



## Recommendations for Future

Project acronym: Cap4App

Project title: Strengthening the Capacities of the Chambers and Partners to Help SMEs to Engage in Apprenticeship

Beneficiary organisation: Croatian Chamber of Economy

Project website: [www.dualnoobrazovanje.hr](http://www.dualnoobrazovanje.hr)

Programme: Erasmus+

Key Action: KA3 – Support for Policy Reform

Project number: 572706-EPP-1-2016-1-HR-EPPKA3-SUP-APPREN

Agreement Number: 2016 – 2210 / 001 – 001

Deliverable: 6.2. Recommendations for Future

Document type: Report

Date of preparation: September 2018

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This document identifies main challenges in engaging small and medium enterprises in work-based learning both from point of view of SMEs and chambers, reflects on the project results and offers recommendations of solutions for development of the system of vocational education and training, based on the experience of working on the Cap4App project.

The Cap4App project was conceived with a view not only to overcoming the existing lack of involvement of chambers as representatives of SMEs but also to provide resources for future use, having in mind the needs of the SMEs, members of the CCE.

The main aim of the Cap4App project was to enhance the capacity of CCE and partner institutions in the field of VET so they can assist SMEs and involve a growing number of SMEs in apprenticeship. That was accomplished by training partners' staff and developing tools for SMEs and in-company mentors.

Although the Croatian strategic framework of VET is well developed and institutional framework has been established, employers' engagement with VET is low. Furthermore, the introduction of new models of VET in Croatian system (dual education) requires new institutional/legal framework. This is the opportunity to assure of implementation of quality procedures and process for a stronger involvement of SMEs in VET. The absence of adequate quality assurance system in the part of VET that takes place at the company is one of the major problems of the current VET system in Croatia. So far, the implementation in practice is limited and unsatisfactory for schools, students and employers.

In addition to inclusion of employers in educational system, there is a need to enhance the attractiveness of vocational occupations and employers and to ensure the quality of learning process in both learning environments (in schools and at the employers). The availability of skilled labour force is an important prerequisite to their ability to deliver services, advancement and sustainability of economy and this is why their contribution is very important.

It is a challenge to engage SMEs and local authorities to get involved in apprenticeships and to encourage more SMEs to have more active role in providing work-based experience to students. Apart from policy changes, certain capacity-building activities need to be undertaken.

Small and medium-sized enterprises often do not have opportunities to take on students on apprenticeship because of insufficient financial resources, lack of interest and bad experiences with students. It is therefore necessary to encourage cooperation between state bodies and institutions dealing with vocational education issues in drafting strategies and concepts of measures to raise and develop the quality of vocational education.

With the engagement and through cooperation with partners CCE can offer support to its members, primarily SMEs, through information services, motivate them and facilitate complex administrative processes. Project enabled partners to:

1. *Better understand and grasp the characteristics of Croatian VET system, including its historical development, especially from the point of view of SMEs and map the areas that can be improved,*
2. *Get an insight into functioning of Austrian VET system as an example of good practice and develop recommendations to apply its successful elements into Croatian context,*
3. *Define better standards, preconditions and process for a stronger involvement of SMEs in VET (quality criteria for the approval of training companies, guidebook for in-company mentors, manuals for apprenticeship advisors),*
4. *Develop educational program for in-company mentors that will provide them with skills and competences for working with apprentices and educational institutions,*



5. *Improve the perception and popularity of VET, especially raising awareness of WBL in companies.*

It is indisputable that the mentor in the training process has a central role for the student's success during formal education because he/she directly influences the success of practical training/apprenticeship in the form of educating future employees who will be able to perform the job independently, in accordance with the professional standards and work processes. Prerequisite of staff with pedagogical competences for ensuring the work-based learning at the employers is prescribed by the VET Law. However, the full application of this request also depends on the systemic solutions of key stakeholders.

During training of in-company mentors within the Cap4App project and the conference for SME Mentors, employers' representatives expressed their interest in participating in the program as well as in exchanging experiences and building a mentoring system within their companies. The need to build competent mentors was highlighted, with a special emphasis on awareness of the place of mentor and student in the company and social skills in the work that a student cannot get out of the workplace. During the conference, the problem of low interest of students for vocational occupations was re-emphasized as enrolment in three-year vocational programs has seen a continual drop, which is bad for both employers and schools.

