

# EDUCATION & BUSINESS MONTENEGRO





## **EDUCATION AND BUSINESS STUDY**

### Montenegro

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### Table of contents

<b>Foreword</b>	<b>3</b>
<b>A. Executive Summary</b>	<b>3</b>
<b>B. Context / Policy</b>	<b>4</b>
<b>C. Structures / Methodologies / Approaches</b>	<b>7</b>
<b>D. Challenges</b>	<b>13</b>
<b>E. Recommendations</b>	<b>14</b>
<b>Bibliography</b>	<b>15</b>

## List of abbreviations

CEEPUS	Central European Exchange Program for University Studies
CEI	Central European Initiative
CIPS	Centre for Information and Professional Counselling
EAM	Employment Agency of Montenegro
EBRD	European Bank of Reconstruction and Development
EC	European Commission
ECTS	European Credits Transfer System
EQF	European Qualification Framework
ETF	European Training Foundation
EU	European Union
GDP	gross domestic product
GTZ	Gesellschaft für Technische Zusammenarbeit
HE	higher education
HEC	Hospitality Education Centre
MEF	Montenegrin Employers' Federation
MoES	Ministry of Education and Science
MoLSW	Ministry of Labour and Social Welfare
MONSTAT	Statistical Office of Montenegro
MoTE	Ministry of Tourism and Environment
MQF	Montenegrin Qualification Framework
NGO	non-governmental organisation
NQF	National Qualification Framework
OECD	Organization for Economic Cooperation and Development
SME	small and medium-sized enterprises
Tempus	EU programme that supports the modernisation of HE in Eastern Europe, Central Asia, the Western Balkans and the Mediterranean region
WB	World Bank
WUS	World University Service

# Foreword

Many countries worldwide have reinforced 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 competencies for work. However, the available knowledge on the current forms and modes of cooperation between the education and economic sectors, and the roles and responsibilities of the different stakeholders involved, is limited and fragmented.

The Directorate-General for Education and Culture has entrusted the European Training Foundation with carrying out a study on education and business cooperation in the European Union neighbouring countries and territories (involved in the enlargement process according to the Instrument for Pre-Accession Assistance), with the aim of:

- Drawing up an inventory of current cooperation between education and business;
- Identifying to what extent EU approaches and policies are relevant to the EU neighbours;
- Providing 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' comprises vocational education and training, post-secondary non-tertiary education and tertiary education, including public and private institutions. The term 'business' covers any entity with economic activity, regardless of legal status. This can include multinationals, public and private large companies and small and medium-sized enterprises, micro-businesses and actors in the informal economy, and social partners (employers' and employees' organisations, civil society organisations and their training bodies), as well as national, regional and local authorities. While the focus of the study is to identify and reflect 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 on Montenegro. It has been elaborated as a joint effort and follows a study design consisting of desk research, data exchange with partner institutions, focus group meetings held in May 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 civil society) discussed the state of play and provided recommendations for the improvement of education and business cooperation. The ETF produced this final report based on the key discussion points and messages that arose during the process.

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

## A. Executive Summary

With Montenegro's transition to a market-based, open and globalised economy, there is an explicit need for regular dialogue and partnership between education and the business sector. While the national policy papers and legal framework recognise this need and have already laid down the foundations of an enabling environment for it, the most feasible and beneficial modes for establishing intensive cooperation between the two remain to be found. The education and business partnership in Montenegro is a developing area, with a toolkit that is still 'under construction'.

The institutional landscape of education and business cooperation reveals a high level of involvement on the part of social partners in the consultation and decision-making mechanisms, as well as in the process of designing changes and innovations in the education system (new curricula, qualifications). This holds particularly true for VET, and to a much lesser extent for HE.

In spite of the lack of explicit incentives and of a tradition of cooperation, Montenegro has launched a wide range of topics and modes for education and business partnerships in the last decade. A great many of them have been inspired by EU policy developments and EU Member States' experiences, and have been backed with EU funds, and therefore represent pilot interventions rather than systemic measures. Yet the country has also demonstrated a capacity for critical assessment of imported patterns and for embarking on home-grown initiatives. The involvement of the civil society sector as a mediator in the dialogue between education and business is a remarkable finding of the current stock-taking exercise that not only resonates with the latest recommendations and guidelines at the EU level, but also brings hope with regard to the role of bottom-up innovations in this field in Montenegro.

Finally, the report makes an assessment of the major challenges for education and business cooperation in VET and higher education, and formulates corresponding recommendations related to enhancing the capacities of education and business actors to engage in strategic partnerships while fine-tuning their modalities at both the governance and implementation levels.

