Global demographic, technological, trade and climate trends and shifts in employer-employee relationships are having major implications for employment, skills and training and demand closer links between educational systems and labour market needs. Moreover, helping enterprises find workers with the right skills, and ensuring that workers can acquire those skills is a key for economic prosperity, building more inclusive societies and a precondition for the ability of countries to absorb, implement and develop new technologies.

Yet, matching the right skills to the needs of each economy at the right time is not easy. Around the world, skills mismatches are challenging enterprises that want to fill vacancies for skilled positions. What is more, the skills provided by education and training systems do not always reflect the demands of the labour market, resulting in economic and social costs. In order for skills supply to match skills demand in the world of work, it is necessary to take a forward-looking perspective regarding current and future needs for skills.

Governments alone cannot adapt national level skills and technical and vocational education and training (TVET) policies to the actual needs of the labour market. Policy improvement and implementation is a challenge and requires strategic coordination with other labour market and social protection policies as well as policies on trade and investment. Key stakeholders including ministries, employers, workers, and trainers must also take part in these developments. In addition, there is a need to break down the divide between education and employment and include the private sector in discussions aimed at designing curriculum and adapting education and training strategies. Employer engagement is a critical factor in this process, and although some employers already recognize that “a company’s competitive position can be improved by linking its talent strategy to its business strategy” this perception should be broadened and expanded among all economic sectors.

Sectoral approaches are increasingly seen as a key means of engaging employers in skills development, in particular since companies working within the same sector usually have similar skills needs. In addition, employers’ organizations, development agencies and regulatory bodies also take on a sectoral focus in dealing with industry workforce needs. This means that there is a clear set of stakeholders to come together at the sector level to spearhead demand-led sector skills requirements. It also requires understanding and analysing what skills are required for the successful development of a specific sector, and taking action based on the shared analysis.

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Adopting a forward-looking perspective to anticipate the development and growth opportunities of a sector implies a strategic assessment of future skills needs in the labour market. Being predominately “industry-led and sector-based”, sectoral approaches help to provide demand-driven skills, tailored to fit a particular sector and the economic advantage of a country. Sectoral approaches to skills development are recognized by the ILO/G20 training strategy: A skilled workforce for strong, sustainable and balanced growth as a key for ensuring the relevance of training to labour market demands.

A sectoral approach reinforces other good practices in skills development. At the same time, it offers a platform to help reshape what already works in existing TVET systems so that vocational education is more responsive to the skills needs of employers and workers. In addition, a sectoral approach can result in:

- Preparation of occupational or qualification standards;
- Policy advice on lifelong learning in vocational education and training;
- Improved cooperation between educational providers and employers;
- Improved cooperation between different ministries;
- Improved coordination and provision of workforce training; and,
- Funding of training.

Over the years, ILO has worked in selected countries to strengthen TVET delivery so that the supply and demand for skills are more closely aligned and help to inform future policy, management and investment decisions in TVET. Take, for example, the case of the TVET reform project in Bangladesh. Working in close consultation with representatives of government, the private sector, worker organizations and non-governmental organizations, the project was able to lay a foundation for improved functioning of the TVET system through supporting the introduction of a national skills development policy, and sector-based initiatives. Within the policy, national qualifications were established that provided for certification linked to individual competency standards in selected courses (e.g. welding, air conditioning, medical technology). In addition, Industry Skills Councils were set up with support from the project in priority industries that allowed for inputs on employment and skills use/needs.

Launched in 2010, the ILO’s Skills for Trade and Economic Diversification (STED) programme builds on the organization’s long-standing experience in supporting constituents (governments, employers, workers and their organizations) on skills related matters and offers another example of a sectoral approach to skills development. Through STED, the ILO works specifically with tradable sectors, or industry sectors with internationally traded goods or services. These sectors play an important role in terms of economic development and can even take a lead role in developing economies. The methodology has been applied in 11 countries in sectors such as pharmaceuticals, food processing and tourism among others, with implementation expected in additional countries.

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5 Technical and Vocational Education and Training (TVET) Reform in Bangladesh: The goal is to ensure Bangladesh’s competitiveness in the global market and reduce poverty by improving the quality of vocational educational and training, http://www.ilo.org/dhaka/Whatwedo/Projects/WCMS_106485/lang--en/index.htm
A new tool from the ILO, the European Training Foundation and CEDEFOP\(^6\) entitled “Manual on Working at the Sectoral Level” provides an overview of methods, processes and institutional mechanisms of skills identification and anticipation at the sectoral level. The manual can be accessed via this dedicated E-Discussion page.

Considering the importance of sectoral approaches to skills development, the Global KSP will focus this E-Discussion on Providing the right skills at the right time: The role of sectoral skills development in contributing to productive and competitive economies. Over the next two weeks, the E-Discussion will take place in two parts. During the first week, the Global KSP will look at the current skills challenges facing industry and the labour market. During the second week, the dialogue will invite participants to share their experiences and good practices on implementing sectoral skills development approaches.

**Week one questions for E-Discussion: Where are we on skills? Current situation, challenges**

1. In recent years, some countries have experienced economic growth that has highlighted the shortage of skilled workers in those countries. Within this context, what particular challenges do governments face in imparting quality skills training? What barriers do employers and the private sector confront in filling jobs? And, what obstacles do workers, in particular young people, face in obtaining the right skills to prosper in today’s labour market?

2. In some countries, vocational education and training takes on a supply-driven model where education systems and establishments alone decide what kinds of qualifications are needed, as opposed to a demand-driven model that considers the needs of the labour market. What has been your experience in working with supply-driven models, and what can be done to accelerate the shift to a demand-driven approach?

3. How can existing infrastructure for skills development – TVET institutions, universities, industry training institutions, secondary schools (in association with the private sector), etc. – better adapt their services to the needs of the labour market?

4. What particular challenges do teachers, instructors and trainers face in equipping new entrants to the labour market with the relevant skills?

**Week two questions for E-Discussion: Initiatives and what works**

5. Sectoral skills development approaches have proven useful in engaging employers, albeit they take different forms within different national contexts. What models of employer engagement have you identified as being effective when examining approaches to sectoral skills development?

6. What role can tripartite sectoral skills councils play in anticipating the needs of a sector for current and future skills training, assessing the quality and relevance of training programmes and improving relevance?

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\(^6\) CEDEFOP : European Centre for the Development of Vocational Training.
7. What are some effective examples of forward-looking strategies for developing skills in a particular sector that will improve the performance of enterprises and keep the skills of workers up-to-date?

8. To what extent are countries considering the specific needs of their key sectors when developing national level skills development policies/TVET strategies?

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