Palestine, where it reached a staggering 40.1% in 2019, with an upward trend since 2010. This very high rate of unemployment among youth in Palestine is associated with its unique situation, where the youth unemployment rate in besieged Gaza contributed to the overall high unemployment rate.

In Jordan, the youth unemployment rate amounted to 39.2% in 2018 and has been also increasing over the past 5 years. High levels of youth unemployment have also been noted in Tunisia (34.4% in 2019), Algeria (26.9% in 2019), and Egypt (24.7% in 2018) as illustrated in the figure below:

Figure 1: Persistently high YOUTH unemployment and GENDER GAP



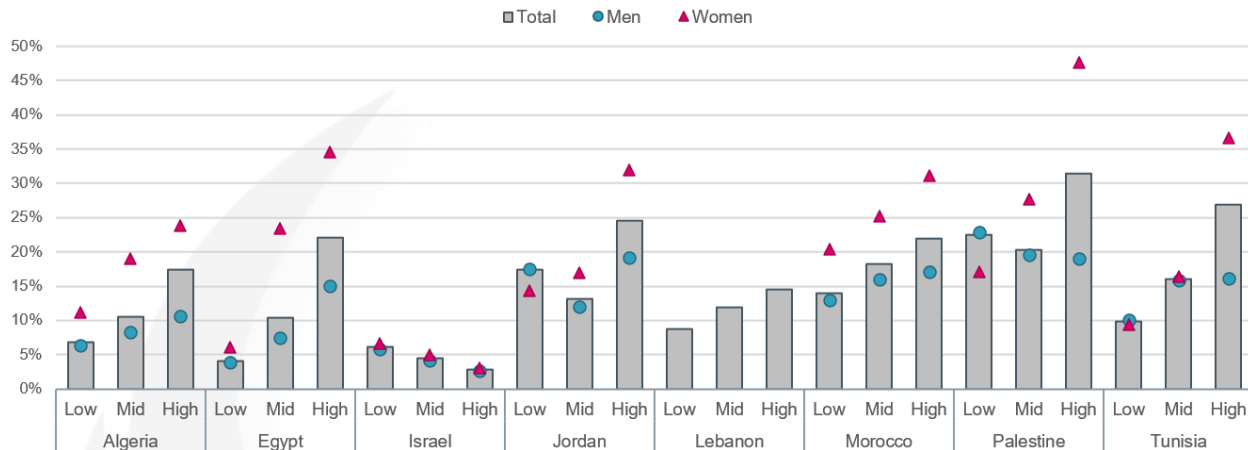
In Lebanon, the reliability of data hinders any meaningful indicator; yet according to LFHLCs data, the latest available figure for youth unemployment in Lebanon in 2019 reached 23.3%

Unemployment among young women in the region is significantly higher than among young men. In Palestine, in 2019 the unemployment rate among young women reached a staggering 67.1% whereas for men it was 34.7%. In Jordan, youth female unemployment amounted to 58.6% compared to 34.8% for young males. Significant differences can also be noted for Egypt and Algeria. On the other hand, in Morocco, Tunisia, and Lebanon the rates for women and men are similar Labour Force and Household Living Conditions Survey, conducted in 2018/2019 by CAS and ILO.

In addition, despite the progress, the improved education level of the population has not translated into better labour market outcomes in most countries (with the exception of Israel). This perceived "mismatch" between the supply of labour and the demand for labour has been a central driver behind unemployment for many of the region's countries. It creates a paradox whereby higher rates of academic education do not lead to higher employability outcomes. This holds especially for women in these countries, who have a higher level of educational attainment than men but fail to translate that into better labour market outcomes. As illustrated in the figure below, unemployment rate

of women with tertiary education in 2019 exceeds 30% in all SEMED countries, with the exception of 24% in Algeria and 3% in Israel, reaching an appalling 48% in Palestine.

Figure 2: The Education Paradox



The general tendency for more youth to engage in secondary and tertiary education is also a main determinant of the declining rates of labour force participation of youth in the region. While the majority of unemployed have lower education, labour markets in the region are consistently characterized by high unemployment rates among educated youth. It is confirmed by national data (Labour Force Surveys - LFS) - in each country, that unemployment rate among people with high education is higher than among those with low education, with the exception of Israel and Lebanon.