## B. Context / Policy

### 1. Political and socio-economic context

Montenegro, formerly a republic within the State Union of Serbia and Montenegro, emerged as an independent state following a referendum and a Declaration of Independence of 3 June 2006. Today the country is recognised internationally for its efforts in political and economic reforms and is under consideration by the EU for candidate country status.

While the Montenegrin economy was believed to be one of the least developed in the Yugoslav era and suffered greatly from the wars and economic sanctions present in the region, within the last decade Montenegro has succeeded in launching and conducting crucial market reforms. As a result the post-independence period was marked by a real economic explosion, with GDP growth reaching 10.7% in 2007. The economic boom has been reliant on a huge inflow of foreign direct investment, with tourism being the growth engine and the driver for the evolving service-based profile of the economy (the tertiary sector accounting for 73.2% of GDP in 2008 according to the World Development Indicators database). Tourism was also able to play the role of a very effective shock absorber in the last two years, cushioning at macro level the negative impact of the global economic downturn. Small and medium-sized enterprises (SMEs) comprise the backbone of the Montenegrin economy, representing 99.8% of all registered businesses and approximately 60% of national GDP, with the lion's share within the SME sector belonging to micro-companies (up to 10 employees), at 77% (DDSME, 2007).

Montenegro has been successful in creating a business-friendly environment with low taxes and minimal state interference. The country was ranked 71st among 183 countries reviewed in the *Doing Business 2010* report (World Bank et al., 2010). Despite the progress attained, a survey by the Heritage Foundation and the *Wall Street Journal* (2009) concludes that the country's business, legal and regulatory environment is still in transition, and bureaucracy can be non-transparent, burdensome and prone to corruption. Another important hurdle for doing business in Montenegro is unfair competition by a large informal sector, amounting to 25–30% of the country's GDP and being particularly prominent in the sectors of retail, agriculture, catering, construction and transport (ISSP, 2009).

### 2. Human capital development issues

Montenegro hosts a population of about 640,000, with declining natural growth and ageing trends that translate into shrinking school-age and working-age cohorts. The activity rate (51.1%) and employment rate (41.3%) are low and unemployment is high, in particular among the young population and women, at 35.6% and 20.5% respectively compared to 19.1% on average (MONSTAT, 2010). According to the 2003 Census data, only 2.35% of the population in Montenegro is illiterate, yet educational attainment is low: 8.5% of Montenegrins older than 15 do not have a full primary

education, 21.1% have only a primary education, 57.1% have a secondary education, and 13.3% have engaged in higher education (MONSTAT, 2010).

VET is an attractive secondary education option for Montenegrin students: approximately 68% of those enrolling in secondary education choose the occupational streams, while 32% take the general education path (MONSTAT, 2009). The school infrastructure of secondary vocational education comprises 37 public schools – 26 vocational and 11 combined (with some students following vocational programmes and others following general education programmes). VET in Montenegro covers programmes at three different levels: (i) lower VET (two years, post-primary education), (ii) secondary VET (three or four years) and (iii) post-secondary VET<sup>1</sup> (two years, as a continuation of secondary VET).

Montenegro has one public university (University of Montenegro), one private university (Mediterranean University) and nine autonomous private faculties, with 80.8% of students in the academic year 2008/09 studying at the University of Montenegro (MONSTAT, 2009). The structure of HE since 2004 follows the Bologna principles: three cycles of university education, the European Credits Transfer System (ECTS), and the Diploma Supplement since 2006/07. Enrolment in HE has been rising in recent years, with a nearly 63% increase between 2005 and 2008; the number of graduates has been also increasing. Montenegro is a member and beneficiary of several international programmes (Tempus, CEEPUS, CEI University Network) in the HE area, offering possibilities for mobility, exchange of experience and cooperation. Tempus has provided major support for the alignment of the country's HE structure with Bologna Process criteria and requirements.

Adult education and training in Montenegro is delivered by 37 providers: three public universities, funded by the Ministry of Education and Science (MoES), offering functional adult literacy programmes; three regional public vocational training centres, funded by the Employment Agency of Montenegro (EAM), in the fields of tourism and catering, wood processing and construction; and 31 certified providers, both private and public (including primary and secondary vocational schools), delivering functional literacy and vocational training and retraining of adults.

