Questions and answers: How a sectoral approach to skills development helps contribute to productive and competitive economies

Helping enterprises find workers with the right skills, and ensuring that workers acquire the skills they need to find productive employment is a key to unlocking the door to economic prosperity and building inclusive societies. A methodology developed and being implemented by the ILO contributes to export growth, economic diversification and decent jobs by taking a sectoral approach to skills training and development. By adopting a forward-looking perspective, the intervention anticipates a sector’s development and growth opportunities based on its global competitive position and market development and anticipates the skills that the sector most needs to strengthen for future success. An equally important step in the process involves analysing current skills supply and demand. Together, these steps help to identify existing and anticipated skills shortages, and to plot a path to avoiding skills mismatches that contribute to unemployment.

The Global Skills for Employment Knowledge Sharing Platform (Global KSP) spoke with ILO Skills Specialist Cornelius Gregg about the impact of this intervention and how it differs from traditional forms of skills development and contributes to economic growth and productivity.

Q: What does adopting a sectoral approach mean in terms of skills development?

Companies working within the same sector usually have similar skills needs. In addition, employers’ organizations, faculties or departments of educational or research institutions, development agencies and regulatory bodies also take on a sectoral focus in dealing with industry workforce needs. This means that there is usually a clear set of stakeholders that can come together at the sector level to address the sector’s skills requirements. Adopting sectoral approaches helps to focus attention on shared needs. It also proposes understanding and analysing the skills required for the successful development of a specific sector, and taking action based on the shared analysis.

The ILO’s Human Resources Development Recommendation, 2004 (No. 195) provides a foundation for the involvement of social partners in the development and implementation of training policies at national, regional, local, and sectoral and enterprise levels. The ILO’s G20 Training Strategy: A Skilled Workforce for Strong, Sustainable and Balanced Growth also recognizes sectoral approaches as a key for ensuring the relevance of training to labour market demands. The Skills for Trade and Economic Diversification (STED) programme offers an example of a sectoral approach to skills development. Through STED, the ILO works specifically with tradable sectors, or industry sectors whose outputs in terms of goods or services are traded internationally. These sectors play an important role in terms of economic development and can even take a lead role in developing economies. However, similar methodologies can be applied to any sector of the economy.

Q: How does it differ from traditional models of skills development?

Sectoral approaches reinforce other good practices in skills development. In developing a sectoral approach we still want to work with existing educational and training institutions where feasible. Therefore, rather than coming up with a completely new approach to skills development, we help to reshape what is already good and make it better and more responsive.
to the skills needs of employers and workers. Where there are systemic problems in education and training provision, sectoral approaches can provide an entry point for system reform for developing solutions that can serve as pilots for improvements to the system as well as addressing the skills challenges facing the sector.

Traditionally, people have thought about skills development as a synonym for technical vocational education and training (TVET). Today, we need to think more broadly. We still need to take into account formal TVET, but also formal higher education and other less formal initial learning such as induction training, or traineeships that may not necessarily be connected to the TVET system. In addition to initial education and training, we also need to think about developing the existing labour force, and about continuing education and training throughout a person’s career.

As skills needs change, people and their employers will require different sets of skills over time. In addition to considering the supply of new entrants to the labour force with needed skills, sectoral approaches look at what must be done to develop the skills of existing workers in the sector to allow businesses to perform well, and keep people’s skills up-to-date. Skills must be updated and upgraded. To do this, the right systems must be developed within businesses and in collaboration between businesses and educational and training providers.

Q: How do sectoral approaches relate to TVET – what is the connection?

Part of the work of looking at skills needs from a sectoral level is to evaluate how well the TVET system in the country contributes towards meeting the sector’s skills needs. We must review whether or not the TVET system is able to offer the right skills. If needed, sectoral approaches can help in the development of new competency standards which would be the basis for new, up-to-date and more efficient TVET curriculum.

For example, in Jordan the ILO has worked with the pharmaceutical centre of excellence to improve training for people who are already working as operators in the workforce. The ILO has developed extra modules to add to the training course for pharmaceutical machine operators.

Another example can be found in Malawi where we developed an activity called “Work Integrated Learning”. The programme enables women and men with relevant work qualifications and skills to perform effectively in greenhouse production of horticultural products with a training programme that combines classroom learning at existing education institutions with mentored work placements.

Q: What impact does adopting a sectoral approach have on national skills policies – in developing or transition economies? And what are some of the conditions or circumstances to be considered when considering this approach?

Sectoral approaches provide a way for national level policies on education and training to become more specific. Decisions made at a national level and affecting all sectors are usually too general to tackle skills needs that are specific to particular sectors, although they can be important in getting systems right and addressing core employability skills that are relevant across many sectors. However, once decisions focus on a specific sector they can be more
directly practical, and provide space for improvements targeted on improving a sector’s performance.

There are no specific conditions for the applicability of sectoral approaches to skills development for any country. Most developed countries undertake sectoral approaches in some way. Yet how they do it depends on their own institutional structures. For other countries that do not yet have systems to foster collaboration on skills at sector level, taking a sectoral approach is important. It will enable the country and its businesses to focus on developing the specific skills needed to maintain and improve their key economic sectors, making substantial contributions to improved productivity and competitiveness.

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