

THE ECONOMIC BENEFITS OF TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING (TVET) IN THE KINGDOM OF SWAZILAND: A CASE OF THE NATIONAL HANDICRAFT TRAINING CENTRE (NHTC)

Key Message

Technical and Vocational Education and Training (TVET) in Swaziland is key for employment and self-employment opportunities which result in economic growth. TVET has proven to be an educational pathway that can be used to significantly reduce the unemployment rate by 2022. TVET graduates acquire skills that empower them to be immediately absorbed by the labour market and/or be self-employed. About 73.1% of the graduates are in productive employment after graduating from NHTC; with 47.6% formally employed, 25.5% self-employed, while 26.2% were unemployed in the period 1995 - 2015.

The Benefit-Cost Ratio of NHTC, based on the Government of Swaziland and the Republic of China on Taiwan's investment in NHTC, is 1:4.66. This means for every E1 invested in NHTC, the economy realises E4.66 through the income generating activities of graduates. The positive return on investment in NHTC indicates that if Government can increase funding to TVET institutions, the economic return can make significant contributions to skills development and GDP growth in the country.

Though NHTC graduates are productively employed after training, the level of self-employment/entrepreneurship is still very low (25.5%). To increase the number of TVET skilled youth who create jobs in the economy of Swaziland, linkages with financial institutions are needed to support graduates to start their own businesses and in turn employ other young people for further transfer of skills. There are opportunities to channel more unemployed youth into the TVET system, and the Government, development partners, and private businesses can assist in providing tuition and start-up capital for TVET enterprises to develop practical skills and talents for economic growth and industrialisation in the country.

What is the issue?

TVET has been perceived as an education pathway for the poor and the uneducated. However, literature shows that this perception is unfounded (Sugar, 2014). In fact, studies show that TVET can contribute significantly to economic growth, poverty alleviation, and employment creation through the acquisition of skills for self-employment and labour market absorption.

In view of all these substantial investments directed towards NHTC, no study has evaluated the return on investment/economic benefits that accrue to the economy based on the Government of Swaziland and its development partners' significant investment in TVET, particularly in NHTC. Prior to the assessment, very little information was available on the economic activities of TVET in Swaziland, and questions such as how the economic activities induced by NHTC contribute to economic growth in the country remained unanswered. Conceivably, this has compromised the country's ability to develop policies that support TVET appropriately and properly reward agents involved in TVET.

Why does an investigation on the economic benefits of TVET in the economy matter?

Literature shows that the economic activities induced by TVET contribute to a sustainable economy, increase employment and self-employment opportunities, increase foreign exchange earnings, contribute to GDP, yield positive economic returns and fill skills gaps, as well as increase productivity (UNESCO, 2013; African Union, 2014; CEDEFOP, 2011; OECD, 2009; SEPARC, 2016; City and Guilds, 2014; City and Guilds, 2015). However, Swaziland lags behind other countries in conducting studies on the economic benefits of TVET. The assessment of the economic benefits of TVET in Swaziland is therefore important because the government and development partners have to be informed through an evidence-based investigation about the economic returns on the investments made in NHTC since its establishment. Moreover, the Poverty Reduction Strategy and Action Plan (2014) emphasises on government's investments in high return ventures that can lead to the efficient use of scarce resources.

The assessment of the economic benefits of TVET using the NHTC as a case study recommends ways to restructure NHTC programmes so that they are beneficial to the handicraft sector, and for overall changes that need to be effected to make the TVET system more compatible with entrepreneurial and job creation opportunities for the youth in Swaziland.

How was the study conducted?

The study used a survey targeting 2,331 graduates enrolled between 1995 and 2015. The success rate was however 12% (267) of the targeted graduates who acquired skills in ceramics, computer, electrical, fine arts, leather, metal works, sewing, and wood carving. The study administered a questionnaire with each graduate over the phone to collect primary data on the graduates' employment, self-employment status and the level of skills upgrading with institutions of higher learning after graduating from NHTC.

In determining the policy environment, budget allocation and the implementation mechanisms of TVET in Swaziland, the study used secondary data from NHTC records, government estimate books, Ministry of Commerce performance reports, Ministry of Education performance reports, the National Development Strategy, the Sustainable Development Goals, African Union TVET Continental Strategy, and the World Bank's Report on the Assessment of Swaziland's TVET System to Improve Economic Growth. The Status of TVET in SADC Report was used to benchmark TVET delivery in Swaziland with three other countries in the SADC region; South Africa, Namibia, and Botswana.

