

# EDUCATION & BUSINESS GEORGIA





## **EDUCATION AND BUSINESS STUDY**

Georgia

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## List of acronyms

|        |   |
|--------|---|
| DACUM  | Development of a Curriculum                         |
| DG EAC | Directorate General Education and Culture           |
| EBC    | Education and Business Cooperation                  |
| EQAF   | European Quality Assurance Framework                |
| ETF    | European Training Foundation                        |
| EU     | European Union                                      |
| FDI    | Foreign Direct Investment                           |
| GEA    | Georgian Employers Association                      |
| GoG    | Government of Georgia                               |
| GTZ    | Gesellschaft fuer Technische Zusammenarbeit         |
| HE     | Higher Education                                    |
| ICT    | Information and Communication Technologies          |
| MES    | Ministry of Education and Science                   |
| MoED   | Ministry of Economic Development                    |
| NCEA   | National Centre of Education Accreditation          |
| NGO    | Non Governmental Organisation                       |
| NQF    | National Qualification Framework                    |
| NTO    | National Tempus Office                              |
| PPP    | Public Private Partnership                          |
| SME    | Small and medium sized enterprise                   |
| SPSP   | Sector Policy Support Programme                     |
| UNDP   | United Nations Development Programme                |
| US AID | United States' Agency for International Development |
| VET    | Vocational Education and Training                   |

# Foreword

Many countries worldwide reinforce their education and training systems' capacity to respond to the pressures of globalisation and the challenges of the knowledge society. Closer cooperation between business and education is one of the tools for providing learners with new skills and competences for work. However, knowledge available on the current forms and modes of cooperation between the education and economic sectors, and the roles and responsibilities of the different stakeholders is limited and fragmented.

The European Commission's Directorate General for Education and Culture has entrusted ETF to carry out a study on education and business cooperation in the EU neighbouring countries and territories (involved in the Enlargement process as part of the Instrument for Pre-accession Assistance, the European Neighbourhood Partnership Instrument, or in Central Asia) in order to:

- draw up an inventory of current cooperation between education and business;
- identify to what extent EU approaches and policies are relevant to the EU neighbouring countries;
- provide tailored information and recommendations to national policy makers and donors for future programming initiatives and capacity building measures.

For the purpose of this study, the term education includes VET, post-secondary non-tertiary and tertiary education, including public and private institutions. The term business covers any entity with economic activity regardless of its legal status. This can include multi-nationals, public and private companies and SMEs, micro-business and actors in the informal economy, social partners (employers' and employee organisations, civil society organisations and their training bodies) as well as national, regional and local authorities. While the focus of the study is on identifying and reflecting on policy or strategically driven approaches to cooperation, the study considers education and business cooperation in a very broad sense, meaning any kind of relevant policy provision and/or formalised or non-formalised interaction between an education/training provider and a business organisation.

The present paper is the country specific contribution for Georgia. It has been elaborated as a joint effort and follows a study design, consisting of desk research, data exchange with partner institutions, as well as focus group meetings in April 2010 and a validation workshop conducted in June 2010. During this intensive consultation process, facilitated by the ETF, the main national stakeholders (representatives from relevant ministries, social partners, the education system, businesses and the civil society) discussed the state of play and provided recommendations for its improvement. The ETF produced this final report based on the key discussion points and messages.

This document will serve as an input for a regional ETF study, relevant for the context of the Eastern Partnership and for a cross-country ETF study of education and business cooperation (reflecting on the findings of all countries with which ETF cooperates), both due to be published in spring 2011.

The ETF is grateful for the opinions shared and insights provided by participants during the rich discussions in all meetings.

## A. Executive summary

*'Major shortcomings of education and business cooperation are based on missing political decisions, policies and correspondent legislation, but not on good will or individual efforts' (Focus group participant).*

Georgia adopted neo liberal economic strategies with high economic growth rates in the years before the economic and financial crisis. Cooperation between the business sector and higher education institutions and VET centres, competition among education services and private providers is a consequence of the overall policies. Cooperation in higher education is more consolidated and very heterogeneous in the VET sector.

