

Signalling Value



of



Skills



Education



and



Hands-on Jobs

Candidate, Context, and Employer perceptions of Skills Education and Hands-on Jobs

TeamLease Services Limited



PREFACE

TeamLease Services Limited is one of India's leading providers of human resource services in the organized segment delivering a broad range of human resource services to various industries, with a vision to Putting India to Work.

TeamLease has persistently focused on catalyzing the hands-on (skilled) jobs market. Our Thought Leadership initiative has consistently aimed at structuring this rather unorganized domain and shaping the policy and perception issues associated with the hands-on jobs industry over the past several decades.

This Thought leadership series will delve into comprehending the 'Signaling Value' of skills education, mapping candidate aspirations and occupational options and modeling their decisions related to choice of jobs, career advancements and migrations. The current edition deals with the perceptions candidates and their influence networks hold about skills education and hands-on jobs.

Our Thought Leadership initiatives are a continuing work in progress and we hope to break new ground with each such initiative. We would be keen to learn about your thoughts and feedback. Please write back to us at _____.

THIS EDITION

Signaling refers to the messages that education communicates to the society and the labour market about the skills and abilities labourforce participants may have. It is a measure of the symbolic and social value education holds, and is not a measure of the actual benefits of education.

This edition of the TeamLease Skills Thought Leadership reports focuses on the Signaling Value of Skills Education and hands-on Jobs. It looks at the sudden optimism in the domain ushered in by rising income levels, issues the domain is still plagued by, delineating the concept of signaling, and finally arriving at a qualitative difference between vocational and academic education.

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EXECUTIVE SUMMARY

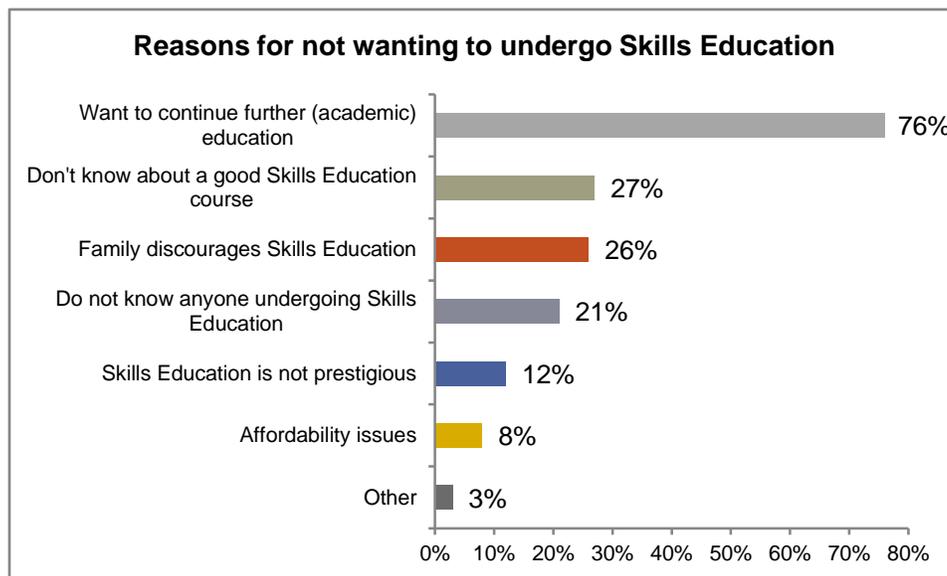
1. A cultural bias and demand-supply mismatch characterize the Education-Employment paradox in the Skills Education and Hands-on Jobs market. There is an acute need to recognize that Hands-on jobs are an imperative and short-term skills education is a pragmatic route to creating and fulfilling on jobs at scale.
2. With changing times, the caste system is all but defunct, especially as far as passing on traditional vocations to the younger generations is concerned. Therefore upward mobility is a distinct possibility for hitherto oppressed castes. The upper caste candidates are still holding on to brahminical biases and do not seem to wish to take to hands-on jobs.
3. Candidate aspirations are disconnected from reality and academic education and white-collar jobs are what the young still dream about. However, hands-on jobs are seeing a big spurt in income levels and Ecommerce is single-handedly proving to be a transformational tool in this regard.
4. The Indian society has a deep-rooted bias against hands-on jobs and believes that such jobs are meant for the underprivileged. A general disregard for labour and a cultural bias that also negatively influences work ethic contribute to adversely colouring the perceptions about hands-on jobs and skills education.
5. Rising income levels have defied societal convention, thanks to the skewed demand-supply dynamic. With hands-on jobs fetching better salaries than conventional engineering jobs, societal inequity may be ending and the negative perception may alter substantially over the next few years.
6. We carry out a study exploring the causal effects of the choice of hands-on jobs. Parental influence is found to be the major factor influencing candidate choice followed by mentors, siblings, friends and role models – in that order. Candidates perceive societal attitudes to change for the better, once they start earning.
7. We put forward a qualitative approach to analyzing Signalling Value of education and compare Skills Education with Academic Education. Of the six dimensions that make up this framework, we identify Specialization, Certification, Reputation of the Institute and Course Term (short) as having the greatest impact on Signalling of Skills Education.

SKILLS EDUCATION AND LABOUR MARKET DEMOGRAPHICS

The Education-Employment paradox

India ranks among the lowest in percentage of students enrolled for Skills Education. To get some perspective China has about 10 times, and Germany 14 times the percentage of students undergoing vocational training every year.

In the 15-29 year age group, among those in the hands-on labourforce, only 2% would have been formally trained and 8% acquire skills on the job. And of those that receive formal training only 3% secure employment. The starkness of the picture is apparent when one considers the numbers at hand – 12.8 million people entering the workforce every year.



The cost of an ill-trained workforce? Poor productivity. Despite appreciable improvements, workforce productivity for India is amongst the lowest, not just in the world but within Asia as well. The demand-supply mismatch – in terms of the inability of education to be able to feed employable skills into employment – is grave.

Short-term skilling: the pragmatic route to skill development

While on skills education we are advocating short-term skill education - courses that are focused on specific, job-relevant, skills and which take between 2 and 6 months for a candidate to complete. The rationale being candidates would do well to be trained on specific skills and deploy these at the workplace with a quick lead time.

The Skills Education-Employment Paradox

The Skills Education-Employment markets in India are characterized by a paradox. The Skills Education market has limited capacity of courses that are in demand in the Employment market. Even this limited capacity is severely underutilized, however. In a country that has an estimated 625 million in the workforce and barely 10% of this number trained – more informally than formally – the paradox is a shortcoming we can ill afford.