### **3. Education and business cooperation policy framework**

Montenegro, unlike other countries in the region (such as Croatia or Turkey), does not have a historical tradition of well-developed trades, crafts and apprenticeship schemes. Vocational education has therefore always been a state-run, school-based activity, having loose connections with businesses and social partners. While during the Yugoslav era there emerged some stronger linkages between education institutions and state-owned industry in Montenegro, they were mediated by the state and confined to the provision of opportunities for practical training and internships of students in companies. These linkages were directly controlled by the government and compulsorily imposed on the parties involved, and thus had little to do with cooperation as a voluntary and mutually beneficial relationship.

With the transition from state-regulated to market economy and the subsequent privatisation and restructuring of the Montenegrin economy, this system ceased to exist. Giving 'orders' to enterprises (some of them already overwhelmed by a cumbersome process of privatisation and restructuring) to perform joint activities with educational institutions was no longer realistic or viable. For a while the formal education system was left without any support from the business sector. The gap, however, cleared the way for a restart of business–education relations in the country and for establishing new forms of cooperation in line with the new economic context, rooted in new legal and policy frameworks.

The collapse of the centrally planned command economy brought about the need to make the country's formal and non-formal education system responsive to the changing skills requirements of the labour market. The overall philosophy and main principles of the education reform that started in 2001 have been outlined in a blueprint document ('The Book of Changes') and subsequently underpinned by the promulgation of a series of laws – for general education, for pre-school, for primary, for secondary, for vocational, for higher and for adult education, for special needs education and for national vocational qualifications. New institutional structures (executive agencies) were set up to enable decentralised management of the system and to enact the new legislation, supported by

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<sup>1</sup> Legislation allows for the establishment of post-secondary vocational institutions, but in practice none exist as yet.

new specialised advisory bodies and councils. The implementation of the reforms so far includes extension of compulsory primary education from eight to nine years, enhancement of infrastructure, development of new occupational standards, curricula and textbooks, and Bologna Process changes in HE. Current priorities are related to modularisation of VET curricula and introduction of credit valuation, development of an EQF-inspired National Qualification Framework (NQF) and enhancement of quality assurance mechanisms in higher education.

Having recognised the importance of cooperation between education and business for increasing the employability and entrepreneurial potential of the labour force, as well as for fostering the competitiveness of **the country's economy, Montenegro has reflected this priority in its national legal and policy framework.** Among the main objectives of the **National Strategy on Employment and Human Resources Development (2007–2011)** are the improvement of the relationship between education and employment, intended to be achieved through strengthening the role of social partnership in education and through improved longer-term planning of vocational education in line with the needs of the labour market. The **Strategy for Development of Human Resources in Tourism in Montenegro (2006–2016)**, while emphasising that the offer of both formal and non-formal education in Montenegro does not meet the needs and demands of the country's priority sector – tourism – recommends higher practice orientation of education and training delivery through modernisation of existing curricula, simulation of work environment in classrooms, student placements in hotels and restaurants, and so on.

**Direct formal regulation of education and business cooperation is provided in the Law on Vocational Education** (adopted in 2002, amended in 2005, 2007 and 2010). The law contains stipulations pertaining to the overall organisation of VET and identifies employers as a key stakeholder. In its initial version of 2002 the law provided for school-based vocational education, as well as for the introduction – in parallel – of company-based vocational education, where employers take the lead while schools support them (dual form). The latest amendments of the law (adopted in July 2010), however, take a step back and specify that vocational education could be provided either by schools alone or jointly by schools and employers, assigning the lead role in the latter case to schools. Where employers are involved, the law requires the signing of an explicit contract (agreement) to provide for the rights and obligations of all parties: the school, the company and the student.

The Labour Law (adopted in 2008) makes provisions for an employer to sign a labour contract for a limited period of time with a person who is entering an employment relationship for the first time as a trainee. If the person is below 18 years of age, the labour contract must be signed with the written consent of the parent. In the field of tertiary education, the Law on Higher Education (adopted in 2003 and amended in 2010) stipulates the right of students to practical training.

All recent EU policy lines that imply or promote closer cooperation with employers and other relevant stakeholders at the systemic level, such as the recommendation on key competences for lifelong learning and the EQF, have been closely followed and addressed by Montenegro. The Strategy for Introduction of the Montenegrin Qualification Framework (MQF) (2008–2010), building on the Law on National Vocational Qualifications (adopted in 2008, amended in 2009), defines the ways and forms of attainment of qualifications in the country and reiterates the need for building trust and close links between education and businesses in the process of developing the MQF. The Strategy for Lifelong Entrepreneurial Learning (2008–2013) sets out clear priorities, objectives, actions and performance indicators for fostering the enterprising spirit, knowledge and skills of learners, starting from primary education through general and vocational secondary to tertiary education, as well as in 'second chance' training or retraining of adults, thus representing the most comprehensive and detailed national policy document to promote education and business cooperation.