Education and business cooperation in Georgia covers several areas. It is not systematically implemented nationwide in secondary or tertiary education institutions. These findings include post

secondary VET. The situation is partly driven by overall policies in the country, which favour neo liberal economic approaches affecting as well the structure of the education and training system and hence cooperation with the business sector. Individual efforts on the education supply side, the learner demand side and the private sector play an important role in education and business cooperation.

At present, it is mostly privately owned higher education institutions that cooperate with the business sector on several functional levels. There is cooperation to improve educational inputs (further development of curricula) in order to positively influence its relevance for the labour market. Other activities (fairs, discussions with business representatives) should contribute to a better transition to work for graduates.

On the higher education level there is a clear division between public and private institutions. The latter include two thirds of all universities. Public institutions rely more on academic research and teaching whereas many of the private ones engage more in programmes relevant to the labour market such as the manufacturing and service sectors (economics, business administration etc.).

Despite the fact that the legally stipulated cooperation with social partners is not actually put into practice, VET institutions interact in several ways with the business sector. Predominantly in important economic areas like information and communication technologies (ICT), tourism and construction there are diverse modes of cooperation at institutional level between VET centres and enterprises. Employers are (for the most part) members of advisory boards in some training centres, contribute to better education infrastructure or offer internships for initial VET students. The further development of the VET curricula is another important area of cooperation.

Moreover, cooperation exists in adults training in the VET centres. Some of the 38 publicly funded VET centres claim permanent contact with employers to be a strategic priority. The law allows such cooperation in VET but education and business cooperation depends more on individual initiatives from both employers and directors of the VET centres rather than on coherently implemented VET policies. The challenge for more awareness in the business sector about the strategic function of skilled human capital for productivity and competitiveness remains.

It would be worthwhile investigating the different modes of cooperation in the VET sector more intensively in order to reflect the vast experience in the country. Hence, good practice and failed cooperation could be used for evidence based learning and further improvement of policies. The new VET strategy which is currently under preparation should build systematically on the experience and know how already available in the country.

Donor assistance could be used more effectively in education and business cooperation. Many donors supporting the country have vast experience on social partnership driven cooperation.

## B. Context / Policy

The transition in Georgia has been accompanied by an unstable internal and external political situation, increasing poverty and a strong brain drain due to emigration. The new government that took office (2004) after the Rose Revolution established its priorities as the fight against corruption, state territorial integrity, poverty reduction, and recovery of Georgia's international credibility. The country experienced considerable growth rates until 2008. The important role of the private sector for socio-economic development is explicitly recognised.

Georgia is seeking to position itself as an attractive international business location. In recognition of the country's reform accomplishments, the World Bank has pointed to Georgia as the world's leading economic reformer. The country's ranking in the Doing Business Survey has improved from 137th place in 2004 to 15th place in 2008. And the Heritage Foundation 2006 Index of Economic Freedom reclassified the Georgian economy as 'mainly free', a change from its 'mainly non-free' position on the 2005 index.

In the period 2004-09 Georgia implemented macro-economic reforms that allowed the country to: a) register consistent high economic growth rates (12.5% in 2007); b) to become a high performer in

terms of Foreign Direct Investment (FDI); c) to significantly increase budget revenues (particularly the share of tax revenues); and d) to reduce corruption including the higher education sector<sup>1</sup>.

All these efforts are supported by liberal economic strategies based on correspondent legislation which try to reduce public services to a minimum and shift responsibilities - even in the education sector - to private institutions once they are admitted by a national accreditation agency. The VET law from 2007 and the Georgian VET strategy (MES, 2009) reflect the importance of private sector's contributions.

The process towards the privatisation of education services was initially not well regulated, which created a lot of problems with the setting up of too many higher education institutions. The quality of their educational services was in many cases very low. In 2009, the country started to introduce a national quality assurance system in education. The previous failure to move quickly in a partially privately driven education system was costly. Given the large demand for higher education, enrolment rates rose drastically in 1991 after a decree that allowed the establishment of private universities.