Hands-on jobs - an imperative

The share of the informal workforce in the labour market is over 90% - a proportion that would continue to remain intact for a foreseeable period of time. A large part of the organized sector also finds means of employing hands-on labour via the informal route.

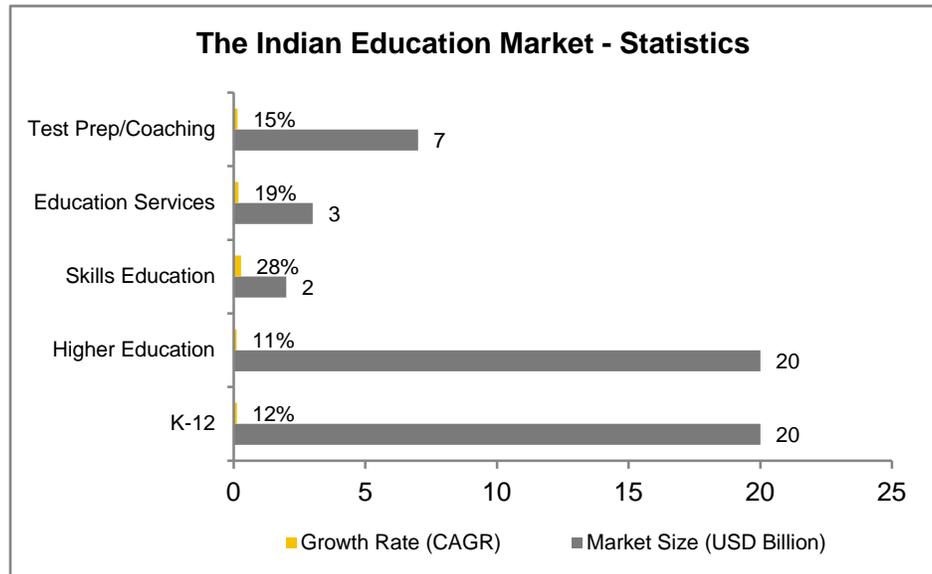
While the popular societal aspiration remains textbook education and white collar jobs, the large transitions from rural to urban and agricultural to manufacturing sectors is an imperative India needs to face. Poor employability among the professionally educated workforce is evidence of the fact that far

more labourforce participants must be trained for skills and productively employed in some form of hands-on labour or the other rather than be either without jobs or force-fitted into low productivity.

Therefore, India has a formidable task cut out for itself. Scores of youth entering the labourforce every year need to be rapidly trained and channeled into jobs that they are better capable of being in. This demands that there is a transformational change in the way the country looks at its own work ethic and rally the resources required to accomplish this tall objective.

Skills education - the dark horse

The Skills Education sector has traditionally remained low priority. In revenue terms it accounts for a mere 4% of the overall education industry market size. K12 and higher education control a lion's share (80%) of the market, dwarfing the Skills Education sector and pointing to the overwhelming bias India has for academic education.



State intervention and public-private partnerships are adding the much needed fillip to the sector and Skills Education is set to grow at a frenetic pace over the next decade. However, while capacities – and the corresponding demand from industry – will be invariably created what is needed to make this machinery work is a transformation in people's attitude towards hands-on work and willingness to take up h jobs as a dignified and sustainable alternative to white-collar jobs.

The twin-problem to address

What ails the skills-based employment and education ecosystem? A conflation of cultural bias and demand-supply mismatch – both structural and informational.

1. *Cultural bias: a hierarchical society harbours deep-rooted bias against hands-on labour and, therefore,*
2. *Demand-Supply mismatch: structurally, and in terms of a terrible information asymmetry, the labour market has an enormous demand-supply disconnect.*

THE PSYCHOLOGY BEHIND THE CHOICE OF HANDS-ON JOBS

Tribal knowledge and handing down vocations

There is a diminishing breed of participants taking up hands-on jobs that their parents / guardians or members of their caste have carried on for years. While, historically, hands-on skills have been handed down generations via implicit trade knowledge, access to education and the large swathe of job opportunities such as in

“Not good enough for white-collar jobs”

The biggest proportion of candidate influx into manual jobs, however, is thanks to the seeming aspirational failure of a majority of workforce participants who, having had either a notional disenchantment or a material lack of resources and / or aptitude for textbook learning, gravitate to 'low-status' jobs.

A vicious cycle - The less formally-educated youth lack proper vocational training and are doomed to drift from one low-paying stint to another.

ning up avenues for candidates to diversify from their traditional choice of vocation.

On the one hand candidates are seeking greener pastures outside of conventional trade choices, and on the other parents and the castes are waking up to the reality that their trade is facing imminent death. This phenomenon cannot be generalized, although, it is increasingly becoming pervasive. Gradually, parental aspirations are also influencing candidates to seek the greener pastures.

The most conspicuous of all such transformations is the migration of agrarian labour from the rural areas to the cities. With large scale farmer suicides and the gaping demand-supply gap across sectors, migration of newer generations of small farmers to the cities is increasingly intensifying.

Ecommerce and the Internet - the promise of dignity

The burgeoning consumer internet (ecommerce and apps) economy has driven an inflection in the consumer maturity ushered in by the organized retail sector. The enormous spurt in demand for delivery boys was the first booster dose to jobs by the sector followed by the equally enormous, if not more, war for driving skills by the taxi app companies.

Besides the number of jobs – an estimated 50,000 drivers and growing – this demand spurt has also resulted in wage appreciation well beyond the expectations of the workforce participants. Median

SUCCESS STORY

Raju Lakshmanbhai Mena, a resident of Dahisar, is an entrepreneur today, thanks to Ola. He used to be employed as a private driver by a family in Ahmedabad. Once he learnt about Ola, he asked his children to explore more about it on the Internet.

Mena was always keen on doing something on his own. When he learnt about Ola, he invested in a mid-sized sedan and became an Ola driver-partner.

He has to work long hours but has no regrets today as he earns about Rs.70,000 per month on an average.

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salaries have doubled from Rs.7,000 to Rs.14,000 per month over the past 3 years. Add to this, the taxi app companies' initiatives that actively encourage entrepreneurship, and the envelope of financial success and freedom further extends to include tens of thousands of job aspirants.

The consumer internet sector has, perhaps, undone years of exploitation of labourforce participants by the informal sector as well as the organized sector that channeled hands-on labour into themselves through informal sector agents and effectively kept wages low. If the sector continues to grow this will mean a huge fillip to the dignity of hands-on labour albeit, mostly involving jobs with geographic mobility. It remains to be seen if internet startups – such as HouseJoy – that act as retail marketplaces of hands-on labour will extend this transformation onto all labour categories.

