

BRIEFING NOTE

Despite its many benefits, vocational education and training lacks esteem

Evidence indicates that training not only helps specific target groups, but that its wider benefits are equal to those of general education

Research tells us that education brings many benefits. It is important to economic growth and more cohesive and equal societies. On a personal level education can contribute to job satisfaction and longer, healthier and more fulfilling lives.

While the benefits of education have been widely researched, little attention has been paid to the specific benefits of vocational education and training (VET).

The organisation and status of VET varies widely in European countries. Despite these differences research indicates that VET has the potential to generate numerous economic and social benefits which are common to all countries (Figure 1).

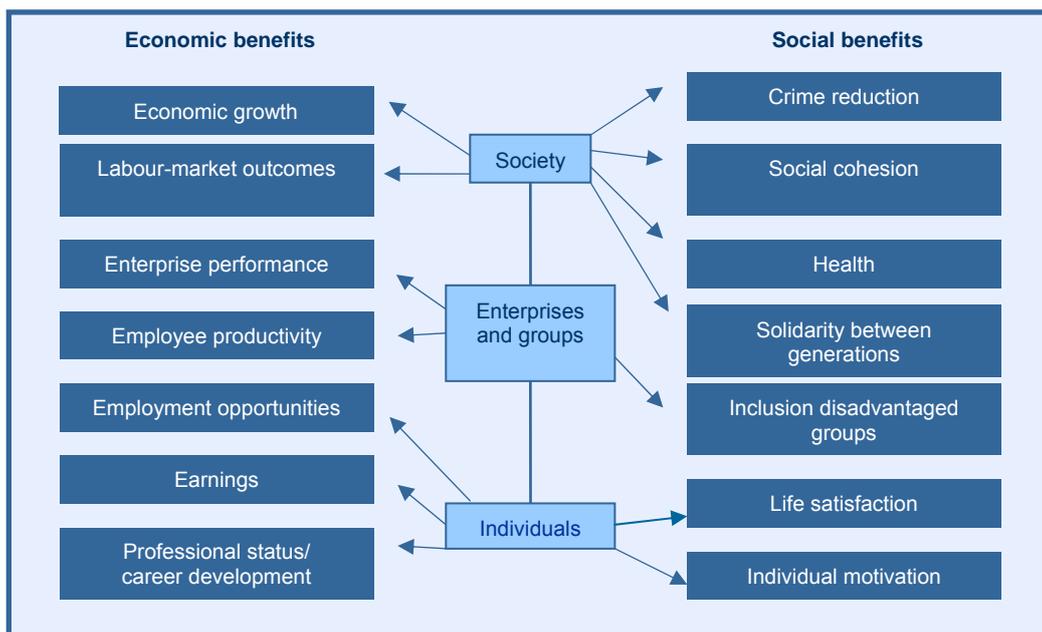
These benefits are shared by individuals and enterprises as well as the economy and society more generally. Training provided by an enterprise increases workers' satisfaction and increases productivity. In turn, higher productivity can improve competitiveness and contribute to higher economic growth.

There is also evidence that the wage returns to VET and its wider social benefits are equal to those of general education.

However, the extent to which these benefits can be realised depends heavily on the institutional context in which VET is embedded.

To find out more about the specific benefits of VET, Cedefop has carried out research and now is publishing its findings in a series of studies.

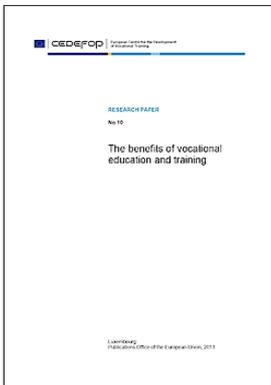
Figure 1. Types of VET benefits



Benefits for society: stronger social cohesion

Cedefop's study, *The benefits of vocational education and training* reviewed research on VET benefits in European countries.

It concluded that research provides evidence of the positive effects of VET in integrating disadvantaged groups whose low levels of education and poor labour market prospects mean that they are either at risk of, or are already, excluded from the labour market.



Read the full report: Cedefop (2011). *The benefits of vocational education and training*. <http://www.cedefop.europa.eu/EN/publications/17868.aspx>

VET is easier to access than other types of learning and provides an opportunity for people with low qualification levels to acquire new skills.

VET is also more appealing to these groups than general education. This may be because VET is closer to the labour market and usually includes work based practical learning rather than classroom based theoretical studying.

Cedefop's explorative study, *VET for the common good: the macrosocial benefits of VET*, which will be published later in 2011, indicates that general social outcomes (measured by indicators such as civil liberties, social unrest, and educational equality) do not differ accord to the type of education. In other words, both benefit society equally.

At the same time participation in VET can bring the same benefits as general education such as better, general health, lower levels of crime and greater involvement in civil society.

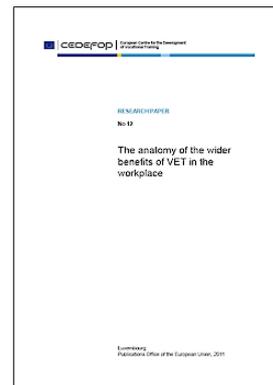
Benefits for enterprises: increases in productivity and innovation

Cedefop's fourth research report, *Modernising vocational education and training* ⁽¹⁾, provided evidence to show that VET had a positive impact on enterprise performance.

