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# **Adapting Lifelong Learning and Vocational Training for Adults to the Changing Labor Market**

Abstract



# Adapting Lifelong Learning and Vocational Training for Adults to the Changing Labor Market

## Background

Labor markets around the world are changing profoundly, bringing about transformations in professions and in work-activities. In Israel, a large percentage of those jobs estimated to be at a high risk for transformation, are in sectors that employ nonacademic and low-skilled workers. These workers may become unemployed, as many of the jobs that require only basic skills may disappear.

In order to enable hundreds of thousands to integrate into, and remain part of, the workforce, there is a rising need to adapt the skills and knowledge of those entering the workforce - as well as of those already working - to the needs of the changing labor market; The need is particularly acute for low-skilled workers. Updating skills is necessary in light of the increasing demand for skilled workers, even in nonacademic professions, and as Israel holds a high percentage (in international comparison) of adults with low basic skills<sup>1</sup>, particularly among the Jewish ultra-Orthodox and Arab populations, and among other people of low socioeconomic status. Due to market failures, they might find it difficult to upgrade their skills without assistance.

The adaptation of competencies and skills<sup>2</sup>, which will improve the employability of workers, is achieved through "lifelong learning" - various learning and training activities performed in the context of employment, including vocational and technological training (for reskilling) and adult learning (for upskilling).

1 In particular literacy, numeracy and digital skills.

2 The terms "skills", "competencies", and "capabilities" are used interchangeably in the employment discourse, and are often difficult to define accurately. The terms in this audit are used according to context.



## Key facts

### 600,000 Workers

Estimated number of workers in Israel employed in jobs that are at a high risk of profound transformation in the next few years (15% of jobs); 2.1 million workers are employed in jobs at a medium-level risk (54% of jobs).

### 37%

Percentage of adults in Israel (ages 16 to 65) with low levels of literacy or numeracy (compared to an average of 27% in the OECD countries in 2015).

### 500 Million NIS

State budget for vocational and technological training in 2018.

### 53,200

Number of participants in State-sponsored vocational and technological training in 2018.

### 29%

Percentage of young people who do not participate in State-sponsored trainings or academic studies. Many of them come from a lower socioeconomic background.

### 7%

Percentage of participants in vocational trainings executed in collaboration with employers, out of the total participants in trainings sponsored by the Vocational Training Department of the Ministry of Labor, Social Affairs and Social Services (MOL).

### 0.07%

Public expenditure on vocational training as a percentage of the Gross Domestic Product (GDP), compared to a 0.11% average in the OECD countries.

### 38%

Percentage of workers in jobs at a high risk who wished to participate in lifelong learning activities, but did not do so, due to cost considerations.

## Audit actions



From March 2019 to May 2020, the State Comptroller examined the programs for vocational and technological training for adults, and Government initiatives for lifelong learning, and their adaptation to the changing labor market and its workforce. The audit was conducted in the Labor Branch of the MOL, the Ministry of Education (MOE), the Ministry of Economy and Industry (MOEI), the Ministry of Finance (MOF) – Budgets Division, the National Digital Israel Initiative, and the Israeli Employment Service. A supplementary audit was conducted in the Ministry of Aliyah and Integration (MOAI).





## Key findings



- Integration and improvement of the vocational and technological training mechanisms** – there are a number of entities in charge of trainings, but they lack coordination in various main aspects. For example, courses for similar professions





include different pedagogical content; the Vocational Training Department, the Institute for Technology and Science Training<sup>3</sup>, and the MOE's programs for grades 13 and 14, each collaborate with employers to different extents and in different professional committees; there is no single website containing information regarding all training options available to the public; and there is no unified process of evaluation, guidance, and recruitment. The lack of integration prevents effective utilization of resources and makes it difficult to adapt trainings to the needs of the changing labor market and to those of different populations.

-  **Scope of trainings for young people who do not pursue an academic degree and for the Arab population** – about 29% of young people (ages 18-27) did not enjoy any State funding for improving their employability in 2018; most of them come from a lower socioeconomic background, and they constitute about half of those not pursuing an academic degree. This may affect their prospects in the workforce. Furthermore, the share of Arabs among young participants in State-sponsored vocational and technological trainings (22%) is lower than their percentage in the population (27%), and also lower than their share among the young people who do not pursue an academic degree (33%).
-  **Collaborating with employers on trainings of the Vocational Training Department** – the Vocational Training Department does not have an adequate process for consulting employers from various sectors in order to learn about market developments, nor with employers from the geographic periphery or with small and medium-sized enterprises. Consequently, surveys among training graduates indicate that the effectiveness of trainings is less-than-adequate. Only a small portion (7%) of participants in vocational training programs sponsored by the Vocational Training Department do so in one of the tracks executed in collaboration with employers, despite a wide consensus that such programs are the most effective.
-  **English as an essential skill for those who do not pursue an academic degree** – 40% of all 12th-grade students took the English matriculation exam at the lowest level (three-unit level) or did not take the English exam at all in the academic year 2018/2019; Many of them are from lower socioeconomic clusters. The MOE did not sufficiently collaborate with employers and other ministries in order to ensure that the English language curriculum adequately prepares students also for non-academic professions. In addition, the extent of English studies offered in the adult training courses of the Vocational Training Department and the MOE program for grades 13 and 14, is not expected to suffice for the needs of the changing labor market, raising concerns that graduates will not have a sufficient grasp of the English language needed to integrate successfully into the workforce.
-  **Integration of Government activity and a national strategy for lifelong learning** – there is no single entity coordinating the activities for lifelong learning and leading