The cloud of the caste system

The low-status association of hands-on labour is rooted in the brahminical caste system followed centuries ago. While the country has made long strides in abolishing the caste system, the cultural implications of the system are still seeped into the public conscious as far as hands-on labour is concerned. So, the caste hierarchy is more or less defunct from the workplace in all but hands-on labour. Seemingly, higher the levels of physical exertion lower down the caste hierarchy labour comes from.



... and the silver lining

The silver lining around the caste cloud, then, is that upward mobility is not restricted by caste – not by institutional design in any case. What this means is that labourforce participants are free to pursue a vocation of their choice regardless of caste. And rising income levels across the spectrum of hands-on jobs is making this mobility worthwhile.

What is now needed is a cultural revolution that frees downward mobility from caste as well. For instance, jobs considered menial – and some of these, such as manual scavenging, are downright inhuman – are implicitly meant for specific sub-castes. The upper castes need to stop treating the seemingly menial hands-on labour as culturally forbidden.

THE CANDIDATE PERSPECTIVE

Aspirations distort reality

Thanks to the low-status stigma hands-on labour and vocational education are associated with labourforce participants, in general, aspire for academic education and white collar jobs. Parental

Deterrants for Vocational Education

1. *Lack of appreciation for hands on training*
2. *Effort and economics of training*
3. *Quality of, and return on, training*
4. *Limited upward mobility*
5. *Weak labour market linkages*
6. *Dominance of the informal sector*

the negative cultural connotations there are six significant deterrents to candidates choosing to enroll into vocational education.

This negativity associated with vocational education is rooted in the society's status consciousness as well as the distrust in the educational infrastructure to equip candidates with the capabilities that mean satisfactory livelihoods.

Perceptions - is it about semantics?

A study that gauged candidate response to the use of 'Vocational Education' alternated with 'Skill Development' found that the latter term was perceived favourably by the candidates and the difference in perceptions between these two terms was appreciable. The respondent group that accorded a favourable perception to the term 'Skill Development' were characterized by the following traits –

1. *They studied in private schools*
2. *Their academic performance was superior to the other group*
3. *Their parents had superior educational qualifications*
4. *They were predominantly male*

The argument that the study makes, therefore, is that nomenclature plays a significant role in attaching negative connotations to 'Vocational Education'. One might also like to extend the logic to the overall society and posit that a better packaged course might find acceptance with a substantially higher number of candidates. A more comprehensive research of all of the elements that might significantly alter individual and societal perceptions and achieve better acceptance levels would be well in order.

SUCCESS STORY

Krishna Kumar, a resident of Motihari in Bihar was a scrap gatherer. This occupation of his – earning him Rs. 60 per day – was supposed to feed six younger siblings and parents.

He was hired by Waste Ventures, a start-up offering professional garbage collection service, for a monthly remuneration of Rs. 4,500. Although the amount is still inadequate to feed a family of 8, it is more than twice the amount he used to make earlier.

Not just that, Krishna gets to wear a uniform, uses a pair of gloves and collects garbage in a neat, bicycle-drawn garbage cart.

The sole bread-winner

Another, critical, attribute that dictates the choice of Short-term Skills Education for many is that they happen to be the sole bread-winners in their families. As is elaborated in a forthcoming chapter this could mean a range of scenarios related to access and continuity of education. When the very basic needs of the family are yet to be met, earning a livelihood becomes the only priority for the bread-

Entrepreneurship: an aspirational boost

The consumer internet model – specifically, the taxi-apps business model – is ushering in an unexpected career option for job aspirants: Entrepreneurship. With potential payoffs, for taxi drivers that opt for being entrepreneurs rather than being on company payrolls, resulting in income levels earlier thought as improbable, and with the model turning out to be successful enough for app companies to fund entrepreneurship, this new avenue may even be transform attitudes towards manual skilled work.

winner. Most such candidates either forego education or abort it midway, to the detriment of their career aspirations as well their earning potential.

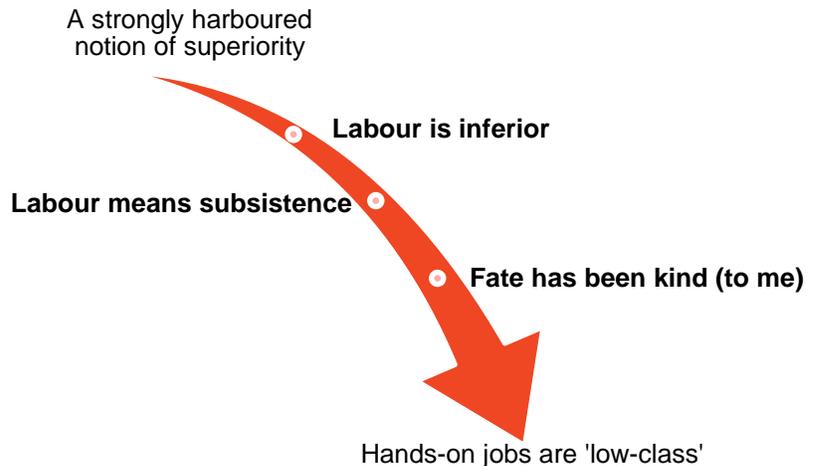
WHAT OTHERS THINK – SOCIETAL ATTITUDES TOWARDS HANDS-ON JOBS

A 'low-class' choice for the underprivileged

The society, in general, has a discriminatory and condescending view of hands-on jobs as well as hands-on skill workers. The hierarchical mindset makes people in the society believe that hands-on jobs are somehow inferior to the professions they are in, and that they are much better off than the hands-on skilled workers.

The feelings of superiority could be categorized into the following causal factors –

1. *Labour is inferior*: Hands-on labour is inferior to process (banks, trading, etc) and knowledge (consulting, coding, etc) work
2. *Labour means subsistence*: hands-on skilled workers are worth – and are only paid – subsistence wage
3. *Fate has been kind (to me)*: They have been born into a more fortunate context than the hands-on skilled worker



The Indian work ethic and cultural bias

The low status accorded to hands-on labour – and its allocation to specific castes – is a severe shortcoming of the Indian work ethic. This cultural bias has constrained the people supply chain over decades and, today, as India looks to reap a demographic dividend, it threatens to shut the window of opportunity the country has been bestowed upon.

Labour and the Indian Consumer - a mutual dissonance

There is an inherent trust deficit between the consumer and the hands-on skilled worker, and it is mutual. The consumer sees the hands-on skilled worker as a person deprived of the privileges the consumer has been bestowed with, and so as someone looking to make a quick buck at any available opportunity. The hands-on skilled worker is expected to remain humble and accept his / her decrepit fate.