Key milestone in the beginning stages of the project was survey of SMEs, vocational schools and county departments, which provided valuable insight into their perspective of implementation of apprenticeship schemes and useful suggestions, the problems they encounter with students, schools and administration and the ways they could be best supported. Research was the basis for design of the activities and products in following work packages. Background analysis and the responses provided by the participants were summarized into report containing recommendations for actors from politics, education and economy, and presented at the conference in April 2017.

#### Main findings

1. *Main barriers that SMEs are facing when taking on students are **lack of motivated and competent students** and **little or non-existent financial incentives for companies to organize work-based learning** and **insufficient work-based learning hours**.*
2. *SMEs have **positive attitude toward WBL**. The results of work-based learning enable the selection of best candidates for employment and WBL creates a competent labour force, which is employable directly after education.*
3. *According to the received responses, the most important non-financial incentive would be **promoting vocational professions to students and parents** and **educating and certifying company employees to become in-company mentors**, while the least important non-financial incentive would be mediating and liaising between companies and students.*
4. *The overall satisfaction of SMEs cooperation with other stakeholders is low. SMEs have the best cooperation with CCE and schools.*
5. ***79.7% of SMEs** are willing to participate in work-based learning model where students would spend 50% or more of their time in enterprises. More specifically, **22.5%** of the SMEs are willing to participate without any conditions, while **57.2%** of the SMEs are willing to participate only if the state would finance students' fee expenses*
6. ***72.3% of schools** are prepared to participate in vocational education where students would spend 50% or more of their time in companies.*



7. **Schools** perceive that the main barrier to implementing work-based learning outside schools is **lack of competent employees/mentors within companies to implement work-based learning** and **lack of interested SMEs**, as well as **communication with persons outside of school who are in charge of WBL programmes**.
8. The results indicate that the best cooperation is present between schools and companies (SMEs).
9. Schools evaluated the importance of certain types of non-financial incentives. According to the gathered answers, the most important incentive would be **Promotion of vocational professions to students and parents** and **Educating company employees to become work-based learning mentors**.

#### Research conclusion:

- Both, schools and SMEs, are highly aware that there is a shortage of competent employees/mentors within companies to implement work-based learning programs. This finding is additionally supported with the survey participants' answers on open-ended questions. Both schools and SMEs believe that additional training for employees/mentors is necessary.
- They agree on a need for additional promotion of vocational professions to students and parents student guidance on the characteristics of particular profession, prior to enrolment in a particular vocational school.
- SMEs and schools agree on disparity between actual curricula and company needs/expectations
- Based on schools' and SMEs' answers on the survey question on their willingness to participate in work-based learning model where students would spend 50% or more of their time in enterprises, both SMEs (79.7%) and schools (72.3%) express high level of interest.
- Employers recognize the benefits of apprentices but encounter a number of obstacles, such as complex and lengthy administration and licensing, lack of information and organizational capacity (time, money, human resources / employees) and support, in the process of receiving apprentices. At the same time schools complain that there are not enough employers to receive apprenticeship and practical tuition.

#### Training of Apprenticeship Advisors

One of the main capacity building activity for project partners was training of Apprenticeship Advisors - employees of CCE and partners institution to work with SMEs and schools.

With a goal of further promoting and educating of more experts in partners institutions, partners implemented several activities: a two-day workshop was organised for all partners in Zagreb where Advisors were introduced to the entire system of secondary vocational education and ways to support SMEs. Additional meetings were held and project partners maintained regular communication with Apprenticeship Advisors. In the second project year, Advisors started collecting data of licenced SMEs for the future database by directly contacting SMEs and collecting information on apprenticeship posts and in-company mentors.

#### Issues Apprenticeship Advisors found in their work with SMEs

- The data available in existing databases of licensed SMEs are not corresponding to each other or with the actual situation: some companies do not exist in reality, they no longer take apprentices, or mentors or masters of crafts have left the company.



According to the research so far, it is obvious that employers do not report the number of vacancies, i.e. they do not report changes to the responsible chamber. One possible solution would be to allow entrepreneurs to independently fill-in and modify data on mentors and apprenticeship posts. In addition, it would be advisable to visit all licensed companies and check the real situation at least once a year.