After the new law on higher education was approved in 2004 the National Centre of Education Accreditation (NCEA) was finally established in October 2004. Thirteen years after the first private providers were established, the NCEA's assessment of the higher education 178 institutions (public and private) led to a considerable reduction: only 78 passed the minimum requirements for quality established by the centre. Today, the National Tempus Office (NTO) counts 69 (institutionally accredited and/or newly licensed) universities in Georgia: 23 of these universities are public but the majority (46) are private; 68% are in Tbilisi and approx. 94,000 students are enrolled in higher education.

During the years with little or no regulation of quality, an estimated 20-30 % of all tertiary students graduated from unregulated and – in terms of quality assurance - largely unmonitored private higher education institutions. The crucial problem in the country was not whether private education institutions should be accepted, but whether they meet a certain level of quality, established by the NCEA. Consequently, until 2007 the unemployment rate of higher education graduates was the highest compared to other levels of education (Castel Branco, 2010).

Public financing of the education system is per capita driven. The only exemption is the VET system, because the cost structures are diverse according to the infrastructure required for the training programmes in different professions. Some private universities established an incentive system for a small share of highly performing students. The better they perform, the less they pay. Moreover, a competitive public fund for research in higher education institutions was set up. There are no financial incentives for more intensive cooperation in higher education foreseen from the government. All education services delivered from secondary and higher education institutions to private clients are VAT free.

The Laws on Secondary Education (2005) and on Vocational Education (2007) complete the legal framework. Higher education institutions operate following the Bologna Process. However, besides the accreditation agency two other innovations are crucial for understanding education and training in Georgia: This is per capita funding (not yet in the VET system) and a universal entrance examination to higher education. From 2005 onwards all reforms try to reshuffle education streaming. The previous unregulated period with plenty of private providers created a high number of university graduates with poor and/or irrelevant labour market qualifications. Consequently, unemployment rates among tertiary education graduates are considerably higher than among students from secondary education institutions (Castel Branco, 2010).

In Soviet times there was a certain tradition for establishing apprenticeship schemes between enterprises and VET centres. During the initial phase of the transition period and the crack down on many of these companies the tradition was lost. Today such cooperation is not regular and not ensured/regulated by law. The expectations from business vary according to the economic sector. The banking sector, along with other organisations and enterprises working at international level initiated new types of cooperation in VET and higher education. Their representatives expect an immediate pay off from the acquisition of better cognitive skills through VET driven human capital development.

The VET law of 2007 stipulates the importance of partnership between education and business for VET development at both institutional and national levels. Moreover, it allows VET centres to offer different kinds of training to several target groups, including adults and/or employees from companies.

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<sup>1</sup> Castel Branco, E. *Black Sea Labour Market Reviews, Georgia country report*, ETF working paper, Turin 2010

Financial autonomy is guaranteed by law. This is an important precondition for cooperation with the business sector in standard and targeted training programmes. The current strategy recommends education and business cooperation in VET, which has motivated some VET centres to play a proactive role in sectors where industry is ready to cooperate for the further development of their human capital.

A decree of 2007 established a State Commission for Social Partnership in Vocational Education. The commission was later abolished due to a lack of social partnership cooperation. In 2009 a National VET Council including the main public and private decision makers was set up but has not been convened in 2010. A stakeholder forum for VET experts and the social partners supported by the ETF discusses the main outlines of Georgia's future VET system. The law on Licensing of Educational Institutions gives space to admit private VET institutions at secondary and higher education levels. However, the recognition of public and private institutions through the NCEA is a precondition for public financing. Per capita funding for VET centres is foreseen as well.

Another decree (no 113 of March 2008) formulates the objectives of attracting private investment in the training centres and aims at the establishment of an educational infrastructure in VET in the context of public-private-partnerships (PPP), where 'providers must have as much management freedom as possible' (Patrinos et al., 2009; p. 67). But until now nothing has been implemented for secondary VET institutions and the decree has been interpreted differently by the Ministry of Education and Science, not considering 'the feasibility of implementing educational PPPs' (Recup, 2007) due to constraints on the supply side of the education institutions, which have no or little capacity for systematic cooperation with the business sector.