Hands-on skilled workers, on the other hand, are undecided about their own worth and swing between undervaluing and overvaluing themselves. Therefore, they come across as being either too subservient or too aggressive / opportunistic. The reality is that there are no standards and measures to refer their jobs and wages to, and they are forced to go by circumstances.

the people supply landscape and populated it with aspirations of a limited number of professional

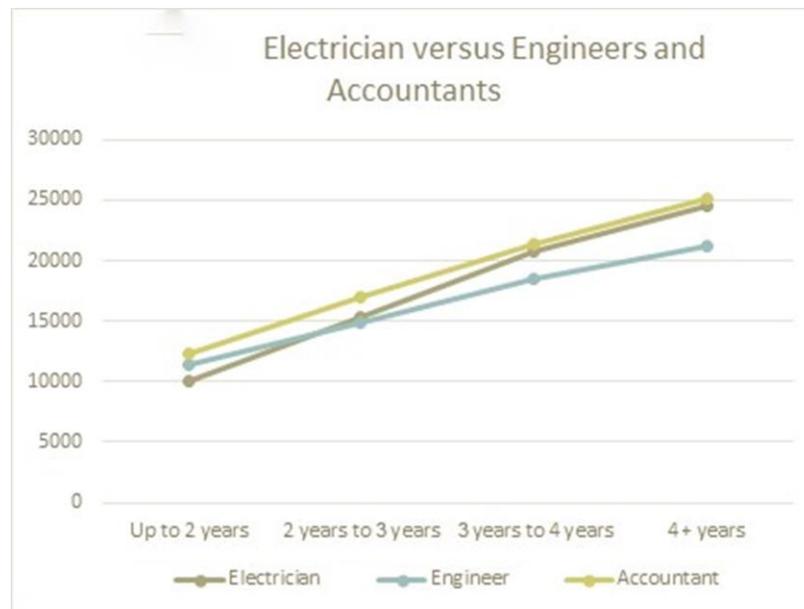
courses and the white collar jobs they are supposed to open doors for. Regardless of industry job demand and regardless of candidate aptitude labourforce aspirants have force-fitted themselves into a chimera of 'dignified' white collar jobs – an aggregate pipe dream that will not fulfill for most.

The sum effect of this is a tellingly poor productivity level. As per 2011 statistics from the Ministry of Labour, India ranks among the least productive economies (in terms of GDP per capita) not just across the world but also within Asia.

Income parity is here!

So much so, the disparity has switched directions – glaringly. Today, an Electrician of repute earns more than an Engineer with a couple of years' experience or less. The very cultural bias that drubbed the domain of hands-on jobs has resulted in a demand-supply skew of such disproportions that incomes for hands-on jobs are growing faster than for conventional white-collar jobs. The trend is not seen to be abating. As the tide recedes, eventually, the income levels across both hands-on and white-collar jobs are expected to reflect both demand-supply dynamics as well as societal equity.

TeamLease's research shows up significantly higher salaries paid out to hands-on skilled workers as compared with those for Engineers from institutions ranked beyond the top 50 and hands-on job salaries even breaching the levels for MBAs from institutions ranked beyond the top 40 in India. The salary parity – especially in comparison with MBAs – kicks in with higher levels of experience.



Across 12 sectors of the economy the research delves into, salaries of one or more hands-on job profiles have overtaken those of Engineers by between 10% and 27%, and in 6 sectors select hands-on skills fetch as much as MBAs. Generic hands-on job profiles such as 'Electricians' command salaries higher than Engineers across sectors where these skills are in demand. Specialized hands-on skills in select jobs earn as much as MBAs (HR and Marketing), especially at experience levels of 5 to 8 years.

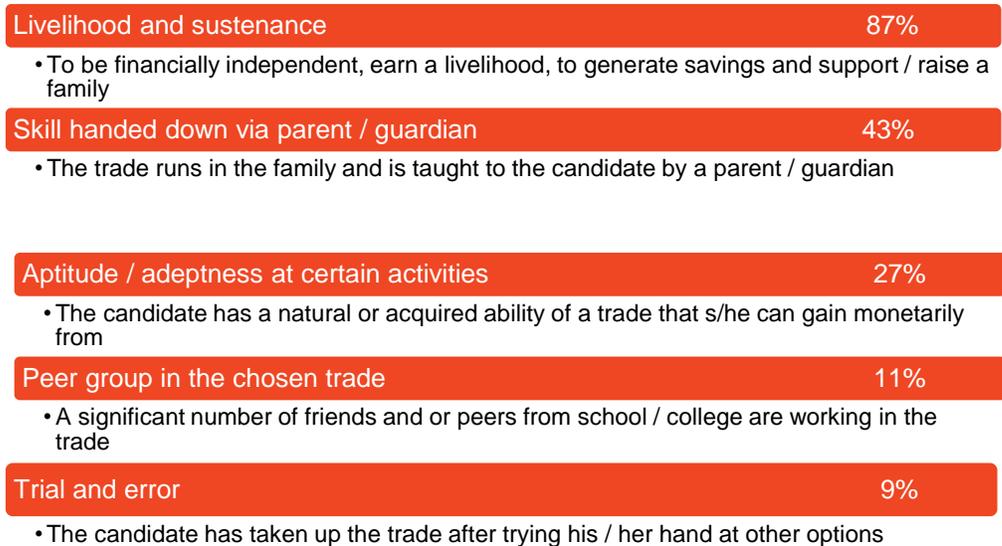
INFLUENCERS – THE WEB OF INFLUENCE GUIDING CANDIDATE CHOICES

The analysis presented in this section is based on two Focus Group Discussion sessions with candidates – both working and aspiring – from the blue collar sector and a survey administered to a sample of candidates, their parents / guardians, siblings, friends / peers and the general public (with no affiliation to blue collar jobs)

Given the bleak and, often, conflicting viewpoints regarding hands-on jobs what considerations play a role in candidates opting for a career in this field, and who are the other people that influence their career decisions? Following are a set of findings from our research.

Considerations for choosing Skills Education and Jobs

Candidates rank ordered the prime considerations they have while arriving at a decision to take up a blue collar job.



Percentage of respondents ranking the consideration as 1. Sample size: 200 candidates

Livelihood considerations are foremost in the minds of candidates, while choosing to take up a hands-on skilled job, since most of them come from modest or economically disadvantaged backgrounds. It helps if a parent / guardian hands down a skill the candidate can make a livelihood out of. However, not all candidates that have a parent / guardian in a trade may have taken to the same trade.

