

Focus on the trades of the future

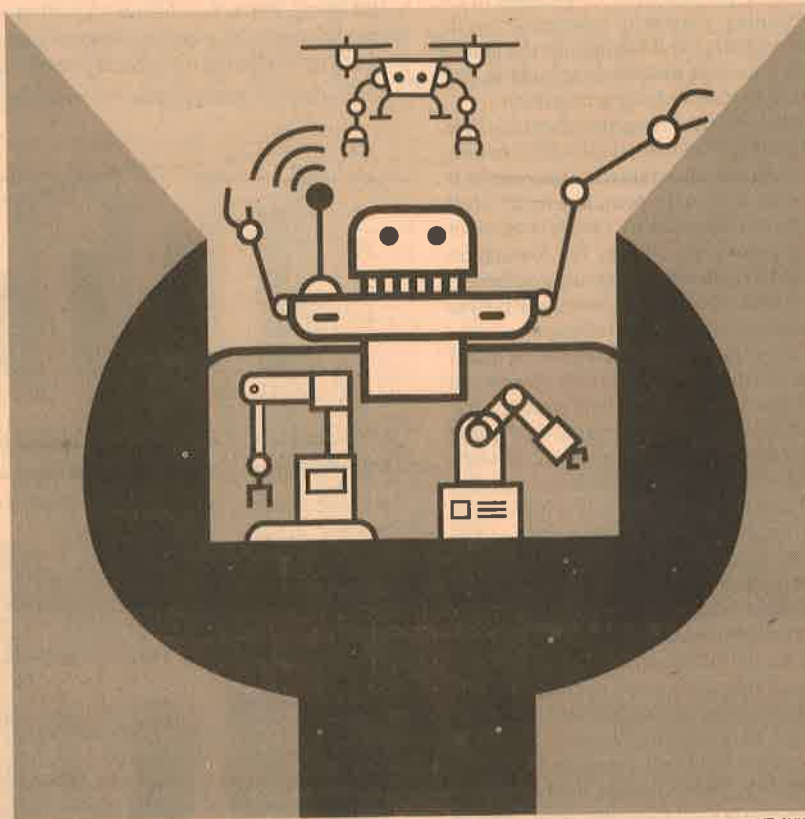
Making the skill initiative appear ready for the future will increase trust between industry and vocational training providers. It'll also make skilling aspirational—Indian youth don't want to be electricians and welders, their aspiration is becoming a drone or a robot operator



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ONE OF THE CHALLENGES faced by the Skill India Mission is an apparent lack of interest from corporates to pay a wage premium for a skilled resource. In spite of many attempts, recruiting organisations seem reluctant to offer even a marginal hike in wages for a skilled resource. This could be due to a variety of reasons, but primarily include a lack of confidence in training quality, assessments and even credentials. It could also be a case of demand and supply of skilled resources. Traditionally, wage premiums have been offered where demand was high or supply was constrained. But there is another factor that must be investigated in depth.

Most demand-side needs have been because of technological advancements. It is called by experts as skill-biased (not based) technology change. This means that whenever a new technology has been adopted, the need for high-skilled workers has gone up, thereby driving up wage premiums as well. Skill-biased technology change brings in a transformation in production technology. This, in turn, leads to skilled resources being favoured over the unskilled. The skilled resources essentially increase relative produc-



PORTRAIT: SHYAM

tivity and, therefore, its relative demand.

In the late 1990s, the need for mainframe computing skills were in demand due to Y2K needs, and workers with such skills were paid a premium. But the premium paid has an inflexion point—when supply side picks up, and the said skill becomes a commodity, the premium tapers off. Logically, this makes sense. When you have a large pool of skilled resources, why pay a premium?

It is also worth noting that just because there is high demand, the available supply of skilled resources would not necessarily be up. Many constraints like high investment in capital equipment, availability of trainers and demographic challenges might discourage an increased supply of skills.

Another factor is that organisations don't consider that the trades being currently

taught are cutting-edge or in emerging areas. They tend to think that trades where skill providers train are already commoditised or nearing one. Since the approach of skill providers is to focus on skilling resources in current available demand and where large numbers are required, it often misses training on emerging technologies. Recruiting organisations see them as trades that are generic and commoditised, hence avoid paying a premium. And a vicious cycle follows.

So, is there a linkage between encouraging organisations to pay a wage premium to a skilled resource and ensuring that we train to skill on the trades of the future?

This merits a deeper research and the findings may surprise us. The government, which largely funds the skill ecosystem, has the dual responsibility of creating a supply

It is worth an experiment to set aside a small budget and introduce trades in emerging areas such as 3D printing, mechatronics, underwater welding, robotics, drone operators, AI, etc. These may not have a huge demand right now, but are areas where corporates would be happy to see a supply chain created

chain of skilled resources for jobs available as on date and ensure that taxpayers' money is not spent on skilling on trades that are redundant or expected to become obsolete. This is a delicate balance and needs a calibrated approach to achieve results.

However, it is worth an experiment to set aside a small budget and introduce a set of trades in emerging areas, such as 3D printing, mechatronics, underwater welding, robotics, drone operators, robot technicians, artificial intelligence, machine language learning, polymechanics and automation, prototype modelling, etc. These may not have a huge demand right now, but certainly are the areas where organisations would be happy to see a supply chain created.

This will bring some added benefits to the skill ecosystem and pay off in the longer run as well. One of the deepest impacts it will have is to make the entire skill initiative appear ready for the future, thereby increasing the trust between industry and vocational training institutes. It will also make skilling aspirational, something that we have been struggling deeply to fix. The fact is that the 500 million youth don't want to become electricians and welders. Their aspiration is to become a drone operator or a robot programmer. Currently, only academically- and economically-weak students take up vocational studies. This will also ensure that industries are involved deeper in developing the supply side of skills. They might be more willing to co-invest in equipment, resources and become co-partners in developing these resources. This, of course, won't be risk-free. One apparent risk could be that the emerging technology itself might get rejected after

the initial euphoria. But this is a small risk compared to the pay off one can get.

Since we have traditionally been a laggard in technology adoption, the supply side of creating skilled resources has always lagged behind. Additionally, changes have been slower. But, say, we select the top 100 ITIs and independent vocational training institutes, can we not produce a set of skilled resources that are trained in the trades of the future? These might be small in numbers, but as demand picks up, at least the ecosystem will be ready to scale up—unlike right now, where the time lag is so large that by the time a trade is introduced, the technology is already towards the end of its curve. The real trick will be how we start skilling students right at the beginning of the technology adoption curve, so that it benefits the industry the maximum. With technology life-cycles becoming shorter, a very agile supply side needs to be created. Sector Skill Councils set up by the government can lead this initiative.

Most wage premium studies have been in countries where either an established vocational education framework existed or there was constrained supply side of working population. We, in India, are facing a unique situation where neither do we have a credible vocational framework, nor are we constrained in the supply side. In fact, our demographic dividend and higher labour force participation will challenge the way the world looks at skilled resources and wage premiums. The secret to this might be in studying the linkages between the subject of paying premiums and training in emerging technology trades. Incidentally, wage premiums for skills usually bring in inequality between the skilled and the unskilled. Large inequality can lead to other social challenges, but in a country like ours where we are retrospectively trying to implement a vocational education framework, this inequality may not be so negative. After all, we must and should encourage the youth to adopt skills to make themselves more employable.

We might discover something new and, in the worst case, our skill providers will at least be ready for the future.

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