The Ministry of Economic Development announced in March 2008 a PPP programme to privatise VET centres based on the above mentioned decree, but the selection process is still ongoing and decisions have not yet been taken. The topic is still high on the ministry's agenda, because the figures for the school year 2007/08 reveal an extremely high share of public VET funding (94.09%), whereas donors (3.71%), employers (0.81%) and trainees (0.56%) contributed with minor amounts (GTZ, 2010)<sup>2</sup>. Moreover, the ministries are convinced that business driven VET will better cope with the needs of the private sector.

The Georgian VET strategy approved in November 2009 supports education and business cooperation as well, but it is not implemented systematically. The private sector in stagnant business areas has no interest and no competence for strong cooperation. Moreover, initial VET is considered from the majority of private sector representatives as a public task. However, there are non formal apprenticeships which are not funded by government. The handicraft sector offers a lot of such work based learning schemes. Sector committees of the social partners are legally recognised but not systematically promoted or fully working in all sectors. Membership in these committees is voluntarily.

## C. Structures / Methodologies / Approaches

### Higher education and post-secondary VET

Two thirds of universities are private and work for profit. Some have a good reputation in the business sector, because the students acquire labour market relevant skills for important economic areas (e.g. in economics, business administration and computer science). Some are seen as very prestigious and strategically relevant for the business sector in terms of the quality and coherence of their programmes to the world of work requirements.

Universities work with representatives of the business sector in the further development of curricula, which guarantees a 'next to business delivery' and the labour market relevance of university careers. A leading private university is periodically organises fairs where firms can present employment opportunities and their mid term human capital needs. A 'mandatory guest day' obliges students to invite business representatives to the university. The objective of such compulsory events is to learn how to approach business people and cooperate with them. The preparation and follow up of such meetings must be done by the students, who are fully accountable for such activities. They could invite university staff as well, but this is a voluntary option.

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<sup>2</sup> These figures are related to the 38 publicly funded VET centres. There are as well private VET providers which are exclusively privately funded, but figures about educational spending and annual turnover are not available.



Some university teaching staff comes directly from the world of work and still works in the business sector. In some governing boards of private universities nearly all, or sometimes all, members are from the business sector, influencing programme policy to foster labour market relevant qualifications for the manufacturing and service sectors. The bank and ICT sectors have many but very diverse modes of cooperation with higher education institutions, including membership in advisory boards.

### **Initial VET**

Focus group members described education and business cooperation in initial VET as 'ad-hoc'. The National Vocational Education and Training Council was established on a tripartite basis in September 2009 but has not convened in 2010. It comprises representatives of different ministries and top level policy makers, employers and trade unions. The council aims to ensure the coordination of social partner driven VET activities but is presently not active and functional, even while the VET strategy is being reformulated. The accreditation of higher education institutions does not include criteria for education and business cooperation. Accreditation for secondary VET institutions is not yet fully developed.

There are few professional organizations that are more systematically involved in cooperation with VET centres and the different sector committees promoted by legislation work well only partially. The VET centres have a tripartite supervisory council by law, but these councils do not work in many centres. Capacity building programmes in social partnership, tools and modes of interaction are required for better cooperation at different public and private levels. A precondition for designing such activities is a consultative process with the business sector.

In secondary VET, there are presently no financial and systemic incentives for the business sector to extend its participation in human capital development activities. Moreover, interviews carried out with the Georgian Employers' association (GTZ, 2010) revealed that initial VET is still considered as a government task and a training levy would not fit in the overall framework of a liberal economy, whereas further and company specific training should be under the responsibility of employers. This is the reason why many countries introduced tax cuts or reimbursement of taxes if funds from firms are used for initial or further training. This is currently not the case in Georgia, but the Ministry of Education and Science presented some strategic considerations on proactively including the social partners and the business sector in its draft for the VET reform strategy 2009-12 (MES, 2009): Employers should work in sector committees together with VET centres. Another option mentioned in the strategy is 'to prepare conditions and rules for practical training with participation of employers (mentoring, study projects, assessment of student's competences)'.