Data reported by ETF reveals that the persistent high youth unemployment rates in SEMED countries is caused by the skills mismatch which in turn triggered by the education paradox whereby higher rates of academic education do not lead to higher employability outcomes. During the Webinar, participants discussed the alternative educational path that could help bridge the skills gap and make vocational education the path to employment for youth and women.

Vocational education seems to be the essential educational solution to streamline upskilling and reskilling activities. Vocational schools can adapt to the skills development process given the flexibility and accessibility with which they are characterized. New courses can be easily included in the vocational programs. Educational authorities' approval is quite fast and straightforward. Financial investment for newly acquired courses is reasonable. Besides, private sector businesses can show interest in supporting vocational education providers in developing new curricula to upskill and reskill the future workforce.

The VET sector seems to be the fast solution to develop important skills needed to mitigate the impact of the Covid-19 pandemic and the accelerated pace of the adoption of automation and technology-based skills. In addition, several stakeholders are willing to partner to support the VET sector reinforce its value proposition. Governments are willing to fund reskilling of current workforce, private sector firms are ready to provide reskilling services for their employees,

and organizations of all kinds (BSOs, CSOs, Unions) are conscious of the impact of the future of jobs on current and future workforce and willing to embark in strengthening the capacities of the VET sector.

Major Constraints of the VET Sector:

Recently, the VET sector has been facing major challenges mainly due to the impact of the Covid-19 pandemic and the disruption it caused to the learning continuity of vocational institutions. The automation that characterizes the fourth industrial Era accelerated the pace of technology adoption. Many technology related jobs have recently been created and there is an increasing demand from employers to hire digitally skilled workers to handle these new jobs. However, current workers are not equipped with the needed skills and skills gap has become wider than ever before.

In addition, VET institutions are usually faced with lack of investment and funding to update its infrastructure and equip its educational premises with the needed equipment to provide the best learning experience for its learners. Public expenditure on the VET sector varies from a region to another. In countries where the VET sector seems to have a high rate of attractiveness amongst youth, public expenditure allocates considerable amount of funding to the VET sector. Countries such as Germany, Switzerland, and Netherland invest in the VET sector and prioritize it over other educational levels. In these countries, the promotion of the dual system and the attractiveness of the VET sector amongst youth has led to the success of the VET sector as an effective solution to reduce skills mismatch and address the jobs transition through upskilling and reskilling initiatives.

On the other hand, in countries where the VET sector is not an attractive career pathway, the VET sector is challenged by an outdated curriculum and under qualified instructors and managers. This weak vocational input leads naturally to an anemic output that does not attract employers and does not respond to their expectations.

In the MENA region, the VET sector was unable to mitigate to the impact of the Covid-19 pandemic and develop a rapid learning continuity plan that could be deployed since the first lockdowns. Lack of infrastructure and qualified workforce and limited budget made it impossible to develop this plan and hampered the VET sector to rapidly switch to the online/virtual learning mode. In addition, the particularity of the learning environment of the VET sector which requires face to face practical workshops that cannot easily be transferred to the virtual/online environment, slowed down the adoption of the new learning environment.

Dolores Bonnici, the Executive Board Member BUSINESSMED and President for MEA quoted Cedefop reported (2018) named *'Insights into skill shortages and skill mismatch'* where data from European skills and jobs survey were gathered. The report stated that: "With mass job destruction, and sectoral restructuring, following the recent economic crisis, 4 in 10 EU employers had difficulty finding people with the right skills, while unemployment rates peaked." The report also mentions that "Rapid digitalisation and technological skills obsolescence has

also raised concerns about the extent to which the EU workforce is adequately prepared for the fourth industrial revolution.”

Private Sector Role in Reforming the VET Sector:

During the Covid-19 Pandemic, the VET sector was unable to rapidly respond to the lockdowns and switch its learning delivery to the virtual/online mode for several reasons outlined in the previous sections. Although the VET sector encountered many difficulties during the pandemic, it remains the preferred solution to reduce the growing pace of skills mismatch. In their attempt to tackle the skills mismatch issue, private sector stakeholders claim that an urgent reform of the VET sector can dramatically support governments’ strategies to reduce skills mismatch and prepare current and future workforce to the new jobs.