As is evident from the above, Montenegro has invested a lot of effort in strategic considerations and legal provisions for re-establishing education and business cooperation on new grounds. While there has been a proliferation of policy papers and legal acts, their coordination and consistency has not always been assured, and their focus has not been always clear and sharp: legislation does not offer explicit incentives for cooperation (such as tax concessions for businesses or higher accreditation scores for education institutions), and strategies remain centred primarily around goals and objectives, saying little about the modalities for delivery and implementation, the resources needed, the indicators used to measure progress achieved, or monitoring and evaluation mechanisms in general.

The donor community has been very active in initiating and assisting the establishment of an environment that enables cooperation between education and business, and this has saved the



country a great deal in wasted resources and exposed it to good international practices. With a considerable part of the documents having been drafted with foreign technical assistance, however, there remain concerns about the transferability of some of the recommended measures and about the readiness and capacity of national stakeholders to follow the commitments made on paper.

## C. Structures / Methodologies / Approaches

### 1. Structures for education and business cooperation

The institutional setting for education and business cooperation in Montenegro currently represents a broad, diverse and eclectic picture of structures for dialogue and interaction:

- Governance and support structures

*Government:* (i) policy-making bodies: MoES, Ministry of Labour and Social Welfare (MoLSW), Ministry of Economy, line ministries (e.g., Ministry of Tourism and Environment (MoTE)); (ii) executive agencies: EAM (with a tripartite governing board), VET Centre (with a tripartite governing board), Directorate for Development of Small and Medium-Sized Enterprises (DDSME).

*Social partners:* (i) recognised representative bodies: Montenegrin Employers' Federation (MEF) (founded 2002, with representative status since 2005), Confederation of Trade Unions; (ii) others: Chamber of Economy, Montenegro Chamber of Skilled Crafts and Entrepreneurship, Montenegro Business Alliance, Trade Union of Education.

*Multi-stakeholder bodies:* (i) Social Council (a tripartite body created in 2001, formerly Economic and Social Council); (ii) National Council for Education (in a process of establishment following recent legislative amendments of July 2010; will include a number yet to be specified of representatives of social partners' organisations and will have separate committees on general education, VET and adult education); (iii) Council for Higher Education (13-member composition, representation of non-academic community stipulated but quantitatively not specified), Vocational Qualifications Commission (13-member composition, three of which represent employers); (iv) school boards, governing boards of adult education institutions and universities; (v) other structures, such as the sectoral vocational qualifications commissions and the curriculum commission (within the National Council for Education).

- Implementation structures

*Education and training institutions:* universities, faculties, schools, adult education providers and their associations.

*Businesses:* companies and enterprises, learning and innovation organisations, employers from the public and the voluntary sectors.

*Civil society:* non-governmental organisations, community-based organisations, etc.

The institutional landscape shows a high level of involvement of social partners in the consultation and decision-making mechanisms, as well as in the process of designing changes and innovations in the education system (new curricula, qualifications), and this holds true for VET and to a much lesser extent HE. In quantitative terms, however, social partners represent a minority in all governance structures (the lead role being reserved for the government representatives), which significantly limits their ability to shape final decisions or outputs. The quality of employers' contribution and the effectiveness of their participation in partnerships with education is another dimension that deserves separate consideration and assessment, and is reliant on their capacity to bring their perspective to discussions on education and training.

### 2. Implementation: modes and tools for cooperation

While the national policy papers and legal framework recognise the need for **dialogue and partnership between education and the business sector** and have already laid down the

foundations of an enabling environment for it, the most feasible and beneficial modes for establishing intensive cooperation between the two remain to be found. Education and business partnership in Montenegro is a still developing area, with a toolkit that is currently 'under construction'.