Although the law foresees cooperation for all VET centres, presently VET and business cooperation depends in most cases on the initiatives of VET centre directors who cooperate informally with interested employers. In other cases cooperation is pushed by the emerging skills needs of the business sector. The fact that increased cooperation with the business environment could raise quality and employment opportunities for vocational students is well known among directors and teaching staff. However, many operational initiatives depend on individual social networking of managers. Nevertheless, new VET curricula have been developed inviting experienced representatives from the business sector and from related professional areas to DACUM (Development of a Curriculum) workshops.

Despite the fact that internships (praktikum) are difficult to find, some economic sectors provide them such as construction, ICT and tourism for VET students. If there is a need they also offer jobs after the training. Internships lasting between 60 hours and three months are not normally paid. A training centre has set up an advisory board with members of seven big construction firms. They discuss how to increase the employability of vocational students as well as teaching new technologies. The advisory board is not involved in the management decisions of the centre but its positive influence on the further development of the existing curricula is appreciated.

The country's leading information and communication technology VET centre states that it cooperates with approximately 100 firms, mostly in short courses (as opposed to the two-year regular initial courses). Four to nine month training programmes cover the demands of the private sector in specific ICT areas like computer systems, network repair, web media technologies etc. But in other emerging professions there is no cooperation in helping to find or develop qualified labour. For example, there is no training in VET centres for professions in logistics, railway, pharmaceutical areas, air transport

services, sea port services etc. (GTZ, 2010a)<sup>3</sup>. The VET system is not able to design targeted programmes in these areas and offer them to the private sector. Hence, the skills needs are covered by firm based training programmes or private offers.

Besides internships, co-financing, advice and curriculum development cooperation between education and business happens thanks to individual teaching staff. In some cases the VET centre teachers received further training in private companies. Large hotels in Georgia - operating at international level - invited teachers for internships to make them more aware of the requirements of the world of work and to integrate new content in the training programmes.

On the other hand, some VET centres use instructors that have worked for a long time in the respective professional area in the business sector. Business is aware of the positive outcomes for learners. This refers to teachers who need updating in the business sector but also to students, because their employability is improved after internships which follow curricula adapted to the world of work.

## D. Challenges

### Higher education and post-secondary VET

Business cooperation with higher education and is apparently more consolidated at the institutional level than secondary VET. One reason is the high number of private universities, which concentrate on relevant business areas. The ongoing challenge is how to ensure the quality of the education services rather than introducing substantial changes, because the overall tertiary system is well regulated and consolidated. Education and business cooperation could be gradually improved in the above mentioned areas (advice, curricula development and transition to work).

Many higher education institutions stick to academic careers that do not require high investments in infrastructure like social sciences and service sector business careers. This has positive consequences for the unit costs and the fees to be paid by students. Labour intensive research and higher education in natural science, medicine etc. would drastically increase the costs and fees and for this reason they remain a domain of public universities.

A few higher education institutions which offer post-secondary VET are not very appreciated by users. They offer specific modules from traditional academic careers that do not link well to the realities of the world of work. This creates problems in transition to work.

### Initial VET

The Ministry of Education and Science has made considerable efforts to inform the population about the reforms of the VET system. Nevertheless, employers and citizens still lack information and 'little attention is paid to vocational education in the mass media' (Tabidze et al., 2010). Many people are not aware about the labour market relevance and opportunities offered by VET programmes. One reason for this information gap is the absence of an institutionalized, publicly promoted vocational guiding and counselling system outside the vocational training centres.

Even among representatives of education institutions, relevant information about reforms and future labour market opportunities is missing. The involvement of employers in VET is sporadic and not systematic. The reason is not only a low motivation for engagement<sup>4</sup>, but in many cases the absence of systematic information and incentives to involve employers in a structured manner. In May 2005 a special commission on social partnership in the sphere of vocational education was established but due to its inefficiencies, it was abolished two years later. Commissions only work well if suitable instruments for cooperation in education and business are approved as well.

