



Measuring the return on investment in TVET



Virtual Conference on the UNESCO-UNEVOC TVeT Forum
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Introduction

The 2030 Agenda for Sustainable Development calls on Member States to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” and sets a number of targets related to technical and vocational education and training (TVET), including to, by 2030, “substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship”. The vision is holistic and the commitment to ‘leave no one behind’ puts the onus on all Member States to contribute.

While such a transformative vision reasserts the importance of the education sector, of which TVET is an integral component, to contribute towards the transition towards equitable, inclusive and sustainable societies and economies, it also gives rise to a number of challenges.

Investing in TVET

One important challenge is related to the financing of TVET, which can be defined as an aggregate of allotments, investments and expenditures. The Third International Conference on Financing for Development recently held in Addis Ababa in July 2015 encouraged countries to set nationally appropriate spending targets for education according to international reference points, namely:

- allocate at least 4% to 6% of gross domestic product (GDP) to education;
- allocate at least 15% to 20% of public expenditure to education.

While the current international policy developments put more stress on financing structures, issues surrounding funding in TVET are not purely monetary. The recent international attention to the importance of education might encourage governments and other stakeholders to explore the Return on Investment (ROI) from investing in TVET, and understand the different types of benefits individuals, enterprises and governments obtain from investing in training. It is therefore imperative for TVET stakeholders to be able to measure, document and explain the ROI in TVET to convince other stakeholders to invest.

ROI in TVET

Although TVET systems are normally directly linked to the needs of labour markets, the benefits TVET brings transcends economic boundaries and influences individuals, as well as society. The

country context (political, economic and education system) and the types of stakeholders involved also have an influence on the ROI in TVET. Taking into account all these factors makes measuring, documenting and understanding ROI in TVET increasingly complicated.

NCVER is currently leading a collaborative research project on ROI in TVET based on discussions and partnerships with UNESCO-UNEVOC International Centre and other UNEVOC Centres in Asia-Pacific region. The research project aims to explore the different benefits from investing in technical and vocational education and training, and investigates the utility of measuring ROI in TVET across a range of countries. Particularly, the research project looks at:

- appropriate definitions and indicators needed to measure ROI from multiple dimensions and stakeholders;
- suitable methodologies for measuring investment in TVET from existing international studies;
- important timelines for measuring ROI.

Understanding the ROI in TVET is useful from a number of perspectives. The information is useful to governments as information on the performance of the TVET system, and provides justification for the public expenditure on TVET. It is also useful for enterprises to justify their expenditure on training, and individuals can use the information to inform themselves on the training choices that they make.

Main questions for discussion

This virtual conference focuses on ROI in TVET and seeks to inform the wider TVET community about the research project based on the outcomes and recommendations drawn from the research project inception meeting hosted in Adelaide in April. Importantly, it is an opportunity for the community to share their ideas, expertise and experiences with the research team to strengthen and validate the initial bases for measuring ROI and identifying indicators.

With this in mind, the virtual conference will address the following questions:

- **How could information on Return on Investment benefit the TVET system of your country?**

Understanding the different ways ROI information is used in different countries could provide some indications as to what should be concentrated on when looking at ROI in TVET. Is information on ROI used for national reporting, does it inform government funding decisions, or does it encourage the private sector to invest?

- **Which types of Return on Investment are most important or relevant to your own country's context?**

There are many different dimensions to return on investment and many areas of interest at different levels. For example, the Return on Investment in TVET can have

economic, social and community impacts, to name a few – which type is most important to your country?

- **What are some of the challenges when comparing ROI in TVET across different countries? How do we take into account the differing political, cultural and educational contexts when comparing returns?**

In order to develop a common understanding, each dimension of ROI should have very specific and concrete definitions. These definitions should be consistently applied to each country and the definitions need to relate to something that is measurable. How can such specific and concrete definitions be developed?

- **What data sources are currently available in your country to measure the ROI in TVET? What are the gaps and how can these gaps be addressed?**

It is critical to think about what types of sources of data are available to measure the costs/investments and benefits of TVET in each country. Importantly, when thinking about costs there is a need to consider not only direct costs but also indirect costs (which may be harder to capture). Similarly, there is a need to consider both tangible and intangible benefits. Where are there information gaps in your country and how can such data be collected? In addition, is there an ability or willingness to create local partnerships to support data collection or access?

Structure of the discussion

The virtual conference will first allow participants to share their knowledge, insights, and perspectives and to highlight the relevance of understanding and measuring return on investment from their own country's perspective. The virtual conference will then summarize the key ideas and suggestions in relation to what are the essential elements of an ROI framework that can be applied by different countries – recognizing the different underpinning contexts that TVET systems operate in.

About the co-moderators



Phil Loveder

Mr Phil Loveder is the Manager Research Operations and Director International at the NCVET in Australia.

Philip has almost thirty years' experience in educational research and business development in both the higher education and TVET sectors. He has a particular interest in researching industry models of education and in the funding and financing of training. Philip is currently the regional co-coordinator of the Pacific Island sub-cluster in the Asia-Pacific UNEVOC Network region.



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John Stanwick

Mr John Stanwick is a Senior Research Fellow at the NCVET. He holds a PhD in the area of public management.

John has many years' experience in social science research at NCVET and also the former Australasian Centre for Policing Research. His research interests include the financing of vocational education and training, youth transitions, disengaged youth, structural change in industry and its relevance to vocational education and training, and the impact of social science research.