<sup>3</sup> Vocational Training and Human Resources Development Department, and Government the Institute for Technology and Science Training, are both part of the Labor Branch of the MOL; the Institute for Technology and Science Training trains and certifies technicians and practical engineers.

the assessment of the skills most required in the changing labor market. The array of public entities involved may create difficulties for the clients – the public – to explore their options and adequately select their preference.

-  **Participation in lifelong learning and its quality** – a relatively high percentage (25%) of adults in Israel (in any job) who wished to participate in learning or training activities did not do so due to cost considerations, compared to a 16% average in the OECD countries. Moreover, the return in terms of wages for participation in lifelong learning is low in Israel (5.4%) compared to the average in the OECD countries (8.5%).
-  **Encouraging low-waged and low-skilled populations to reskill or upskill** – despite the need for proactive and personalized activities, there is no comprehensive program to engage low-skilled populations in adult learning or trainings. There is no framework for in-depth assessment of people's capabilities and needs in order to guide them to learning and training activities best suited to them. In addition, many low-waged workers in jobs that are at a high risk of transforming profoundly, and many unemployed people, may refrain from participating in a State-sponsored training course, or may drop out of it, due to time and cost considerations.



**Actions to improve the vocational and technological training mechanisms** – the Committee for Employment Policy for 2030 (appointed by the MOL), conducted an in-depth evaluation of vocational trainings and the changing labor market. Furthermore, at the time the audit was completed, a reform was underway in the Institute for Technology and Science Training in accordance with Government resolutions, in order to improve the quality of technological training.

**Online accessibility** – at the audit completion date, the MOL was in the process of developing an online database and occupational guidance system, intended to make information about studies, trainings, and work options more accessible. Furthermore, the National Digital Israel Initiative runs a free online learning platform for adults – CampusIL.

**Actions following the employment crisis resulted from the COVID-19 pandemic** – the Israeli Employment Service expanded the selection of the free workshops it offers job-seekers, and adapted them to digital platforms. In addition, the Employment Service began to offer online courses teaching skills and knowledge useful for the labor market. Moreover, The Labor Branch and the National Digital Israel Initiative have also adapted some of their activities to the limitations imposed as a result of the pandemic.



## Key recommendations

- 💡 **Integration and improvement of the vocational and technological training mechanisms** – it is recommended that the MOL, MOE, MOAI, MOF and the Israeli Employment Service work together to improve the coordination between them, the integration of the training mechanisms, and their quality. In this respect, it is recommended that the Ministries consider the recommendations of the Committee for Employment Policy for 2030 and prepare an action plan accordingly.
- 💡 **Scope of trainings for young people who do not pursue an academic degree and for the Arab population** – it is recommended that the MOL, MOE and MOF (in consultation with other entities that engage in vocational training, such as the MOAI, MOEI, the Ministry of Defense and the Israeli Employment Service) analyze together the scope of State-sponsored trainings being provided. It is recommended that they define which populations require training and the ways to increase their participation in them, in order to optimally address their needs for adapting their professional skills to the changing labor market, taking into consideration the immediate implications of the economic and employment crisis caused by the COVID-19 pandemic. It is also recommended that the MOL and MOE work to increase the share of the Arab population in the trainings of the Vocational Training Department and in the MOE program for grades 13 and 14, both of which train a small percentage of Arab participants, compared to their percentage in the group that does not pursue an academic degree.
- 💡 **Collaborating with employers on trainings of the Vocational Training Department** – it is recommended that the Vocational Training Department establish a systematic dialogue with a wide range of employers in various sectors across Israel, in order to stay updated on their needs. It is also recommended to consider conducting, from time to time, a comprehensive employers' survey, to encourage employers to organize on the sectorial level and cooperate with such organizations, to methodically analyze data on vacancies, and to train employees for the professions that are in demand, while taking into consideration the needs of small and medium-sized enterprises. It is also recommended that the MOL and MOF complete the evaluation of the barriers that prevent more substantial participation of employers and students in those vocational trainings executed in collaboration with employers, work to remove those barriers, and consider increasing the investment in such trainings.
- 💡 **English as an essential skill for those who do not pursue an academic degree** – in light of the future need of all students for a good grasp of the English language to enable them to optimally integrate into the workforce, it is recommended that the MOE define a strategic goal to improve the level of English for students in weaker schools, and work to achieve this goal. It is also recommended that the entities engaged in vocational and technological training for adults and the Employment Guidance Centers evaluate the required extent of English language studies in view of the changing labor market's needs, and update their programs accordingly.



