

THE VALUE OF VOCATION

Maria Petrakis

Vocational skills training has multiple economic benefits

Folorunso Alakija can thank a Pitman’s secretarial studies diploma for setting her on the path to her position as one of Africa’s richest women. The training led to a job as an assistant to executives and bankers before she shifted gears to study fashion design and started her own brand. She then branched out into real estate and oil exploration, among other things, amassing an estimated \$1.8 billion fortune, according to Forbes.

Once they succeed, many billionaires make large donations to universities, usually the ones they attended. In 2018, Alakija donated the Skills Acquisition Centre at the Yaba College of Technology in Lagos to teach fashion design, welding, pedicure and manicure, hairdressing, makeup artistry, and shoe- and hat-making.

“We all can’t be in the office under air-conditioners executing white-collar jobs,” the *Nation* newspaper quoted Alakija as saying during the school’s dedication ceremony. “You can be your own boss and build more confidence in yourself and put food on the tables of many more families as a result of the skills you have acquired.”

Alakija’s trajectory shows how a university degree is not always the key to success. Vocational training is gaining recog-

A man works wood at a technical and vocational training institute in Addis Ababa, Ethiopia.





nition as a viable alternative to a college education: Not all professions demand university studies to flourish. Switzerland, Germany, and Finland have a long history of successfully incorporating vocational training and support in preparing students for the workforce. From Bill Gates to Mark Zuckerberg, many Big Tech leaders dropped out of college and went for hands-on experience in building their businesses.

The field of vocational training is particularly relevant for developing economies, where university degrees obtained either at home or abroad are out of reach for many—or are not the best fit for employer needs. And unemployed young people present a problem for governments.

An August 2023 report by the World Bank, the International Labour Organization, and UNESCO found that technical and vocational education and training in low- and middle-income countries do not match the skills needed in the labor market. These countries are also unprepared for a large rise in future demand for these skills.

In Burundi, Mali, and Uganda, the number of secondary technical and vocational education students is expected to more than quadruple over the next two decades; in Niger, the number is expected to rise tenfold. “Already, many of these countries face increasing pressure from high shares of youth not in education, employment, or training,” the report says.

Research shows mixed success for vocational training programs, says Lisa Corsetto-Poon, policy lead at the Abdul Latif Jameel Poverty Action Lab. Designing programs carefully to include features that show the most promise and are appropriate for the given context is essential, she adds. Known as J-PAL, the Massachusetts Institute of Technology-based research center reviewed 28 studies on vocational and skills training programs in countries ranging from Argentina and Bangladesh to Türkiye and the US.

“Many labor markets see a mismatch between the types of jobs that college graduates have prepared for and expect and the job types that are actually hiring,” Corsetto-Poon said. “But vocational training programs don’t always successfully bridge this gap.” Vocational training programs that are well targeted toward in-demand sectors ideally can bridge the gap and provide a more viable alternative to a well-paying job than a pricey university degree, she said.

Credible skills signal

Vocational and skills training programs aim to build a strong labor force by preparing people for jobs in a particular occupation or sector. Training, which can



Students attend a vocational training class in Dhaka, Bangladesh.

include practical work experience, usually leads to a certification or diploma that can help people get a job by providing “a credible skills signal” to employers, J-PAL’s research shows.

A study in Uganda showed that the income gains for people offered free six-month vocational training were both larger and more sustained over time than for people offered a wage subsidy of \$50 a month for six-month on-the-job apprenticeships.

This difference is probably a reflection of vocational trainees’ acquisition of more certifiable skills and their ability to get a new job more easily than apprentices who became unemployed, according to the study.

In a follow-up study done after the COVID pandemic, the Ugandan researchers found that vocational trainees were more likely to lose their jobs at the beginning of the pandemic, but they recovered and ultimately earned more over the course of the pandemic than peers not offered the training. The research suggests that this probably resulted from trainees’ greater sector-specific prepandemic experience. And because they could certify their skills, they could move more easily across employers within a sector.