Partnerships between entrepreneurs and training providers work only partially through advisory and sector committees and only a small number of vocational students have opportunities for work based

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<sup>3</sup> Maritime transportation is covered by one public and two private academies, which have partially ISO certificated.

<sup>4</sup> The very liberal Georgian Labour Code allows hire and fire strategies. If employers do not manage to contract the person with the suitable competences, the worker can be easily replaced by another. Such recruitment practice impedes strategic human capital development considerations in the business sector. Moreover, a highly competitive environment created by Georgian legislation promotes a mentality of protection of business secrets with a negative influence on the articulation of qualification requirements for certain business activities.

learning through internships in firms. A fully operating apprenticeship system is not possible legally. Moreover, the government's expectations for private sector investment in VET driven human capital development were not fulfilled. This would have eventually led to the handing over of the VET centres to the private sector. Another issue are the training certificates: qualifications become visible to other employers and qualified labour staff might be poached (Leuven, 2005).

The business sector is far from being homogenous. It follows market opportunities which might favour short term survival or mid term strategies. This influences human capital development strategies and promotes a certain underestimation or unawareness of the role of VET for productivity and competitiveness.

Despite the legal framework, stakeholder participation in VET is not systematically promoted. Donor driven initiatives like a VET stakeholder forum and targeted research on the advantages and disadvantages of education and business cooperation as a precondition for innovation are on the one hand a priority for the government but on the other are not systematically implemented. The gap between approved and innovative legal frameworks and pending implementation of reforms is notable.

The establishment of sector committees on vocational issues or the involvement of entrepreneurs is still at an initial stage in many sectors. Twelve sector committees exist, mostly in the ICT, construction and tourism sectors, and their performance has had a notable impact on training programmes. Georgia has a small number of professional associations. The most active participate in the elaboration of professional standards for the construction and agriculture areas in collaboration with the Georgian Employers Association (GEA). Furthermore, business expectations for VET driven human capital development are not homogenous and many of business representatives cannot enter into dialogue with the VET centres because they are not able to express their requirements for emerging skill needs in companies.

Although the vocational training institutions have considerable degrees of freedom to carry out commercial activities in selling education services to adults or companies many of them fail to do this successfully, because they don't have the financial, marketing and management skills to coordinate state financed and fee based training programmes. Furthermore, the only labour market research is donor driven. It needs to be more home grown local and regional if the education offer from the centres is to be in line with regional needs.

At present, most of the documents about government's education strategy are not based on updated data or analysis of labour market trends or national economic prospects. New findings could have promoted some alternatives for education and business cooperation in the reform strategies. Moreover, this cooperation is welcomed in strategic documents but not systematically implemented. Education activities in relevant economic sectors (construction, tourism, ICT, agriculture) and new curricula could be even better targeted towards meeting the demands of the economy. For this purpose a relevant analysis of regional or sector specific economic developments and the collection of more labour market information is paramount, but still missing.

The low attractiveness of VET and the modest infrastructure of many VET centres are other reasons which make education and business cooperation unattractive for many private companies. Moreover, the big informal economy does not proactively develop such cooperation. There are even some cultural barriers. In companies where recruitment and employment are based on trust rather than on professional qualifications, the motivation for cooperation is absent. Nevertheless, research carried out in 100 enterprises in Gori revealed that 24% of employers were not able to contract employees with the required qualifications, most of them at secondary VET level like plumbers, welders, electricians etc. The same report states that the absence of suitable programmes in VET centres are a strong motivation for employers to organise work place learning (Danish Refugee Council, 2010).

Several international organisations like the ETF and GTZ recently conducted nationwide and regional labour market surveys to promote better designed projects and strategies. However, donors cannot replace mid term efforts for conducting a more systematized analysis of labour market developments and the employment opportunities for graduates of different education sub systems. This task should involve other sectors/ministries in order to cooperate more efficiently in 'institutional complementarities' (Fraile, 2009) to achieve synergy.