## **2.1 Partnership for matching and forecasting labour market skills needs**

With the transition to a market-based, open and globalised economy where skills requirements are more dynamic and volatile, Montenegro has set up institutional mechanisms and platforms for structured dialogue and consultations between the occupational system and the education system (e.g. VET Centre, VET Council, Adult Education Council; see previous section) on issues related to enrolment policy, educational curricula and standards, teaching and learning methods, and qualifications. Since 2003, annual surveys of employers' opinions and short-term prognoses (e.g., see EAM, 2009) have been conducted and made available to the education sector. In spite of the efforts made and the progress achieved, as noted by recent analyses (e.g. ILO, 2007; EAM, 2009; Petkova et al., 2010), initial vocational education, HE and adult education provision continue to be inadequate to labour market requirements and continue to contribute to, rather than reduce, existing structural mismatches between the supply and demand of labour. Strengthening research capacities, improving existing mechanisms for evidence-based policy-making and introducing new, closer forms of cooperation between enterprises and training providers at the national, local and sectoral levels are essential, especially in a context of rapid global economic change and the (post-)crisis situation.

## **2.2 Involvement of employers in the development and delivery of curricula**

In the period 2004–09, Montenegro invested a great deal of effort in revising its national occupational standards and curricula: 99 curricula and 210 occupational standards for initial VET, as well as 65 training programmes for adults, were developed and adopted by the then Council for VET and the Council for Adult Education<sup>2</sup> (CVE, 2010). Social partners have been actively involved in this exercise through their representatives in the councils and in the curricula committees within the councils, although representatives of government structures (MoES, VET Centre, EAM, MoLSW) have dominated the whole process and have retained the ultimate responsibility for its outcomes.

HE has been unlocking its study programmes for contributions by employers more slowly. The opening up of university curricula to labour market needs has been sped up by the Bologna-inspired reforms and Tempus support, but the involvement of employers in the process has been minimal. The private faculties and Mediterranean University have been keener to meet the expectations of businesses, since the labour market relevance of their study programmes has a direct impact on their funding schemes. Employers have recently expressed their dissatisfaction with the fact that HE subjects are still defined in a broad and general way while the Montenegrin economy needs narrower profiles, such as catering business manager instead of (general) tourism manager (EAM, 2009). More encouraging results within the public University of Montenegro have been achieved recently under the Labour Market-Oriented Curriculum project supported by World University Service (WUS) Austria in four faculties for the subjects of tourism, advances in marine technologies, professional skills development and reflective practice, and experimental biology and biotechnology.

Though cooperation between education and businesses is rare in the area of curricula for non-formal training, one excellent example came out in early 2010 within an ETF-supported framework of MEF dialogue with growth-oriented enterprises aiming to identify skills requirements to support them in their business growth. Private and public organisations cooperated – on their own initiative – on a training programme on ICT skills for e-business and internet sales; the VET Centre supported the MEF with the training needs analysis, and a private IT company developed and delivered training modules that went through accreditation by the VET Centre and the Council for Adult Education (MEF, 2010).

The involvement of practitioners as teachers and trainers in schools and faculties is not a mainstream practice, yet there seem to emerge some good examples in both VET and HE, such as the mixed secondary school in Plav, the Hospitality Education Centre in Milocer, and the Mediterranean University. There are ongoing discussions and plans for placements of teachers in enterprises: the MoES has reported a recent proposal by construction companies to train VET school practical training instructors in companies (MoES, 2009a).

As already mentioned, the development of the MQF, currently under preparation with the support of IPA 2007 funds, opened a new space for collaboration between the education and business sectors in

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<sup>2</sup> Merged as of 27 July 2010 to form, together with the former Council on General Education, the National Council of Education.

both secondary VET and HE. The working group established at the national level includes representatives of the Montenegrin Chamber of Commerce and MEF, together with 12 other institutions and organisations. Recently, three sectoral MQF commissions, with the involvement of relevant employers, have been set up in the following priority economic sectors: tourism and hospitality, architecture and civil engineering, and agriculture, food processing and veterinary medicine. While the introduction of the MQF will require a long-term, sustainable effort, the underrepresentation of employers in the very first stages of the process, and in its working bodies, raises concerns about the quality of the final outputs.

### **2.3 Partnerships for practical training**

- Practical training in schools

In accordance with the latest amendments of the Law on Vocational Education (July 2010), practical training is organised either solely in a school-based environment, or at schools' facilities and outside schools (in companies), or exclusively with an employer. In reality, the predominant mode of practical skills delivery is in schools. There are insufficient public funds to modernise school workshops, but it is mainly donors (KulturKontakt Austria, GTZ, Lux Development, EU), rather than businesses, that invest in the improvement of school-based practical training.