To estimate the economic benefits accrued through the Government of Swaziland and the Republic of China on Taiwan's investment in NHTC, the study used a benefit cost ratio analysis which calculated the equivalent money value of the benefits and costs to the NHTC investment to establish whether it is economically worthwhile or not.

What did the study find?

The study finds that the economic return on the investment made by the Government of Swaziland and the Republic of China on Taiwan in NHTC is E4.66 for the 20-year period covered by the study. That is, for every E1 spent in TVET, the economic return to the economy based on the income generating activities of the NHTC graduates is E4.66.

Upon graduating from NHTC, the study also finds that 47.6% of the graduates are formally employed, 25.5% are self-employed and 0.4% continued with their studies. Overall, an estimated 73.1% of the graduates are in productive employment. This is an indication that NHTC contributes to employability and employment creation of the youth in the country. However, the percentage of graduates who are self-employed is still too low (25.5%) given that TVET is supposed to encourage entrepreneurship. The results show that enrolment is skewed towards computer studies, electrical, and sewing to the detriment of the handicraft skills NHTC was mandated to develop. For example, less than 10% of the students enrol in the crafts, which include ceramics, leather, metalwork, and wood carving compared to the 89% who enrol in computers, electrical, and sewing.

The results show that formal employment is high among men (51.2%) while both genders are equally self-employed. However, 26.2% of the respondents are unemployed, citing challenges with capital to start their own businesses. Coincidentally, the result is lower than the unemployment rate of 28.1% in Swaziland. The study findings indicate that graduates under full-time employment also utilise their skills to generate additional income on the side.

Wood carving, electrical, sewing, and ceramics graduates made the most annual income per graduate at E5 600, E4 598, E3 724, and E3 600 respectively. Though enrolment into crafts such as ceramics, wood carving, leather and metal work is low, the individual incomes from part-time skills utilisation suggest that there are solid opportunities for income generating activities within the handicraft sector that need to be taken up by the NHTC trainees and graduates. For income derived through full-time self-employment, electricians and computer trained graduates are making annual profits of (per graduate) E12,296 and E9,421 respectively.

The study demonstrates that NHTC is a good engine for economic growth in the country through skills development for formal and self-employment. The positive economic return implies that if more trainees are enrolled at NHTC, the economic return would increase, which would in turn result in more youth acquiring various skills for employment creation and thus contribute to the reduction of youth unemployment in Swaziland.

Recommendations

Considering the findings of the 2017 study on the economic benefits of TVET in Swaziland, the Government of Swaziland should continue funding the NHTC to enhance skills development for employment creation in the country. The Ministry of Education, as a

custodian of TVET in the country, is implored to establish a coordination unit of TVET, which will ensure the effective implementation and coordination of TVET in the country.

Furthermore, the following recommendations have been drawn for consideration:

- Balance enrolment in courses so that it has a fair number of male and female students, and ensure that all courses are filled to capacity at the beginning of each training period.
- Develop an internal strategy to rekindle interest in the ceramics, wood carving, metal work and leather courses.
- Formulate a handicraft sector policy to enhance and give direction to the development of economic activities and the skills required to serve the handicraft sector.
- Strengthen the computer, electrical and sewing courses that are in higher demand.
- Establish linkages with industry for graduate apprenticeship and self-employment opportunities.
- Forge partnerships with financial institutions or government administered funds, such as the Youth Fund and the Regional Development Fund to support graduates with financial resources to start their own businesses in order to push the graduate unemployment rate (26.2%) further down.
- Market the courses nationally to attract all levels of school leavers as per mandate (primary, secondary and high school) as the study has shown that there is a limited number of primary and secondary school leavers among the trainees.
- Invite the private sector and institutions of higher learning to present to trainees on available opportunities for business and the upgrading of skills, as well as to instil entrepreneurship and business acumen among trainees.
- Market NHTC internationally to attract development partners to financially support the Centre given that the financial sponsorship by the Republic of China on Taiwan (which was double the amount invested by Government) elapsed in 2015.
- Increase funding to NHTC as a means of closing the financial gap created by expiration of the 40-year financial support by the Republic of China on Taiwan. Minimally, the GoS should match Taiwan's funding of US\$500,000 each year.
- Introduce online courses to be accessed by trainees at a more convenient time and place in addition to the existing courses.
- Conduct tracer surveys every 3-5 years to enable accurate impact assessment of the NHTC to the economy.
- Establish links with financial institutions that can provide study loans and other sponsorships for NHTC trainees.

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