This is confirmed by research in Member States. For example in the Netherlands, results of 21 studies carried out during 1998-2007 show that employee participation in training schemes can raise profitability in various ways.

However, comparison across countries and between different studies is difficult because performance is measured in different ways.

Cedefop's study, *The anatomy of the wider benefits of VET in the workplace*, draws on economics and organisational psychology, to show how both employers and employees may benefit from VET.



Read the full report: Cedefop (2011). *The anatomy of the wider benefits of VET in the workplace*. <http://www.cedefop.europa.eu/EN/publications/17947.aspx>

The study shows that VET provides both skills and motivation by, for example, improving job content and sending a signal to the employee that the employer is investing in them.

It also demonstrates that the full benefits of VET are realised where training is part of human resource development practices and where it ultimately contributes to improving working conditions generally.

⁽¹⁾ <http://www.cedefop.europa.eu/EN/publications/14723.aspx>

VET contributes to high performance in organisations when combined with human resource practices, allowing enterprises to earn a double dividend. Not only do employees use the skills they have acquired through VET more effectively, they are also more motivated and committed to the goals of the organisation.

Still, a large share of enterprises in Europe tends to under invest in training.

There are several reasons for under investment in training including no or low expected returns, the lack of perceived need or demand and learning difficulties. However, a major reason is that enterprises do not provide training for employees on short- and medium-term contracts. This is because enterprises do not expect to enjoy the full returns of their investment before their temporary employees leave. Employees with permanent contracts participate more often in VET programmes.

Investment in VET is not only conducive to productivity, but also important for the capacity to innovate in processes and products and work organisation.

Evidence from Denmark, Italy, Cyprus Norway and Sweden corroborates this finding. It suggests that continuing training produces positive outcomes when it complements other measures, such as implementing either new technologies or new work organisation or both.

The relationship between skills and innovation capacity in enterprises is confirmed by Cedefop's analysis of the (Flash) Eurobarometer 2007⁽²⁾ (observatory of European small and medium enterprises).

Findings indicate that small and medium-sized enterprises having problems introducing new technology often complain about a lack of skilled labour, or that the wages of the people with the skills they require are too high. This suggests that enterprises with low productivity and a lack of skills may remain trapped in that situation, as they are unable to take full advantage of new technologies to improve their competitiveness.

Benefits for individuals: better job prospects and more self confidence

VET improves people's job prospects and so contributes to lower unemployment rates and higher economic growth. There is also evidence that the wage returns on VET are equal to those of general education.

This is not surprising. From an economic perspective, there is no reason why the two types of education should bring about different returns. General education and VET cater the needs of workers with different abilities and preferences and as long as the labour market requires the different skills provided, the returns should be the same.

Cedefop's recent study, *The economic benefits of VET for individuals*, found that in the 15 Member States of the European Union, a year in post-secondary VET education, on average, brought about returns equal to that of an additional year in post-secondary general education.



Read the full report: Cedefop (2011). *The economic benefits of VET for individuals*. <http://www.cedefop.europa.eu/EN/publications/18070.aspx>

For individuals, social returns to education are commonly measured by how it improves individuals' motivation, attitudes self-esteem and self-confidence.

A forthcoming Cedefop study on the social benefits of VET for individuals across 15 EU Member States found that training generates positive social outcomes especially among young workers aged 25 or less, in terms of health, civic participation, and satisfaction. For workers over 25 years VET generates social outcomes equal to that of general education.

However, as is the case with general education, the study found that the social outcomes of VET for

⁽²⁾ http://ec.europa.eu/public_opinion/flash/fl196_en.pdf

individuals are influenced by the national institutional environment.

Health benefits are more likely to be found in more egalitarian societies such as Sweden and Finland. Benefits in terms of civic participation are greater in systems that reward participation in civil society such as Germany and Denmark.

Social benefits for individuals from continuing training tend to be found in systems which also work to improve training and working conditions in the workplace such as Scandinavian countries.

VET's benefits appear undervalued

Investment in the right sort of VET by governments, enterprises and individuals can bring considerable social, economic and personal benefits. The evidence indicates that VET and general education should be regarded as equally attractive, at least from the point of view of the returns on investment.

However, despite the positive effects it can bring, Cedefop's research and policy analysis indicates that VET still does not enjoy the same prestige as general education.

VET is predominantly recognised as a valuable tool for promoting social inclusion. It is widely used by European Union Member States to integrate, or reintegrate those who are, or are at risk of being, socially excluded.

Ironically, VET's role in helping those at a disadvantage can sometimes fuel the stereotype that VET is only a route for the less able; a path for those not suited to general or academic education and, by implication, inferior.

This stereotype can not be justified. Enterprises use VET to develop a highly qualified workforce. Individuals use VET, not only to enter the labour market and to find a job, but also as a way to improve careers and find high paying senior-level jobs, or to change jobs and pursue other careers closer to their personal interests.

The ability of VET to promote social inclusion and prevent dropping out from education and training should be seen as another positive aspect of VET. It should not overshadow the fact that enterprises and individuals mostly invest in VET for excellence.