Private sector engagement with the VET sector is key. This engagement can take several forms, but the result is to create a solid and sustainable partnership that allows both parties to continuously report the skills needs to adjust VET training accordingly. Private sector firms and business organizations can be involved in curriculum development and reform. They can have a consultative role where they can review course contents and course delivery mode. Also, private sector firms are the main providers of internship/apprenticeship opportunities. These on-the-job trainings have a significant impact on the skills development of the apprentices. They represent an opportunity to learn soft skills and practice the technical skills that are usually acquired in a theoretical manner in the vocational schools because of the lack of the needed equipment or the qualified technical experts.

Business support organizations (BSOs) have also a key role in mitigating labor market disruption and they can be systematically involved in the skills development process. BSOs have the capacity to address the issue of job transition and work on the skills development agenda to help future workforce adapt to this transition. BSOs can encourage their partner firms to engage with the VET sectors in providing apprenticeship/internship opportunities and actively participate in the curriculum reform interventions and organize career related events such as job fairs and career guidance workshops. BSOs also have the expertise to carry on labor market survey to identify labor market skills demand. They are also entitled to conduct skills forecasting and report skills and jobs needed by sector and region. Moreover, BSOs can run their training centers, be involved in certifying and examining VET graduates and play a role in helping VET school obtain professional accreditations.

On the macro level, BSOs can be involved in policy dialogues about the importance of the VET sector in skills development and successful job transition. They can contribute to highlight the importance of the private sector in fostering skills needed in the workplace and encourage their engagement in the VET curriculum reform and training of trainers’ initiatives. They can raise awareness of the importance of promoting the VET career pathway for youth

as an attractive and successful career choice. BSOs can implement donors' funded project designed to promote youth employability programs.

In Europe, BSOs redefined their roles and developed successful programs to support young graduates and job seekers overcome job matching/transition issue. For example, the AC4SME (Apprentice Coaches for SME) is a large European project coordinated by Eurochambers and implemented by the 12 chambers of commerce and industry in Europe. The aim of the project is to involve a large number of SMEs in apprenticeship. The project created a cadre of trainers within the chambers who are now able to coach SMEs on the importance of apprenticeships for the growth of their businesses.

Other European BSOs developed other initiatives to promote private sector support to the VET sector. Bretagne chamber created a platform called *Contrat d'alternance en Bretagne* to give access to both employers and job seekers to look for a candidate or an apprenticeship opportunity. The role of the chamber is to fund and manage the platform and to promote its network amongst employers in the region and young graduates. In Italy, *Excelsior of Union Camere* is also a best practice model of a platform managed by the Italian BSOs. It offers several services to employers and job seekers. Its most important tool is the skills forecast that is constantly updated by region and sector and which allows job seekers to target their job search in a more efficient manner.

In the MENA region, BSOs are also working on promoting partnership between private sector firms and the VET sector. During the Webinar, BSOs representatives from several Chambers of Commerce highlighted some key programs that aims at promoting such collaboration. In Beirut for instance, several donors' funded programs have been implemented by Beirut Chamber of Commerce. The following impactful programs have been recently implemented by the Beirut Chamber of Commerce:

- **The DSME: Promoting Vocational Education & SME Development with GIZ/GOPA & MEHE:** The DSME Program aims at improving the vocational and technical education in Lebanon by strengthening its practice and market-oriented aspects. It created an advisory service for decision makers and promoted the implementation of the dual system.
- **DACUM: Developing Professional Curricula within DSME program:** Bridging the gap between theoretical learning in vocational schools / institutes and the professional market skills requirements. The program focused on two vocational skills: cooking and car mechanics.
- **Active collaboration with the European Training Foundation (ETF):** The Beirut Chamber of Commerce participated in the Torino process and was a partner in the GEMM initiative (Governance and employability of youth & women). It also participated in the data collection on skills needs to conduct the employers' survey initiative by ETF as part of its skills for the future program.
- **IFC: the Mashreq Gender Facility (2020-2021):** It is a Peer Learning Platform to raise awareness regarding women's participation and economic empowerment. Series of online trainings for female talents are organized. They offer tools and knowledge needed to increase gender parity at company level and address sexual harassment and bullying in

the workplace. The aim of these series is to create inclusive, flexible, family-friendly workplaces.