- Enterprise-based practical training and students' internships

Practical training in a real work environment and through 'learning by doing' is emerging in Montenegro. Placements and internships in enterprises are the exception rather than the rule for VET students and take place in growth economic sectors such as tourism, construction and transportation. HE institutions seem to be more advanced in this regard, having started sending students to gain practical experience in enterprises on the basis of bilateral cooperation agreements concluded with employers. Currently the University of Montenegro has over 30 such agreements, while the Mediterranean University has 34 (MoES, 2009a), which indicates that private HE institutions are more willing and prepared to cooperate with businesses than the public one. Most of the agreements concluded are in the field of services – tourism (the Budvanska Rivijera, Sidro, Planinka, Korali, Maestral and Queen of Montenegro hotels), ICT (Telecom Montenegro, T-Mobile, Promonte, MG Soft, Cikom, Digit Montenegro, Informatics Montenegro, Infostream, Microsoft Montenegro), banking and financial services (IBM bank, Atlasmont Bank, Invest Banka Montenegro, Fin Invest, CG Broker, NEX (Montenegro stock exchange), Atlasmont Fund) – as well as in industry (Lipovo water factory, Adriatic Shipyard, Barska Plovidba Shipyard, Pljevlja coalmine, Podgorica aluminium plant) and public administration (EAM, DDSME) (MoES, 2009a).

Vocational training of adults is organised mainly by the EAM (for unemployed persons) and usually provided by EAM's regional training centres or by licensed VET schools; its practical component, when available, is therefore very light and delivered in a school-based context. An exception to this general rule and an example of good practice is presented in Box 1, below.

Box 1: Hospitality Education Centre: focus on practical training and multi-level skills delivery

The Hospitality Education Centre (HEC) is a private education provider, licensed by the MoES to deliver adult education and training in the field of tourism and hospitality. It is based on the coast (Milocer), with a recently opened second campus in the north (Pljevlja).

**Objectives:** Provision of state-of-the-art, demand-tuned, hands-on education and training for work in hotels and restaurants.

**Description:** The HEC delivers a wide range of courses and programmes: (i) certified short-term (15 to 90 days) re/training courses (meant to enable unemployed persons to become chefs, waiters, butchers, chambermaids, receptionists), with 90% of curricula based on practical training; (ii) 15-week certified training courses for bartenders and sommeliers; (iii) one-year certified programmes for food and nutrition management, for bakery and pastry cooking, and for culinary skills – 60% of curricula based on practical training; (iv) two-year diploma programme in culinary management (Canadian accreditation, in a process of Montenegrin accreditation). The practical training of students is provided in both specially equipped workshops in the centre and in a real work environment in the Residence Hotel in Milocer; there is an additional option for four- to six-month internships in other hotels on the Montenegrin coast. HEC teachers are practitioners from the tourist sector, teachers from vocational catering and hospitality schools from the region, and from the Algonquin Faculty (an HE faculty with a bachelor's programme in hotel and tourism management that has both Montenegrin and Canadian accreditation).

**Responsible bodies:** The management structures of the HEC and Residence Hotel; see [www.hecmontenegro.com](http://www.hecmontenegro.com).

**Main stakeholders:** HEC, Residence Hotel, EAM.

Beneficiaries: Students, teachers and trainers, hotel employees.

**Started:** 2006.

**Results:** Students gain up-to-date skills and competences, and their employability and transition to the labour market is facilitated; teacher/trainers and hotel employees exchange experience and improve their competences; mutually beneficial cooperation between an HE and a VET institution; long-term courses (one- and two-year) serve as precursors to post-secondary VET soon to be introduced in Montenegro.

#### ▪ Apprenticeship learning

Montenegro made an unsuccessful attempt to introduce an apprenticeship scheme under the dual form of vocational education. The legal provisions for this were laid down in the Law on Vocational Education in 2002, and the scheme was piloted in 2004–06 in two occupational profiles: hairdresser and car mechanic. Despite the initial interest at the beginning of the pilot stage, problems related to the motivation of employers and students, as well as to the organisation and financing of the scheme, emerged. Its implementation was suspended as of the 2006/07 school year, while the legal reference to it was deleted with the recent amendments to the Law on Vocational Education (July 2010). The heavy administrative and financial implications of the dual form (apprentices exercise full labour and related rights) and the lack of a tradition of enterprise-based VET in Montenegro are among the main reasons for the failure of Montenegro's attempts to establish new forms of contribution by employers to the education and training of young people.

## 2.4 Cooperation in the area of career guidance and school/university-to-work transitions

Vocational counselling and career guidance services in Montenegro are embedded in the public employment service system. Inspired by the Slovenian experience, the existing two Centres for Information and Professional Counselling (CIPS), in Podgorica and Bar, have been established as a result of a home-grown policy drive. They operate with public funds and are meant to function as a 'one-stop-shop' (Zelloth, 2009), providing information on education and training possibilities as well as offering advice – in close cooperation with the MEF and Chamber of Commerce – to clients from all sectors on the compatibility of their abilities with the available employment opportunities.