- A particular problem is the practical training, which is carried out in the *school-based model*, which is not checked and does not require licensing of the company, although one of the conditions is a mentor with pedagogical competencies.
- Employers often do not want to give mentor information for publication due to the risk of losing them to another employer/company.
- The problem is that SMEs often do not have information about available apprenticeship subsidies and do not use them enough, and scholarships are only awarded for so-called "craft occupations".
- Many SMEs are not interested in the education system, because the occupation they need is not on the list of so-called "craft occupations".

### **Recommendations from project partners and Apprenticeship Advisors**

- Improved communication with SMEs to make sure they are aware of the benefits and implications of being involved in work-based learning, and of the existing financial and non-financial incentives means of support. Improve the availability of information to SMEs.
- It is recommended to develop relevant well-planned and comprehensive vocational programmes that ensure employability.
- Grants for employers would be useful in encouraging SMEs to take on apprentices.
- The ministry responsible for education should take into account the employment needs of the counties and decide on the quotas accordingly. In addition, one school should implement a program for only one vocational program in the wider geographic area. An additional proposal is that school staff should be employees of counties rather than ministries, which would then allow the deployment of teaching staff as needed. The experience of the Austrian system is that it is easier to establish stakeholder co-operation at the local level.
- Employers should be encouraged to participate in the financing of certain aspects of vocational education such as transport, accommodation and additional awards (financial or otherwise).
- One of the options for mentors in companies is to reactivate the retired workers as mentors.
- The existence of two national chambers complicates the situation in vocational education and the authority and responsibilities should be evenly distributed.



## Policy recommendations (by ibw and WKO)

Despite efforts and actions undertaken in reforming IVET in HR, there are still shortcomings and some undefined (or only loosely defined) areas especially in UME Programmes<sup>1</sup>. Only small progress has been achieved in bringing in employer organisations as stakeholders in the VET governance (apprenticeship) process. As a consequence, only minor steps have been undertaken in legally defining relevant system elements of future introduction of dual VET as well as devolving tasks and responsibilities for administration and organisation in dual VET to the chambers. Therefore, for companies who would like to train students “outside” the already established apprenticeship professions in UME programmes (already defined by law and governed by the Chamber of Crafts and Trades), criteria to do so as well as roles and responsibilities still are largely unclear. Consequently, company engagement for dual VET and in other VET schemes still is well behind interest expressed.

Due to the complexity of the VET reform agenda a road map should be developed, highlighting the various reform-steps, prioritising them and bring them into a time and narrative schedule. Overall coherency in key elements of organising dual VET would increase clarity for companies.

**Recommendation: Preparing a clear [roadmap](#) with the most important steps to introduce the dual vocational training**

### KEY MILESTONES:

- 1. The political challenge and goal is to bring in employer-side as a competent stakeholder in the whole IVET-governance setting. The employers organizations, in our case the Chamber of Crafts and Trades and the Chamber of Economy, have to play a more pronounced and active role as important stakeholder/s in the governance of dual vocational training.**

Employers have best information of short and medium term demand of qualifications and competences needed. Additionally, for apprenticeship they are important partners of schools.

It is therefore essential to bring them in not only as providers of training opportunities but also generally they need to get an institutional voice in the IVET-governance process to better bring in information on

1. Current labour market qualification demand (and therefore they have to have a say in the design of vocational/occupational profiles, learning outcomes and curricula)
2. the prerequisites needed for companies to benefit from training students.

Company-based trainings should be an important part of vocational education and training in Croatia. It is therefore crucial to have a sufficient number of SMEs interested in providing practical training for students and ensuring the quality of work-based learning that takes place at SMEs. The goal is not for practical trainings to take place at all SMEs, but to rather have

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<sup>1</sup> Unified Model of Education: 3 years vocational programmes for trades and crafts that will take the didactic form of apprenticeship training.



SMEs interested in training and ensuring their future qualified labour force with relevant professional competences providing practical trainings.

In order for business companies to be willing to play their role in vocational education, they have to see some advantages for themselves and a possibility to achieve their interests. In addition to a direct benefit that SMEs can have from trainings for students, it is also possible to consider systematic incentive measures (tax reliefs or some other form of [temporary] financial incentives).