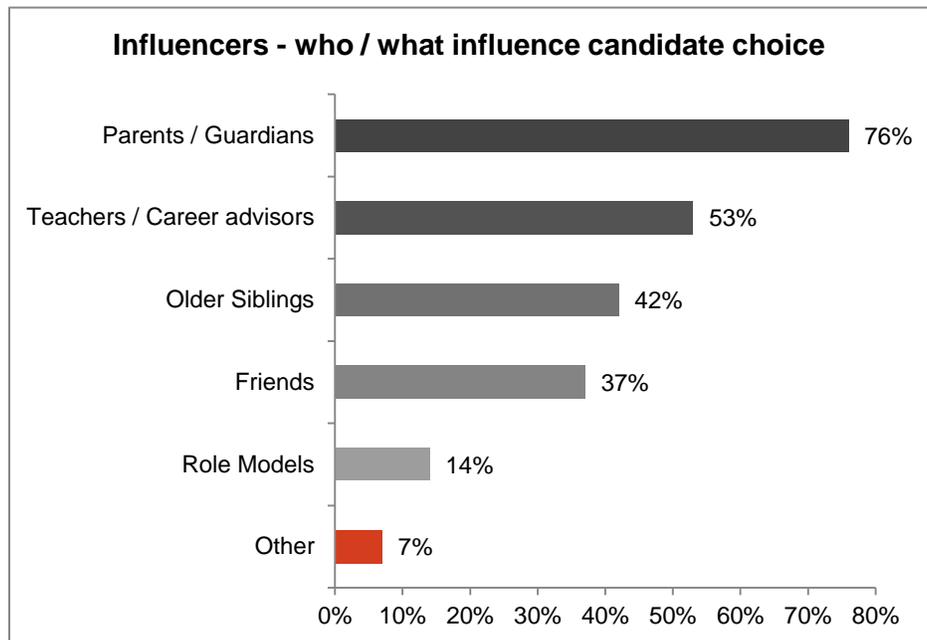
Many have honed a skill or ability they had a natural or acquired aptitude for and some have been influenced by, or introduced to, the trade their peers are in. A significant proportion of respondents have tried multiple vocations before they zeroed in on the one they are currently engaged in.

The web of influence

Who are the people in their lives that influence / have influenced the candidates in arriving at a decision to take up hands-on jobs as a career?

Candidates rely on parents / guardians more than on anybody else for their career decision. Besides the faith they put in them, candidates also feel a sense of gratitude towards their parents / guardians for having raised them, provided for their education and having been their financial backbone. A more objective guidance is seen to be obtained / sought through teachers and career advisors and although this group of influencers trails significantly behind parents / guardians, more than half of the respondents are strongly influenced by teachers and career advisors.

Older siblings and friends follow closely behind, again, with substantial percentage of respondents citing their influence as a key input to career decisions. Role models have a small but, still, significant influence on candidates, being more of an inspiration than influence.



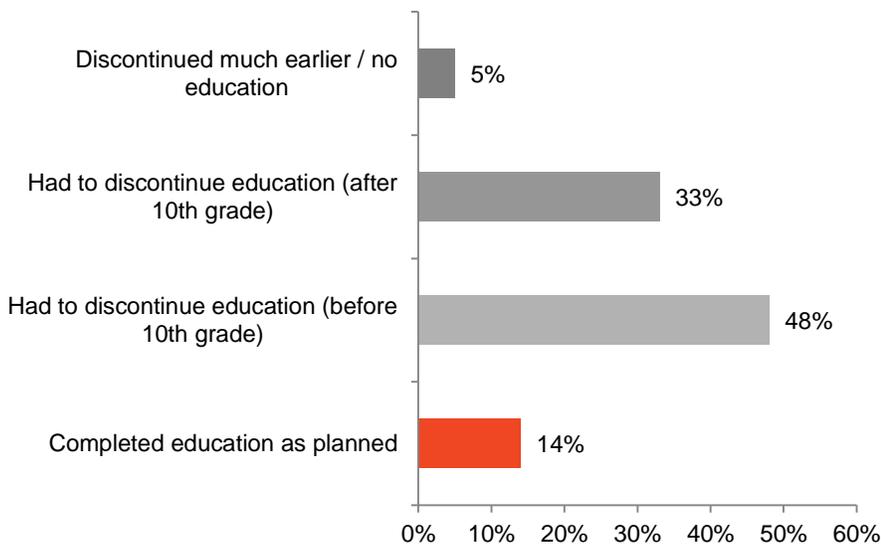
Percentage of respondents indicating who influences career decisions. Sample size: 200 candidates

The overwhelming influence of parents / guardians is formidably bolstered by a network of teachers, siblings and friends. The significant share of influence of this network shows that the candidates are heavily reliant on multiple entities for career decisions.

Continuing education versus taking up a job

Family and financial compulsions often determine if a candidate would be able to continue to study or needs to discontinue and take up a job. The study explored if such constraints weighed in on the candidates' career decision.

Before I took up a job ...



Financial constraints and / or being the sole bread winner in the family was the predominant reason for candidates to discontinue education as they took up their first job. A large majority of candidates either discontinue or do not even take up education – with close to half of all respondents quitting before the crucial 10th grade benchmark, a milestone that could make a substantial difference to their opportunities and earnings.

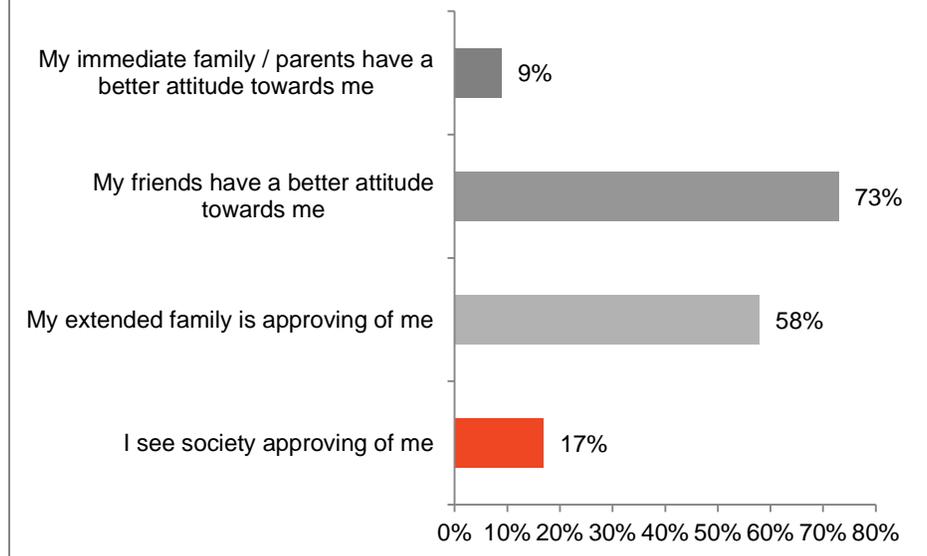
Percentage of respondents indicating the status of their education when they took up jobs. Sample size: 200

Post-earning attitudes of stakeholders

We were keen to understand if the attitude towards ‘low-status’ jobs changed once after the candidates brought home money and were seen to be gaining financial independence by society. And to know which stakeholders’ attitudes change and which do not.

