

Understanding the Return on Skills Training Models in India

In the post-Covid world, employability and skills will determine the future of millions of youth. Revamping the existing skill development initiatives is the only hope

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With a population of 1.3 billion and a major chunk of growing young population in the working-age bracket, India has the potential of becoming the world capital for providing a skilled workforce. However, does the country have the right skilling infrastructure in place?

It was in 2014 when India's skill agenda got a big push. The government introduced the ministry of skill development and entrepreneurship to focus on enhancing the employability of the youth through skill development. However, little was done to understand how skill development programmes need to be bettered in order to increase the profitability for the stakeholders. This is also the reason why most skill training programmes are still to see success that was anticipated at the beginning. Clearly, there has been a lack of proper study on calculating the return on investment on the skill programmes and increase their commercial viability.

SKILL DEVELOPMENT FOR A BETTER FUTURE

To address this gap, Sattva Consulting and NASSCOM Foundation supported by JP Morgan have recently introduced their study, 'Understanding the return on skills training models in India. The study, conducted between April 2020 and February 2021, gives an overview of the wide range of returns that skill development programmes offer today and provide insights on key levers that have a strong impact on the salaries of young trainees. The

study also highlights how the skill development ecosystem has been able to pivot and adapt to the Covid-19 pandemic.

The study highlights a few key levers that play a critical role in influencing the ROI. For instance, the data highlights how graduate students gain significant leverage through an advanced skill training programme integrated into their college compared to attending a centre-based training programme post their graduation.

Young and aspirational millennials make up about 40 per cent of India's population. The potential factors that influence a candidate's salary are training programme-specific factors and socio-demographic profile of candidates. Refining selection procedures during counselling and on boarding has a direct impact on starting salaries as well.

"Sattva's research findings on the returns that skill training models offer is an important piece of work that will allow all to work closely with non-profits and help them improve their strategies and approaches for better impact," said Maneesha Chadha, head - CSR India and co-head, Global Philanthropy, APAC, JP Morgan.

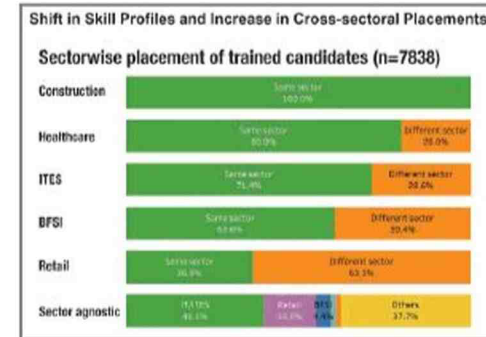
"We believe that equipping young people with necessary and relevant skills is critical in ensuring that we create a talented workforce for India's economic progress. Through our philanthropic work, we support the strategic efforts of our partners to modernize skills-based trainings and actively integrate these with the current education system. Our goal is to help impart vocational skills training that ensures better placements and more career options in high growth sectors for our youth. The \$10million partnership with the World Bank for school-to-work program is a great example of our commitment to help low- and middle-income communities develop the skills needed by the country's future workforce," she added.

TECHNOLOGY IS VITAL

Post Covid-19, technological advancements are reshaping the rules of skill development in every

sphere. As learning solutions continue to mature, the ability to learn complex concepts through technology will become possible.

"Over the last couple of decades, technology has been transforming the skills training models but the process of adoption has been organic at



best. With COVID, all this changed, and technology adoption was no longer a choice but a need. This disruption has given rise to new, innovative and unique models of skills training," said Ashok Pamidi, CEO, NASSCOM Foundation.

Within six months of lockdown (August 2020), 76 per cent of training models shifted practices to a blended/online approach with training partners also increasing candidate counselling and monitoring. With the change in the employer needs, 75 per cent of training organisations saw an increase in demand for cross-sectoral placements.

"Strong push for skill development over the last 15 years has resulted in a fast-evolving skilling ecosystem in India. The role of data is becoming increasingly critical to help us understand what works, and achieve better return for candidates. Through this study we are presenting actionable recommendations to build efficient skills training models looking at Return on Investment (ROI) of programs across the country.

The skills training ecosystem today is pivoting through agile measures to recover, re-build and reimagine from a COVID disrupted market. We are committed to work with a wide range of



opportunities for implementing organisations to adopt cost-effective delivery models.

To unlock the potential of the skills ecosystem, these frictions must be smoothed. The study points out that graduates trained through academic institutions got 52 per cent higher salaries compared to those undertaking training directly through training centres.

While training through academic institutions,

partners and donors in helping them bridge the employability gap," said Srikrishna Shridharmurthy, CEO, Sattva Consulting.

CHANGING LANDSCAPE

There is a clear lack of quality data across training partners on both, candidate-level outcomes and costs. Comparative analysis of cost and benefits of models focused on the same sector or students is difficult even when funded by the same donors. This hinders the cross-learning

offline/in-person training, showed 1.5 times higher salary compared to blended training (mix of online and in-person). Further, more time devoted to the 'practical' component of the course fetches better salaries.

As per a new report by International Labour Organisation (ILO) and Asian Development Bank (ADB), out of 6.1 million estimated job losses, four million entry-level roles have already been lost so far. At the same time, there is an emergence of more than 25 new and changing job roles across industries such as BFSI, IT, healthcare, retail, and construction (60 per cent of private-sector jobs) across the industry. However, change in content development teams through a dedicated academic team, trainers or based on NSDC criteria did not influence the salaries earned by the candidates.

In these trying times, 90% of organisations faced challenges in the transition due to availability of internet and its quality at the candidate's end. Some of the steps taken to overcome these challenges were:

- Investing in 3G/4G SIM cards and devices for candidates
- Leveraging alumni networks to keep students motivated
- Setting up learning management systems to provide training
- Setting up call centres to provide guidance to the students on employee offers, job delays etc.
- Post placement, the organizations ensured strong infrastructure for the candidates to effectively work from home
- Candidates placed in field roles like delivery persons were provided special safety trainings
- Developed monitoring mechanisms to track out of job workforce and helping them get placed in jobs again

