

# Relevance of Skills Revolution in Education and Training

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## Abstract

*How can we build competitive economies by means of meaningful and relevant education and training? Education and training are important means of human capital formation for economic growth. They are equally important means of inculcating social values. Our values and beliefs about education and training often inhibit us from realistic interpretation of needs and investments. It is now time for economic reform through human capital revolution, education revolution and skills revolution. All our efforts must gear towards increased equitable access and relevance of education and training for youths and adults leading to economically gainful employment or self-employment. Socio-economic analyses of populations require special attention not only to formal education but also to factors such as the role of parenting and on-the-job training. Skills matter, and training-job relevance matters more than ever before. Most training interventions fail primarily due to what employers expect from the workers and what they are trained for. These aspects are simply ignored by conventional education as traditional measures of human capital formation. Thus, meaningful education and relevant skills are the pressing needs in Nepal, in South Asia and elsewhere.*

## The context

In the context of Nepal, the number of youths entering into the labour market is increasing every year. It is currently 400000/year. Population has reached 26.5 million. Working age population (aged 15-59) has increased from 54% in 2001 to 57% in 2011. Number of fulltime workers (40hrs/week) has decreased from 52.9% in 1996 to 46.2% in 2011. Around 53.8% workers are currently under employed and greater number is in the age group of 20 to 24 years. Increasing number of youths is migrating abroad for work. Among the migrant workers- 72% migrate as unskilled, 26% as semiskilled and only 2% as skilled workers. Remittance has been occupying 22% share of GDP and it has been a source of cash income for more than 50% households in the country but saving from it is only 8%. It is very low rate of saving as compared to 41% in Pakistan and 44.5% in Srilanka. Nepal's economically active population is expected to reach 17 million by 2022 (by applying growth rate of 1.35% as indicated by the National Population Census, 2011).

To provide employable skills to the unemployed youths of 15 to 24 years of age (who represent 34.7% of the labour force entering into the job market each year), there is a need of training 2.7 lakh persons per year. With the labour force participation rate of 83.4% and taking the proportion of underemployed population as 53.8%, the country needs to train over 7.7 lakh persons in total per year. The current capacity for skills training, including Technical School Leaving Certificate (TSLC) programs, is 88,124 persons per year. Additionally, over 28000 youths migrate for higher education abroad (2009/10 data) every year.

### **Labour market: current and future needs, gaps and government policies**

Nepal is between two big neighbours- India and China. In both the neighbouring countries, economic growth rate and industrial development are booming. Nepal is still in transition to stable political and socio-economic growth. Topography is adverse, population is very diverse in terms of geography, economic activities and livelihood. Tremendous progress has been achieved in 'education for all' and GER at all levels of schools and universities. Girls' enrolment at schools and colleges has gone up rapidly. However, school-drop outs and failures are also prominent, more so in the case of girls.

Tourism, mountaineering, hotel management and other service sectors including banking services have tremendous scope for expansion and growth, but the economy still relies mainly in agriculture and animal husbandry. Informal sector, mainly the construction and tourism, occupy major employment market. Employment market in the government sector is further shrinking.

Informal sector labour market demands basic and middle level skilled technical and managerial human resources. Most of the small scale businesses and industries are indigenous and family owned. Traditional arts and crafts and handicraft industries are doing good but they do not expect much from the formal education or training system.

Nursing, engineering, medical and management graduates are finding better opportunities whereas humanities, education, liberal arts and other social science graduates have little or no scope for employment both in the formal and informal sectors. However, the number of higher education institutions in such non-technical areas is too high as compared to the institutions that offer technical courses and programmes. This contradicts with the demand and supply of needed human resources.

Few girls enroll in engineering subjects whereas very few male students appear in the entrance tests of nursing and beautician courses for example. This trend continues.

High performing students, leave the country for higher education and eventually for better employment. They go abroad in a large number every year. More than 350000 youths enter into labour market every year. These unskilled youth go to middle east, Malaysia, Korea and Japan for employment. Currently more than 3000000 youths are working abroad, most of them as unskilled workers.

The currently projected economic growth rate is 4.5%. Industrial and economic growth in the manufacturing sector industries is unsatisfactory and it is more than satisfactory in the service sectors. For Nepal- agro based small scale industries, tourism, hotel management, mountaineering, trekking, herbs and herbal products, banking and insurance have greater scope for employment and/or self-employment, for now and for the next 5 to 10 years and beyond. These are also the government priorities but are increasing at a very slow speed compared to the population growth of 2.5% per year. Government policy has also emphasized hydropower industries and employment in the industrial sectors but the shortage of power is already a chronic problem for industrial and economic activities and for direct foreign investment. Government is doing all it possibly could to bring in foreign investment to create more employment opportunities in the country. Unstable political environment is the bottleneck for the desired growth of economy and employment.

### **Prospects and challenges**

Skills revolution in education and training sector has been emerging as a solution to address the lack of employment after graduation from the universities and colleges. Technical Vocational Education and Training (TVET) has now been a center of attraction for the private investors and cooperatives, too. There are over 350 private TVET providers in the country. TVET graduates have higher rates of employment (80%) and many of them have also turned up as self employed entrepreneurs. Government policy has prioritized this type of employable skills training provision and the public institutions are also introducing TVET as annex programs which have been receiving significant support from the government.

Most university programs are producing large number of graduates for an unknown or non-existing employment market. Programs and courses are supply driven which do not match with the demands of the existing as well as emerging employment markets, both in the government and non-government sectors. Trends indicate that the informal and private sector will play a crucial role in the country's economic growth in the years ahead and the universities will have to match their programmes and courses to the employment market so that redundancy will be reduced.

Universities are producing what employers are not asking for. This mismatch between market requirements and nature of university programmes must be reduced or eliminated for graduates to be employed. Outdated courses and programmes, stagnant situation of universities and non-responsiveness to the existing and emerging job markets in country and abroad are often found that many graduates find themselves no-where after graduation. Supply driven education must change into demand driven and employment oriented. Users and employers must be consulted and involved at all levels of the programmes- analysis, design, development, delivery and evaluation. In isolation, universities cannot achieve anything anymore and the increasing number of graduates produced every year need to stop suffering from being unfit for employment or self-employment.

Some universities have already started to be proactive and carefully look for employable programmes and courses. Others have started involving stakeholders in the programs so that graduates become employable after the completion. This trend is likely to increase, also for 'survival of the fittest'.

### **Conclusion**

Why do we need skills revolution in education and training? Formal education is an important factor in human capital formation. However, skills-based training and vocational education play a rather concrete role in human capital formation. Economic and social backgrounds are critical determinants, too. Being born to well-off parents generally raises an individual's levels of human capital where middleclass parents seek graduate status of their children. Role of the welfare state is to minimize the gaps between rich and the poor by increasing the extent of investment in the training and education of the poor, disadvantaged and the marginalized segments of population. We, as providers of training and education, must struggle to create opportunities and space for the job aspiring youths. 'Learning to learn' and 'workplace intelligence' are eminent needs of workers in knowledge economy or know how economy. In the ever changing world of work, our decisions need to be guided by more than just the aim of boosting growth. Education and human capital are rather

complex issues. Skills interventions should sufficiently include post-programme support strategies to link education and training outputs to employment and/or self-employment as the outcome and impact of knowledge and skills in education and training provisions of all types. Employable education and training interventions have emerged as an engine of economic growth. To improve the quality and relevance of skills revolution in education and training interventions, sharing events and learning from good practices could help us all in our policies and practices in the years ahead.

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