Parents and immediate family are seen to be supportive throughout the journey of the candidate and new found earnings are not seen to be exerting a change in their attitudes. Most candidates also stated that their parents want to see them happy regardless of the nature of their job or the size of their earnings.

Once after I started earning ...



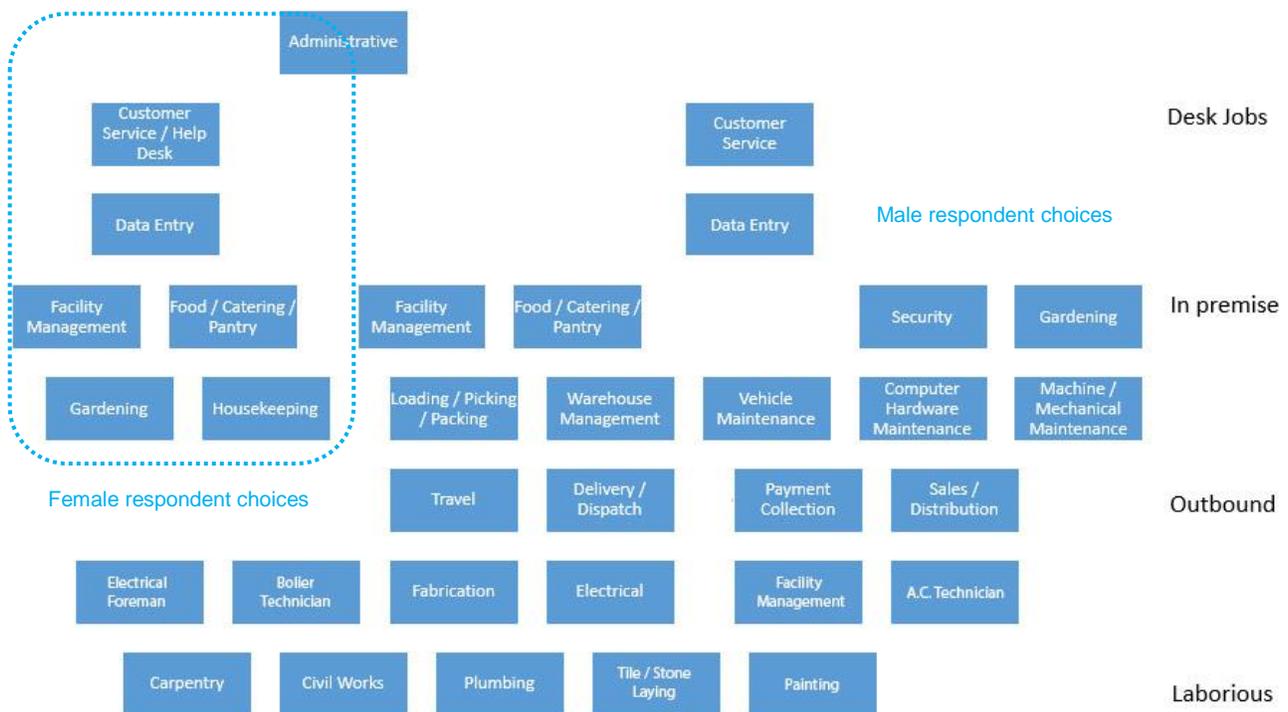
Percentage of respondents indicating if their earnings changed attitudes. Sample size: 200

The biggest change in attitude

is on part of their friends who, as the candidates perceive them, are thrilled to see them succeed, especially financially. A good majority of respondents stating that attitudes of the extended family change for the better is a healthy sign, indicating that as more and more hands-on jobs cater to the financial needs of labourforce participants, attitudes of those that are personally acquainted with the candidate change.

Hierarchy of vocations

What jobs do candidate wish to take up / aspire for. Which jobs are preferred over which others, and is there an order of preference by the nature of jobs.



A significant finding is that many candidates – regardless of gender – aspire to secure an administrative job. This aspirational preference suggests a harking back to white collar jobs. Desk jobs – routine and relatively effortless – are ranked right at the top. Being in-premise and not having to get around town is next best, even when it involves varying degrees of physical exertion.

Outbound jobs are the exclusive preserve of male respondents – a relatively lower number of them. This, however, needs some perspective. Female respondents, when prompted, stated that they would not mind going into jobs that require them to get around provided they are able to cater to requirements of personal hygiene (availability of hygienic and safe public toilets). Jobs that need appreciable physical exertion were least preferred.

Taboos and Conventions

Culture is a dynamic, and the Indian society has been in the midst of a transformation. Work ethics have been evolving and generalizations are hazardous. Still, anecdotal episodes and observations around us lead to the below hypotheses that might make for interesting research.

The upper caste restricts itself from mobility across white-collar and hands-on jobs, while job aspirants from lower castes do not. Typically, a lowly educated upper caste job aspirant would not take up manual work even when such manual work may be a better option compared to others one has at hand. Many upper caste aspirants are 'status-locked'. Social taboos and signaling turn them away from potentially better earning opportunities.

Aspirants belonging to the lower castes, on the other hand, are open to migrating down the status hierarchy even when their academic qualifications entitle them to 'better status' jobs. We hypothesize that the lower castes would, therefore, come to occupy many more jobs across both the white-collar and the manual categories.



The following is an illustrative list of communities traditionally assigned to specific trades. Tradition may no longer hold as much sway with the newer generations though, and we foresee greater mobility across a wide range of jobs by the lower castes.