The economy is characterised by a huge share of self employed labour in the economically active segment of the population. The majority work on farms or in so called independent professions like (informal) retailers or taxi drivers. These structural characteristics are an obstacle for better education - business relations, as this self employed labour force works mostly in micro or small enterprises that

do not require training services from VET centres. Daily survival in such a competitive economic environment prevails, while more and better skills are a low priority. This mixture of survival strategies and training needs requires special VET programme design including business skills in the context of regional/local development, but they are currently not available

## E. Recommendations

The Georgian government could promote cooperation on the basis of financial incentives in post secondary VET and higher education. This at present does not happen. Financial contributions from the private sector would improve cooperation substantially. Coherent policies - most of all in terms of taxation - could open more space for co financing higher education programmes and research by the business sector. This might include more systematic and scientific information about the state of the art of education and business cooperation: 'There is also a need for a sound analysis of good practice examples in order to make them applicable to other cases' (European Parliament, 2010). This statement from Europe is also valid for Georgia.

Focus group members divided further action in education and business cooperation into three main steps, relevant for policies in higher education and secondary VET and for the policy implementation process: incentives for the business world and the social partners (taxation policies and a new VET strategy); coordination (by the government); and information (disseminated from private and public stakeholders). All these issues could be supported by donors.

### **Policy level – strategy and incentives**

The Ministry of Education and Science has already consulted social partners and NGOs in the process of preparing the current VET policy. This could be replicated in order to improve education and business cooperation. The active exchange of experience and dialogue on policy issues, financial incentives and more specifically on education and business cooperation will be mutually beneficial and external assistance should be used more targeted to promote such schemes. Moreover, employers need to be more proactive and cooperative in all other issues related to reforms in the sphere of education and training. This requires better information policy, some capacity development for employer's organisations and awareness about the future relevance of VET for sustainable socio-economic development, productivity and competitiveness.

Well designed education and business cooperation policies should be based on sound working social partnership as foreseen in the law but also comprehensively implemented. Georgia's civil society is quite well developed and civil organisations and education institutions already have some expertise in implementing sustainable and comprehensive cooperation strategies. Some experts suggest 'a particular focus on apprenticeship and first employment programs' (Rosati et al., 2006), which goes in the right direction and is coherent to European findings and recommendations (European Commission, 2010). However, at present this is not a viable nationwide policy option for secondary VET in all professional areas and economic sectors, because not all firms and sectors are aware of the benefits of apprenticeship/work based learning. Nevertheless, this should not be used as an argument against more innovative piloting.

The important role of VET for sustainable socio-economic development and social welfare should be acknowledged while reformulating the present policy. Consequently a major objective should be the identification of new opportunities for cooperation. Moreover, the government should use donor contributions in a more targeted manner to support education and business cooperation with advice, updating the education infrastructure and capacity development for the stakeholders involved. This should include study tours abroad to countries where good practice in education and business cooperation exists in a social partnership context.

Cooperation in the different regions could be considerably improved as well. It is currently mostly concentrated in Tbilisi and in two towns with harbours. Central authorities should promote cooperation at regional level, where many of the requirements for human capital could be best achieved through local/regional cooperation based on policies for regional development. However, as pointed out by a focus group participant, 'high values don't help, we must stimulate financial motivation' and take into account that institutions in the region might ask for capacity development in this area.

Links between VET policy and other sector strategies to (regional) labour market and specific employment areas must be established. The lack of a coherent policy for human capital development

at various levels linked to employment and more competent performers in vocational training institutions is one of the major gaps in the vocational education and training strategy. For this reason the Ministry of Education and Science is facing additional challenges in the reform process which should - wherever possible – rely on education and business cooperation.

Entrepreneurial learning is one issue that should be linked with VET. It could be one way of piloting education and business cooperation and is very necessary in an economy characterised by a high proportion of self employment and subsistence based economic activities. A vocational training centre well connected to its socio-economic environment would be an excellent means of acquiring more business knowledge for targeted needs of learners.

Only a proportion of the larger companies involved in the international trade context is aware of the overall strategic importance of human capital investments through vocational education and training. They have the facilities and know how for institutionalised cooperative training. Some of the small and medium sized firms cover urgent skill deficits in the short term and case by case with specific training activities but they don't have a mid term perspective for such human capital investment.