Montenegrin universities and faculties do not have career centres of their own to provide tailored career guidance and counselling to students or to facilitate the transitions of graduates to the world of work. To fill in this gap, students from the Faculty of International Economics, Finance and Business in Podgorica, with the assistance of their professors, established in May 2008 an NGO called the Student Business Club. The club is meant to liaise with the business community and to organise joint meetings and seminars, as well as internships and exchanges, thus supporting the employment of the faculty graduates. The club had 130 members in April 2010 and reports solid working relationships with a large number of companies from Montenegro and abroad.

Seasonal jobs for students aged 15 years and above also serve as a tool for facilitating education-to-work transitions in Montenegro. The scheme, kick-started three years ago by the Tvrdjava NGO and the EAM, has been very successful so far because it has been driven by real demand (ZZZCG and Tvrdjava, 2009) and by strong partnership between government structures, the civil society sector and businesses. More details about this home-grown initiative, led by the local civil society, nationally funded and with good sustainability prospects, are provided in Box 2, below.

Box 2: 'Ljeto za zaradu': summer jobs for school and university students

**Objectives:** To provide students with work experience and work-related skills, and to assist businesses in coping with seasonal labour shortages.

**Description:** The scheme provides two- to three-month employment in tourism and hospitality companies along the Montenegrin Adriatic coast in the May–October period. Tvrdjava, a local youth NGO, initiated the original idea and was outsourced by the EAM to implement the scheme in partnership with the MoES and MoTE, M-Tel, Montenegro's public broadcaster RTCG, and *Index* magazine. Tvrdjava pools demands for seasonal work coming from businesses and from young people and mediates the process of matching the two. 'Ljeto za zaradu' started with secondary school students and was subsequently expanded to now include university students and unemployed youth as well.

**Responsible bodies:** Tvrdjava and EAM; see [www.sezonskizaposli.me](http://www.sezonskizaposli.me).

**Main stakeholders:** Schools, employers, EAM, MoES, MoTE.

**Beneficiaries:** Students in secondary schools (aged 15+) and in universities, unemployed youth, companies.

**Started:** 2008.

**Results:** 500 students (out of 3 625 applicants) benefited from the scheme in 2008; 95% of employers who have hired young people were satisfied with their performance (ZZZCG and Tvrdjava, 2009). Interest from both employers and young people is increasing every year.

## 2.5 Entrepreneurial learning

Entrepreneurship, being one of the eight key competences for lifelong learning that need to be developed and promoted through formal and non-formal education, has created new opportunities and modalities for education–business interactions in Montenegro. The country has made serious efforts to foster entrepreneurial learning at both systemic and provider level, as recognised by a recent assessment of the implementation of the European Charter for Small Enterprises in the Western Balkans (EC et al, 2009).

- Entrepreneurial learning in secondary vocational schools:

Entrepreneurship introduced as a regular or as an elective vocational subject in many three- and four-year VET curricula.

Junior Achievement Montenegro: introduction of a practical economics-based educational programme in 15 secondary schools in Montenegro, with the aim of developing business-related and analytical skills and ability to make business-related decisions among students; carried out by the Junior Achievement Montenegro NGO since 2002.

ECO NET – virtual companies project: implemented by KulturKontakt Austria since 2003, involves all secondary schools delivering courses in the fields of economics, law and business administration; aims to enable fast acquisition of practical knowledge and skills necessary to run a business in a simulated market economy environment. So far, a total of 34 virtual companies have been established in eight secondary schools. The project is strongly supported by the VET Centre, which in 2005 set up within its own structure a specialised unit – a Service Centre – to provide a real business environment for the training firms, playing the role of institutions with which actual companies cooperate (banks, commercial court, tax administration, etc.).

Reform of Vocational Education and Training for Better Employment: this project has been implemented since March 2007 by GTZ in cooperation with the MoES, EAM and social partners in six VET schools and at the Faculty of Economics of the University of Montenegro. The aim of the project is to improve the employability of secondary school graduates through training in the field of CEFE (Competency-based Economies through Formation of Enterprises).

Students' Enterprises: a project that the DDSME has been implementing in cooperation with a Norwegian non-profit organisation, Business Innovation Programs. The project started in 2008 in two schools, and in December 2009 the number of students' enterprises was 40.