Profile	Community / Region	Community / Region
Carpenter	Barhai / Northern India	Saifi / North Central India
Cattle breeders and milkmen	Gujjar / North-Western	Bedia / Eastern India
Physicians	Baidya / North-East	Ashta-Vaidya / South India
Jaggery maker	Nadar / South India	Nadar / North India
Oil Presser	Teli / South East	Ghanchi / Western India
Water Carrier	Kahar / Eastern	Mahara / West & South India
Pearl Fishery	Paravas / South India	Kharvi / South Western
Blacksmiths	Vishwakarma / North-Western	Panchalar or Kammalar / South India
Goldsmith	Sunar / North India	Swarnkar / South & East India
Guards / Watchman	Nepalese / North-East	Batwal & Mahar / North, West & South India
Gardener	Mali / Central India	Phul Mali / North & East India
Barber	Nai / North-Western	Valand or Mangali / Western, Southern India
Tailor	Darzi / North-East India	Shimpi / South India
Potter	Kumhar / North-East India	Chamba or Kumbhara / West & South India
Washerman	Dhobi / North India	Chhimba or Chakali / North-West & South east
Butcher	Kasai / North India	Qassab / North-Central & Western India
Fisherman	Koli / Northern India	Kharvi / South Western
Sheep Herder	Gadadia / North India	Bedia / Eastern India

Instances during which academically better qualified have gravitated to applying for manual jobs –

- 1. West Bengal – 2.5 million applicants (most of who were diploma holders) for 50,000 teaching positions at primary schools.*
 - 2. Uttar Pradesh – MBAs, BTech and PhDs applied for a large number of cleaning jobs in municipalities.*
 - 3. Punjab – LLBs, MBAs, BTechs and PhDs applied for the post of ‘Patwaris’ – a clerical job*
 - 4. Regional offices across North India – 220,000 graduates and 225 doctorate degree holders were part of the 2.3 million who applied for the recruitment of 368 ‘general assistant’ positions*
-

Two important reasons behind such a deluge of applications by well qualified candidates seem to be –

- a. A huge Demand-Supply mismatch that has resulted in disproportionately high ratio of applicants to jobs.
- b. The perceived security that government jobs offer.

MEASURING SIGNALING VALUE ACROSS SKILLS EDUCATION AND ACADEMIC EDUCATION

The symbolism associated with Skills Education and Academic Education

Our case has been an obvious one – that Skills Education is regarded as far inferior to academic education by labourforce participants, their influencers as well as the society. Now, we illustrate this perception in terms of the significant constituents of signaling value to visualize the difference between these two domains.

To do this we first explored a globally acceptable framework for signaling value, and then validated the framework elements – the constituents – as applied to the two domains with our focus group participants.



Six constituents have been considered for this exercise –

- *Personal Context*: Family background, upbringing and friend / peer network
- *Standing of the Institution*: Ranking of the institution and its reputation
- *Course Specialization*: Industry demand for the course specialization
- *Level of Certification*: Beginner / Intermediate / Expert levels
- *Course Term*: Number of years the course lasts
- *Gender*

Fig illustrates the visual for the signaling value related to Skills Education. All bubble sizes are rough estimates and are not drawn to scale; the treatment is qualitative. The magnitude of the signaling value in this case is considerably diminished as compared to the sum total of the magnitude of the six constituents. Our assumption is that three of the constituents – Personal Context, Standing of the Institute and Course Specialization – are more critical than the other three.

Personal Context is deemed to be the most important constituent in case of both the skills and the academic education domains. The size of the bubble is marginally bigger in case of academic education since candidates enrolling into this domain have very diverse backgrounds and there could be an averaging effect. The Standing of the Institution and Course Specialization bubble sizes are appreciably larger for academic education since the quality of institutions and courses are bound to be substantially better than in case of the skills domain where these constituents are, relatively, rather poorly rated.

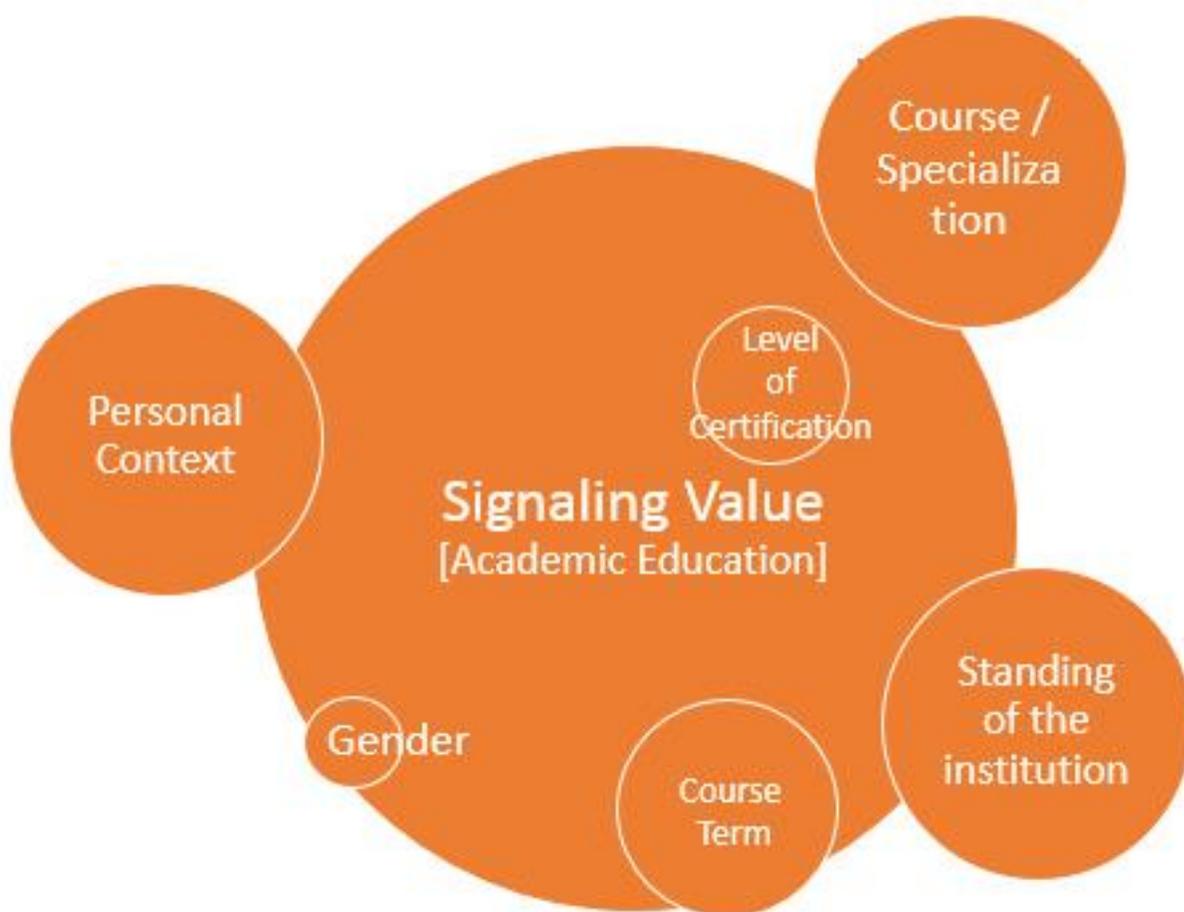
Gender matters more in case of Skills Education because of the mostly very different nature of jobs that males and females would be accommodated in. Academic education streams and the jobs they lead into may not differentiate much between the genders. Course Term and Level of Certification have superior values in the academic domain where professional courses last for much longer and the degrees and diplomas awarded are regarded with far more credence. There is a need for a change of perspective as far as course term is concerned. Intense, short-term and focused, courses in specific, job-relevant, skills are extremely effective if imparting employability, compared with elaborate courses that may render a candidate a 'jack of all trades'.