If the government were to introduce a tax rebate system for the investments of (small and medium) firms in human capital development more widespread cooperation could be achieved with positive consequences for supply and demand requirements. Such policies must be accompanied by implementation strategies which link legal innovations like rebate schemes to useful advice.

Finally, the focus group members stated that changes encouraging education and business cooperation go far beyond the existing education legislation. The 'whole package' should include tax regulations (for better incentives) and new laws affecting the very liberal Georgian Labour Code. Financial incentives for human capital investment should be attractive for the private sector. But such legal changes should be stable and not frequently changed. Unless the business sector has no legislative guarantees and a certain degree of stability it will remain reluctant to invest more money in joint human capital development with vocational training centres.

### **Consequences for implementation**

The experience gained so far in cooperation between education institutions and the business sector should be systematically discussed among the social partners and the vocational training centres. In a second step, the operational consequences of the implementation of reinforced cooperation (capacity building for institutions and personnel, design of social partner driven quality assurance approaches and tools, trainer and teacher profiles etc.) should be analysed. Improving the economic competitiveness of the country requires more investment from all sides in human capital development – including the government, the business sector, the learners and the labour force.

In many EU Member States the social partners play a major and clearly defined role in the consultative councils and decision-making bodies at national and regional levels. They play an important role even in implementation processes. Moreover, training facilities are partly owned by social partners. The Georgian legislation already envisages the participation of representatives of employers and trade unions in the vocational training centre boards. However, the existing gap between legislation and implementation/practice should be reduced. Awareness raising, incentives and capacity building are key factors in such a process. The provision of motivation and incentives for effective and viable mechanisms for social partnership in order to ensure their contribution is one of the most important and challenging issues in the reform process. Hence, the stakeholder forum for VET experts has a strategic role in further strengthening education, business and social partner cooperation. More learning opportunities for good practice and dissemination tools should be developed. The Georgian VET portal on the internet ([www.vet.ge](http://www.vet.ge)) is already used for such issues.

An efficient way of improving secondary VET could be more systematic and nationwide cooperation between the private sector and the publicly funded VET centres. This requires incentives for setting up professional associations, including the creation of business incubators which might have a positive influence on education and business cooperation. The capacity for better cooperation must be developed on the supply side. Leadership training and skills in marketing and fund raising should be offered to directors to help them cope better with the business environment. This type of skills should also play a role in the future accreditation procedures for VET centres and higher education institutions.

New professional standards developed by sector committees and agreed by social partners on one hand and mutually developed curricula on the other should be systematised in the form of a state

catalogue of qualification/standards. Such transparency and efficient implementation of reforms make their results equally accessible to the population, employers and education providers. These qualifications should be consistent with European ones so that they can be recognized for mobility issues.

Consultation among social partners complements the issue: 'Education should consult the business world before new programmes are launched' (participants of the focus group). Internships in companies should be extended as well. In a country which has not systematically established vocational guidance, such internships are real 'eye openers' for students, because 'they provide the student with time to reflect on whether they really want to pursue that particular career (Financial Times, 2010). This consultation however needs to be used more systematically.

On the other hand the Ministry of Education and Science needs to proactively collect and coordinate valuable contributions from different stakeholders. This includes awareness campaigns and dissemination of good practice, documentation and management of knowledge, tools for implementation etc. Even the best pilot projects cannot ensure the success of reforms, if their innovative results are not discussed and analysed and - if necessary - refined, replicated and disseminated to other players.

### **Capacity building**

The strong commitment of some sector committees could be supported with events at policy making level and more expert advice and seminars for at the implementation level. Activities could include issues such as responsibilities, tasks and cooperation mechanisms for education and business in secondary and post-secondary VET. Apart from national activities and perspectives, European good practice could be presented to and discussed by the Georgian experts.

Moreover, activities could support the sector committees in applied and sector specific labour market research which is relevant for formulating targeted human capital development strategies for the country. The development and implementation of approaches and tools to determine sector specific trends could deliver useful information about the consequences for VET programmes and improved education and business cooperation.

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