**2. The ownership of the companies of the apprenticeship training has to be represented by both Chambers. The Chamber of Crafts and Trades and the Chamber of Economy have to speak with one voice.**

Three steps would promote this approach:

1. Both Chambers have to come to a common understanding with respect to goals, formats and procedures for apprenticeship in HR
2. Both Chambers have to agree on a procedure of how they will share future responsibilities as well as how they will provide service to companies (on a one-stop-shop principle) in apprenticeship
3. In both Chambers, institutional capacities of employer-representatives in dealing with IVET should be raised

In the long-term therefore, the Chambers should act on delegated authority from the responsible ministry, regulated by law. This guarantees that ownership of the companies of the dual vocation training is represented through the employers' organisations. (Regional) Chambers tasks would be:

- Accreditation and registration of training companies
- Approval and registration of apprenticeship contracts
- Organisation of examinations (the examination boards consist of representatives of the social partners)
- Awarding of the qualification
- Administration of financial incentives for training companies

Short-term perspective: Up to now, only Chamber of Crafts and Trades has some role in governing apprenticeship as they license masters of crafts who are still the only legally defined persons who may train students/apprentices. In future, it is expected that the new Crafts Law will define the Chamber of Crafts and Trades and the Chamber of Economy as active players in the governance of apprenticeship training.

**3. The Chamber of Crafts and Trades and the Chamber of Economy should offer support measures for the training companies.**

Companies interested in training will need a lot of support and assistance as most of them does not have experience in how to organise and design apprenticeship. Therefore, Chambers should offer support, e.g. by the way of...

- having at least one apprenticeship advisor in each regional Chamber (local capacity building for all regions)



- Both Chambers offer the examination of the in-company mentor training and can offer preparatory courses for the examination as well
- PR-measures to raise the image of apprenticeship training, especially alternance/apprenticeships (events, info-folders, parent-teacher-conference, out-reach activities...)
- Support in building cooperation between companies and schools (manuals for company visits, internships & work-based learning in alternance settings; matching tools for companies and schools interested in starting cooperation etc.)
- Support materials (draft apprenticeship contract, guidebook for the apprenticeship advisors, recruiting checklists, training guidelines, material of how to foster company training. (Online-) instruments for IVET orientation and personal career guidance; web platforms for instructors, options for experience sharing among instructors etc...).

For companies interested in providing training, it is important that the same administrative regulations and procedures apply – irrespective whether the service is provided by the Chamber of Crafts and Trades or by the Chamber of Economy.

As long as Chambers have not been delegated authority, they could offer these support measures for companies on a voluntary base.

Chamber of Economy already has worked out information material, training curricula for mentors, guidelines for them etc. that could be the backbone (or starting point) for tools and instruments to inform and support training companies. Additionally, Chamber of Economy has already built up capacity for dual VET by providing training for their staff to become apprenticeship adviser throughout their regional chamber network.

#### **4. Currently, apprenticeship in the framework of future introduction of dual VET is only partly defined and regulated by law. Therefore, here are some main points to consider then developing the framework**

- **... clarify dual VET-formats and modes of cooperation between schools and companies:**  
To enhance common understanding, information and transparency it will be essential to clarify and define what formats of dual VET (and other forms of cooperation between schools and companies) should be developed and what goals/aims should be achieved with each of these formats.<sup>2</sup> Furthermore, the roles and responsibilities of VET schools and companies will differ depending on the chosen format and should be defined precisely.
- **...clarify and enlarge range of occupations for apprenticeship:**  
To broaden the scope and grasp the full potential for dual VET, more occupations and professions (esp. those “outside” the traditional crafts sector) should be opened up for apprenticeship.
- **... clarify minimum criteria (esp. for companies) to provide apprenticeship:**  
To foster quality in dual VET, criteria should be established that have to be fulfilled for the cooperation between school and company. Criteria for companies should focus on

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<sup>2</sup> Company visits are different from internships which again are different from alternance settings; not speaking about other types of co-operations like donations, structured/regular information exchanges etc.





issues like availability of (trained) mentor/, scope of fulfilment of practical training curriculum, safety regulations, and remuneration of students. Criteria have to differ according to the format provided.