The net aggregation of the six constituents is thought to result in a substantially higher signaling value for academic education than for Skills Education.



Based on the above reasoning, the implications are:

- *Skills Education must look at improving upon the four variable constituents on the right hand side of the signaling value bubble. Institutions of better repute, more relevant specializations and certifications and intensely focused, short-term, courses that afford deep learning.*
- *In order that the aggregate of these six constituents significantly appreciates, following an improvement on the four variable constituents, the Skills Education domain needs to adopt a strong advocacy initiative that can communicate the improved value and credence to society and stakeholders.*



Employer perceptions of vocational education

Education signals inform the labour market about candidate skills and enable employers to make key hiring decisions. Signaling is 'directional', in that, it provides employers with cues to candidates with the desired characteristics they wish to hire for. It is in this context that Skills Education in India suffers – the signals it is messaging out are weak.

A woefully inadequate education system is unable to generate the right signals for employers resulting in poor perception formation. Given the poor signal value the society and the labour market see Skills Education in a poor light. As a consequence the employer perceptions of Skills Education, in general, are beset with the following issues

- *Trained candidates are only valued to be marginally better than the untrained*
- *Suitability of prior training to the job at hand is suspect*
- *Skeptical about training quality and so provide in-house training*
- *Wary of trained candidates attriting within a short time period*

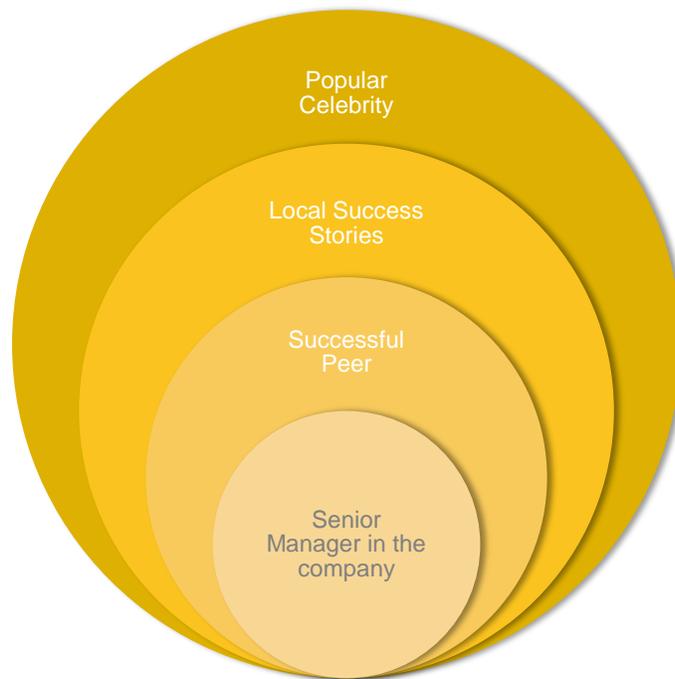
The Cost-Benefit equation for candidates

Candidates are typically concerned about both the immediate and future prospects of Skills Education.

- In the immediate term, the concern would be whether training will lead to securing gainful employment. The criticality of intense, short-term, skill development is relevant here.
- The 'future option value' candidates attach to Skills Education is low, because it offers few exit ramp ways to higher education opportunities at a later date.

These considerations come in the way of their willingness to pay for Skills Education, besides having little or no capacity to pay in most cases.

ROLE MODELS – WHO CANDIDATES EMULATE



The Role Model pecking order

Candidates look up to successful people who they can emulate, the closer they are to a person in their lives the greater the influence.

1. Senior Manager in the company: an admirable senior persona in the company, often someone candidates directly report to
2. Successful Peer: a close friend or acquaintance they have studied or worked with and admire.
3. Local Success Stories: a well-known leader – business, political or professional – in the locality they live in / work in.
4. Popular Celebrity: A leading celebrity from sport, business, cinema or politics they hugely admire.

MAKING IN INDIA: MERCEDES BENZ

The Prime Minister's pet initiative, Make in India, is squarely focused on generating jobs in the manufacturing sector – the cornerstone of any transformation that the country might like to bring about in the hands-on jobs domain. Mercedes Benz India (MBI) has a path breaking blue collar story to share –

MBI has zero attrition among its blue collar workforce. And, in about two decades of operations in India it has never had a single day of production loss. About 55% of the 700 people employed in MBI are blue collar workers. Mutual trust and respect, a collaborative and participative work culture, and a high degree of work ethics are factors that have contributed to immense pride and loyalty among workers. MBI has also undertakes affirmative action to keep the workforce motivated.

Some other 'Make in India' early successes are listed below –

1. In January this year, Spice Group signed an MoU with the UP government to setup a mobile phone manufacturing unit in the state.
2. Smartphone heavyweight Samsung followed up in February, announcing that the Samsung Z1 would be made at its Noida plant.
3. Huawei opened a new research and development (R&D) campus in Bengaluru later in the year.
4. Other handset makers such as Xiaomi, Wistron Corp., and Vivo mobile, among others, have set up or announced the setting up of manufacturing facilities in India.
5. Networking major Cisco recently has unveiled three new products that have been conceptualized and made in India.

CHALLENGES AND POSSIBLE SOLUTIONS

The hands-on jobs sector has a fair share of challenges to address. We list down challenges that Manufacturing and Retail face today and advocate solutions for these.

Manufacturing

CHALLENGES

- Infrastructure
- Unskilled Labour
- Obsolete technology
- Virtually non-existent R&D
- Complex regulatory system

SOLUTIONS

- Superior vocational education
- Employability initiatives
- More investments through PPP
- More power to Sector Skill Councils
- Advocacy for dignity of labour

Retail

CHALLENGES

- Higher costs of organized retail
- Unskilled Labour + High cost of training
- High attrition rates
- Hyper competition
- Labour pool inadequacy

SOLUTIONS

- Building a 'Rural Bias'
- Continual training / skilling
- Technology leverage
- Greater push for Ecommerce
- Unorganized retail to organize

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