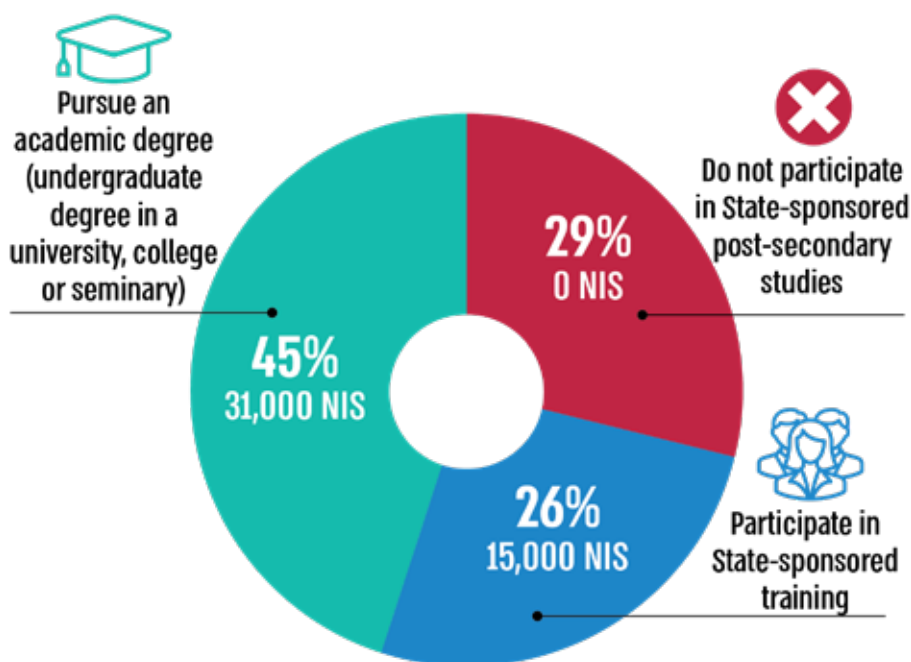
**Participation in lifelong learning and its quality** – the gaps in skills among the adult population in Israel are tightly related to the substantial gaps in labor productivity, and may hinder the survivability of workers in a changing labor market. It is therefore recommended that the MOL, MOE, MOEI and MOF (in consultation with the Israeli Employment Service and other relevant Ministries) jointly examine the option of increasing the share of participants in lifelong learning activities for adults, both employed and unemployed. They should also evaluate the effectiveness of existing learning activities and strive to improve it. It is further recommended that the MOL and MOE work together to appoint a single leading entity that will assess the skills most required in the Israeli labor market, both currently and anticipating the future, and formulate the methods to provide those skills.



**Encouraging low-waged and low-skilled populations to reskill or upskill** – it is recommended that the MOL, in collaboration with the MOF, examine courses planning and support mechanisms in order to address the training needs of various populations, including low-waged groups. It is further recommended that the MOL, MOE, MOEI and the National Digital Israel Initiative, in cooperation with the Israeli Employment Service, create a personalized outreach evaluation and guidance program for lifelong learning, that will effectively serve low-waged and low-skilled populations, giving them the tools to succeed in the labor market.



## Young people (ages 18-27) by type of post-secondary State-sponsored studies or trainings, and average funding per student per year, 2018



Data from the relevant Ministries processed by the State Comptroller's office; the analysis is for an average age-group of young people.

## Summary

In light of the reality of the changing labor market and the concern that many workers will have difficulties successfully integrating into it, it is recommended that the relevant Government Ministries, headed by the MOL, MOE, MOEI and MOF, jointly examine the vocational and technological training mechanisms and the options for updating them. They should also evaluate the existing adult learning activities, and improve their accessibility for those populations that need them the most. Moreover, they should improve collaboration with employers regarding vocational training programs, based on the above recommendations. These actions are of particular importance at a time of an economic crisis resulted from the COVID-19 pandemic - when there is a pressing need for professional adaptations and reskilling across the labor market, and especially in those sectors which were most affected. This reality should be taken as an opportunity to upgrade the skills of many unemployed people, enabling them to adapt themselves to the changing labor market and reintegrate into the workforce as soon as possible.