- **ENI CBC programs: YEP MED (2020-2023):** The program aims at matching the labor market skills needs generated by the port logistics sector. It helped develop young resources in port-logistics through VET and created dual learning programs for NEETS. It also supported SMEs to create jobs and set up collaborative national and transnational PPPs in port-logistics operations. The program succeeded in creating a pioneer VET program on port logistics related professions in Lebanon.
- **ENI CBC programs: INTERNISA (2020-2023):** The program help develop a network of synergies to increase the number of digitally skilled women via matching demand and supply in the labor market. The program help increase digital skills for NEETS in IT, Agro Food, textiles, and innovation sectors. It also offered training in digital skills for vulnerable women which increase their employability.

Recommendations for a Developed VET Sector:

During the Webinar, participants presented their views on how best to tackle the issue of the VET sector reform. Dolores Sammut Bonnici suggested conducting research on the VET sector in order to stay informed on skills development. She also advised to build partnership with academic to share best practices and lesson learnt. She insisted on the importance of raising awareness on the importance of developing and reforming the VET sector through the organization of focus groups and conferences, the participation in local and international fairs and the lobbying with government by getting involved in the social dialogue on policy making.

In addition, studies and reports on effective strategies to mitigate the double disruption caused by the Covid-19 pandemic and the accelerated pace of automation revealed that the VET sector has the potential to upskill and reskill the current and future workforce to become resilient and respond to the challenges of job transition. However, the VET sector needs support to effectively engage in skills development initiatives. We suggest the following recommendations to develop the VET sector and strengthen its resilience to better respond to the changes in the future of jobs:

1. Strengthen linkages between VET institutions and employers' associations: VET institutions must involve private sector firms, through their employers' organization in the VET curriculum development and reform. VET authorities should approve the integration of soft skills and entrepreneurship skills in the VET curriculum. Such partnership can create a dynamic within VET institutions by organizing extra-curricular activities, creating incubators, and developing partnerships with business centers and technology-based hubs.
2. Develop and reinforce capacities of VET teachers and managers by providing them with continuous professional development and upskilling their technical and pedagogical skills. VET managers should be equipped

with management and leadership skills that help them drive the VET institution towards a more resilient model of operations.

3. Improve skill forecasts to reduce prevailing skill gaps and mismatches and help build a bridge that enable the VET sector to contribute to adapt the skill offer to the skill demand. Several stakeholders can be involved in the skills forecast activities: BSOs, private sector firms, governmental agencies, donors, CSOs, etc.
4. Promote the labor market perspectives of VET. Increase the VET sector attractiveness amongst youth and parents and help improve its image to become a sound career choice that can guarantee a future job. VET authorities must develop communication tools that can disseminate knowledge about the career perspectives offered by VET institutions. Promote the efficacy of the VET sector in rapidly adapting to the current economic and social situation by highlighting its impact on efficiently upskilling and reskilling the workforce and significantly contributing to reducing skills mismatch.
5. Organize awareness raising campaign by governments, donors, Civil Society Organizations and Business Support Associationsx. The aim is to sensitize the education sector of the importance of aligning training to the new needs of the labor market. Awareness raising campaign could share surveys and skills forecasts on the future of jobs with youth, businesses, public stakeholder, and whoever is involved in the skills development of the workforce.
6. Encourage private sector firms to invest in upskilling the existing workforce through intensive and continuous professional development and capacity building initiatives. The return on investment for firms is to retain their qualified workforce and avoid facing the issue of skills mismatch that has a significant impact on the company productivity.
7. Engage donors, governments, CSOs, and BSOs in funding and implementing upskilling and reskilling interventions for future workforce through pre-employment training programs, review, and upgrade training curricula, etc. Also, donors can be involved in the development of VET projects. This can take the form of investment in the infrastructure of the VET schools, conducting training of trainers' programs, promoting solutions of market intermediation mechanisms such as career centers, and upgrading the training curricula to accommodate industries' needs for specific skills.
8. Continue promoting dialogue between several stakeholders involved in skills development, employability of youth, workforce productivity, skills mismatch, and other relevant issues that concerns the employability of youth and women. There is an urgent need to expeditiously plan for a robust game plan for skills development. This should not only be conduct at the national level but also at the regional level. In the MENA region, this can take the form of a robust partnership between Northern and Southern Mediterranean countries, where best practices from Northern European

countries such as Germany, Switzerland, Norway and Finland can be piloted in Southern Mediterranean countries.