The study showed that because many low- and middle-income countries lack the social insurance systems of wealthier countries, the ability to move quickly back into the workforce is essential. J-PAL uses randomized controlled trials—a methodology borrowed from drug and medical treatment testing that earned a Nobel Prize in economics for its

cofounders, Abhijit Banerjee and Esther Duflo—to inform and encourage more research on vocational training, in partnership with governments, the private sector, and civil society organizations.

Corsetto-Poon points to promising sectoral employment programs in the US, which led to substantial and persistent earnings increases. These programs train job seekers, typically people with low incomes and those from nontraditional backgrounds—for example, those who have not graduated from high school or college—for high-quality employment in industries likely to have a strong demand for local labor and opportunities for career advancement.

One such program operating in the area of health care, Project QUEST, increased participants' earnings and their employment in higher-quality jobs. A long-term evaluation showed that the average annual earnings of program participants was 26 percent higher six years later and 15 percent higher eleven years later, compared with those who did not participate.

“Many of the common features of the most successful sectoral employment programs—like providing an industry-recognized certification, integrating soft skills training, and providing strong connections to employers—are the same features we see in promising program models outside of the US,” Corsetto-Poon said.

Growing middle class

J-PAL's research shows that the cost of vocational training programs can vary widely, from a few hundred dollars to more than \$10,000 per person trained. Low- and middle-income countries spend less than 0.2 percent of GDP on vocational training—less than half what high-income countries spend. The World Bank, International Labour Organization, and UNESCO report suggests that these programs will need to tap private financing.

Investors might not be too hard to convince. Economic growth in Africa and Asia is making expansion to those areas more attractive to companies such as Pitman's, now owned by LaunchLife International, a franchisor of educational platforms.

A secretarial course at Pitman's might have been out of reach for most Nigerians in the 1970s, when Alakija took her course in London. Now Pitman Training is eyeing bringing its courses to Africa, drawn by a rapidly growing African middle class in an economy expanding faster than any other part of the world. It aims to build on a legacy of helping women enter the workforce. It already has partners in Nigeria, Zimbabwe, Kenya, and Ghana, and its offerings range from office and secretarial skills to software and web development.

Alternative paths

Dropping out of a prestigious university to launch a business is not the same as choosing vocational training, but the number of successful entrepreneurs opting for alternative educational paths bolsters the argument that university may not be the best, or most affordable, option for everyone.

Apple cofounder Steve Jobs took a calligraphy course that inspired the design of the Apple Macintosh computer after dropping out of a highly regarded but expensive college his family couldn't afford.

Soichiro Honda founded his eponymous car manufacturer after quitting school and becoming an apprentice auto repairman. TV chef Jamie Oliver began with a vocational qualification in home economics. Baruch College dropout Ralph Lauren sold ties before launching his own fashion brand.

Just 22 percent of Americans said that college is worth the money, especially if it means taking out loans, according to a Pew Research Center study. Almost half said the cost is worth it only if a student doesn't have to take out loans; 29 percent said the cost is not worth it at all.

The growing cost of a university education weighs heavily on voters. Ahead of the November 2024 election, US President Joe Biden provided almost \$180 billion in student debt relief, helping 4.9 million borrowers.

Facing an election in 2025, Australian Prime Minister Anthony Albanese announced a \$A 16 billion (about US\$10 billion) debt cut for 3 million Australian students and capped indexation on education loans after high inflation saddled university graduates with a 7.1 percent payment increase.

Corsetto-Poon says that both universities and vocational training face big challenges in keeping up with the changing dynamics of the labor market and staying relevant.

“But the fact that vocational training is often more accessible, given lower costs to participants and shorter time commitments, means that these programs could be promising alternatives to university studies,” she said. “Vocational training programs should be thoughtfully designed to maximize their potential and avoid negative impacts on workers as the landscape of jobs changes.” **F&D**

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