- **... clarify qualification needed to become a mentor for dual VET:**

At the moment, only licensed masters of crafts are allowed to train students (this “training license” is part of their overall master’s license). This limits VET remarkably<sup>3</sup> as other experienced skilled workers (most of them probably employed in companies with membership in the Chamber of Economy) are left out. To bring more companies into VET schemes, one has to target these experienced skilled workers to become future mentors (by passing a specific mentors training course). Admission criteria to as well as content and duration for this mentor’s course has to be defined<sup>4</sup>.

- **... clarify status of student during company training:**

Currently, by law a person is either an employee or a student. It is not possible to be both at the same time (ie an “apprentice”). To put company training on a legal base, the status of the student during his/her time in company training has to be defined. We propose to design/define it as a specific employment contract with training at its core (and stipulated between the training company, the student [or its legal guardian]).

- **... clarify placement procedures of students for company training:**

Up to now, no rules and procedures for placement of VET-student in training companies are in place. Largely, schools decide (often on informal arrangements with companies). To give voice to students as well as to companies, a matching procedure has to be developed that mirrors student’s preferences for training in a specific company with company’s preferences to train specific student/s.

## 5. (Re-)Considering public support

Currently, some financial incentives are in place: for mentors, for students as well as for SMEs (covering costs for licensing and student salary). At the moment, financial means for that budget are coming from EU-funds (EU-grants for regional development). As these EU-funds will come to an end in some near time in future, one should consider sustainability with respect to ways, means and goals of public support for VET in HR.

**Basic ideas** for how to design **public support for work-based learning** can be derived from the systems and experience of countries with dual VET / apprenticeships like Austria, Germany, Switzerland.

- **Core dimension: self-interest of companies to train**
- **No or only marginal share of public financial subsidies**

It is important to keep in mind that financial subsidies to companies have to be designed in a way that they do not undermine the basic cost-benefit considerations of companies. I.e. companies should train young people because of their self-interest in having future skilled workers/employees. If subsidies are too high (meaning they will cover a high share / or all of

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<sup>3</sup> Basically dual VET is limited to companies with membership in the Chamber of Crafts and Trade.

<sup>4</sup> **Within this project, Chamber of Economy already designed a mentor’s course in cooperation with the University of Zadar. At the moment provided as a voluntary quality instrument for training companies, the programme could form the obligatory backbone for future mentors.**



training expenses of companies) than companies will train because of subsidies and not because of having future skilled workers. This undermines the link of qualification demand and supply and will impose tremendous problems with respect to quality in work-based training. Only if training is a financial investment for companies they will try to provide high quality of their work-based training because the higher training quality the faster and better students learn and therefore can do productive work!

Yet, there are **some arguments in favour of limited (!) public financial subsidies**: They can make sense when carefully designed to ...

- ... foster training quality (preferably means-tested subsidies)
- ... induce companies to enter iVET scheme (e.g. kick-off co-financing to train in-company mentors or build-up training setting/equipment in the company) especially in situations where the benefit of training is not obvious to companies.

**BUT:** one has to keep in mind that **all subsidies (even the “best deigned”) have shortcomings:**

- the entail windfall gains (i.e. a company would have trained young people irrespective of subsidies at all, therefore public money is “wasted”)
- there is a trade-off between accuracy, criteria complexity (and therefore information/transparency) and administrative costs: i.e. the more accurate a subsidy scheme is designed the higher the information and administrative costs)
- once established and broadly used, subsidies are politically very hard to overcome and phase out (even if they have been limited originally for a fixed period)

Therefore, Austria has only limited, Germany as well as Switzerland almost no financial public subsidies in dual VET at all! In all three countries of course co-financing in dual VET exists: the public totally finances (part-time) vocational schools as well as the governance, administrative and support system of dual VET.

### ***What kind of public support?***

Public financial subsidies in a limited way (and preferably means-tested) can make sense in attracting companies to start training of young people and to foster quality in work-based training! **BUT:** they have to be designed carefully and may not be too high to distort the self-interest of companies in training for their future skilled work-force.

The **majority of public money should be better invested in kind**: i.e. in building up support structures for companies to provide help and concrete assistance to them so that they can deliver high quality in work-based learning. Examples for this kind of in-kind subsidies are local offices (“apprenticeship offices”, information material for companies in explaining the regulations, procedures as well as the rules and responsibilities and how to implement worked-based learning; helping companies to find the “right” student/applicant; building up infrastructure to train the trainers/instructors and organise final exams and the like).