9. The VET solution consists in aligning suitably adequate courses and linking them with the labor market skills demand. The VET solution calls for close and solid collaboration with the private sector, the major creator and recruiter of the jobs of the future. Private sector businesses should not only have a consultative role in helping vocational institutions set up new courses, but they should also be involved in developing those courses and delivering practical workshops and hands-on activities. They should also promote apprenticeship opportunities for new graduates searching for new career and should offer more skills development and training for existing employees to allow them to upskill their profiles.
10. Promote quality assurance mechanisms in the VET sector in a manner that sustains the reform programs. Provisions of quality assurance include VET curriculum content, training delivery, instructors' qualifications, private sector engagement, etc. Devoting time and energy in attaining certain quality assurance standards may have a significant impact on the development of the VET sector.
11. Capitalize on e-learning and virtual classroom solutions which have been tested during the Covid-19 pandemic and showed that we could put in place business and learning continuity plans using remote work options and virtual classrooms. This mechanism should further be exploited as an immediate solution to scale up and sustain upskilling and reskilling programs.
12. Adopt a multi stakeholder collaboration to successfully implement a robust skills development program and pursue a holistic approach to create active linkages and partnerships between education providers (VET and Academia), Businesses, public employment agencies, CSOs and BSOs. Such efforts can positively impact on the VET sector which will become more resilient and will be apt to offer quality skills development and training to private sector companies looking to support their current workforce and planning to prepare for their future workforce.

Conclusion:

It has been reported in several recent reports that the Covid-19 pandemic, although it caused several forms of disruptions, has brought about new opportunities in several sectors such as ICT, Healthcare, and Manufacturing. It has also provided the VET sector with new opportunities in the labor market following the new trend in job transition that requires to upskill and reskill the workforce according to the provisions of the VET sector.

It is now urgent to replace the punctual socioeconomic measures taken by several government to rapidly mitigate and contain the impact of the Covid-19 pandemic on the workforce and adopt a more sustainable socioeconomic model that can offer forms of upskilling and reskilling of workforce that has been directly affected by the Covid-19 pandemic by getting dislocated.

Also, it is essential to take advantage of this global reset of the online learning mode and capitalize on using this learning approach to scale up the upskilling of workers as well as job seekers. The double disruption caused by the pandemic and the accelerated technology pace made future jobs available as of today and accelerated the need to upskill workers and job seekers' skills to transition or match these new jobs.

Finally, it is important to raise awareness of businesses that, although they are struggling to overcome a recession caused by the Covid-19 pandemic, should think about investing in reskilling and upskilling their workforce to guarantee productivity and competitiveness and to contribute to the economic growth of their country.

References

Cedefop. (2018). Insights into skill shortages and skill mismatch. Luxembourg: Publications Office of the European Union.

Dr. Dieter Euler. (2018). Engaging the Business Sector in Vocational Education and Training. Zurich: Donor Committee for Dual Vocational Education and Training DC dVET.

European Training Foundation. (2019). Key Indicators on Education, Skills, and Employment, ETF Publications.

Nina Volles and Carol Switzer. 2020. A Handbook for Academia, Industry and Policy Makers: Reinforcing the Innovation-Employability Nexus in the Mediterranean. Union for the Mediterranean.

Vesselina Ratcheva, Guillaume Hingel, and Sophie Brown. (2020). The Future of Jobs. World Economic Forum.

This document is produced by

BUSINESSMED

Union of Mediterranean Confederations of Enterprises

In the framework of the EBSOMED project



Project funded by the
EUROPEAN UNION

The EBSOMED project is led by BUSINESSMED within a consortium of six partners.

BUSINESSMED

Union of Mediterranean Confederations of Enterprises

