



European Centre for the Development of Vocational Training

# Economic and social benefits of education and training

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# Cedefop's reports on research in vocational education and training

## Objectives

- Review of the state-of-the-art of socio-economic research related to education, training and learning
- Implications for policy, practice and research

## Triennial publications

- Background report: contributions by researchers
- Synthesis report by Cedefop
- Executive summary

# Published and planned issues

- 1998/99:** *Training for a changing society*
- 2001/02:** *Training and learning for competence*
- 2005:** *The value of learning: Evaluation and impact of education and training*
- 2007/08:** *Modernising vocational education and training: Lisbon – Copenhagen – Maastricht priorities*

# 'The value of learning'

(3rd research report, 2005)

- Philosophies and theories of evaluation and its uses for developing VET programmes
- Objects and methods of programme evaluation
- Policy evaluation and reforms in education, training and active labour market policies: case studies and conclusions for future evaluations
- Theories, methods and results of impact research on material and non-material benefits of education and training for society, companies and individuals

# Contribution to economic growth

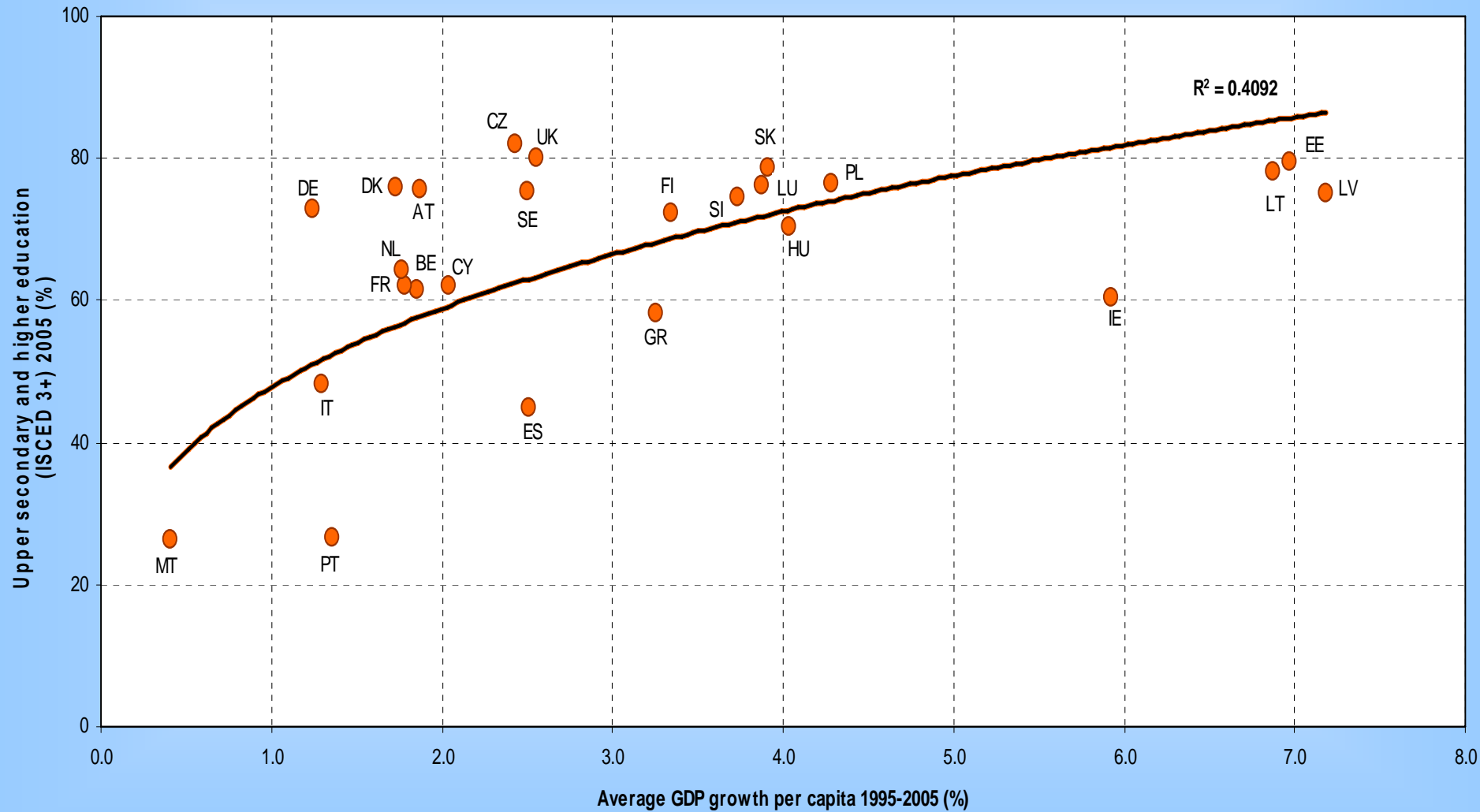
A review of recent research shows that educational investments have a significant impact on economic growth. Broadly,

- a 1%-point increase in school enrolment rates has led to 1 - 3%-points increase in GDP per capita
- one additional year of secondary education has led to an increase of more than 1%-point in economic growth each year.

*(Wilson and Briscoe, 2005)*

# Economic growth <sup>(1)</sup> and skills in the European Union

(1) average growth rates of GDP (constant prices 1995) per inhabitant 1995-2005



# Non-material benefits of education and training

Social benefits are mostly indirectly linked with education and training at macro and micro levels.

They include:

- reduction of violent crime
- improved health and parenting
- social cohesion and citizenship
- trust in institutions and democracy
- race tolerance
- social, political and cultural participation

# Benefits for the individual

- Skills and qualifications are relevant for individual earnings over a lifetime.
- Individual rates of return: approx. 11% per year when acquiring a higher qualification level  
⇒ education and training are profitable investments for individuals.
- Considerable non-monetary benefits, including lower unemployment, higher employment rate, career advancement, social status, prevention of social exclusion, etc.

# Benefits for enterprises

- Investment in training and the firm's human capital generate significant gains in productivity, profitability, market share and competitiveness of the training firm.
- Supporting employee development, analysing training needs and innovative human resource management can contribute to better company performance.

**But:** many companies and investors on capital markets are

- neither aware of the companies' investments in education and training
- nor of its positive effects
- This leads to underinvestment in company training.

# Investments in human resources

- Too little is known about expenditures on different education and training programmes and their effects
- Cost-sharing should consider the benefits for the different actors, but also avoid market failures
- The question: ‘ Who benefits from education and training? Who should pay?’ should also include: (workplace) guidance, quality assurance, learning-conducive environments, teachers and trainers, mobility, assessment and validation of learning, etc.

# Thank you for your attention!



More information:

- [www.cedefop.eu.int](http://www.cedefop.eu.int)
- [www.trainingvillage.gr](http://www.trainingvillage.gr)