- Entrepreneurial learning in higher education:

Entrepreneurship is a compulsory subject in most faculties that offer business and management studies (e.g., Faculty of Economics, Faculty of Tourism, Hotel Management and Trade). Some enterprise associations and employers have recently expressed frustration with the thrust of some private universities and faculties in concentrating solely on unrealistic business models in their entrepreneurship education which fail to deliver the well-rounded HE graduates required by the market (ETF interview, August 2010).

Entrepreneurship has been insufficiently promoted in non-business HE programmes in Montenegro, with some initial preparatory steps in that direction currently being taken in the University of Montenegro (Faculty of Electrical Engineering and Faculty of Metallurgy and Technology) and with interest expressed and support by university management for developing a cross-campus approach to entrepreneurial learning in HE (ETF interview, August 2010).

- Non-formal entrepreneurial learning

Entrepreneurial learning in non-formal education has a limited outreach, targeting mostly registered unemployed people. Apart from the EAM and DDSME, the Chamber of Commerce of Montenegro, Montenegro Business Alliance, Centre for Entrepreneurship and Economic Development, Centre for Development of Non-Governmental Organisations, and foreign donors (GTZ, Koblenc et al.) also contribute to the development of non-formal entrepreneurial learning.

- Entrepreneurial learning at the local level

Montenegro has made a particular effort to promote a local dimension to entrepreneurial learning, with an intensive piloting exercise taking place in the municipality of Berane in the country's least developed northern region. In 2008 the municipality engaged all schools in a cooperation framework with enterprises and wider civic society to promote entrepreneurial learning (Curovic, 2008; EC et al., 2009). The positive momentum achieved was not recognised by central-level authorities, however, and the experience was not shared with other municipalities or mainstreamed into the wider national curriculum.

- Business incubation

Business incubation – as an effective instrument for supporting entrepreneurs in starting businesses and an integral part of an environment that enables an entrepreneurial mindset and behaviour – is an innovation for Montenegro. The first incubator in Montenegro became operational in December 2008 in Podgorica, and a second one, in Bar, was opened in March 2010. The incubation process lasts three years, and the incubator provides subsidised rental space and technical, educational and counselling services (provided jointly with professors from the University of Montenegro).

## 2.6 Reflections on education and business cooperation modalities

In spite of the lack of explicit incentives or a tradition of cooperation, Montenegro has launched a wide range of modes for education and business partnerships in the recent decade. A great many of them have been inspired by EU policy developments and EU Member States experience, and have been backed with EU funds, and therefore represent pilot interventions rather than systemic measures. Yet the country has also demonstrated a capacity for critical assessment of imported patterns (e.g., revision of legal provisions for the dual form of VET provision), thus indicating its readiness to make a shift from policy borrowing towards policy interpretation and customisation to the country's needs and context.

In parallel with donor-led activities promoting education and business cooperation, the present review has identified interesting examples of home-grown initiatives (CIPS, HEC, seasonal jobs for school and university students) that deserve national recognition and nurturing by the government in order to sustain and develop further. The involvement of the civil society sector as a mediator in the dialogue between education and businesses (e.g., Tvrđjava's seasonal jobs schemes, the Student Business Club) is a remarkable finding of the current stock-taking exercise that not only resonates with the latest recommendations and guidelines at EU level (see EESC, 2009) but also brings hope with regard to the role of bottom-up innovations in this field in Montenegro.

The above mapping of education and business cooperation, if considered from another perspective, indicates that VET in Montenegro, as compared to HE, has been much more open and advanced in creating structured opportunities for dialogue with businesses on issues like enrolment, policy innovations, curricula and teaching methods. At the same time, partnerships with businesses in VET have been strongly driven (and dominated) by the government and have been happening primarily at the level of governance of the education and training system. On the contrary, cooperation between tertiary education with the world of work takes place mainly at the level of implementation and follows bilateral agreements concluded between faculties and companies. Not surprisingly, the most active cooperation is between education (both VET and HE) and business in the expanding sectors of the Montenegrin economy, with tourism in the lead.

## D. Challenges

This paper has taken stock of the first steps made – sometimes hesitant, sometimes creative and innovative – towards improved cooperation between education and businesses in Montenegro. The analysis also sheds some light on the underlying legacies of the past, the gaps in experience and know-how, the grey zones in the enabling environment and the existing obstacles to progress in an attempt to assist national stakeholders in addressing the major challenges going forward. These challenges are:

*Businesses and education providers lack incentives to enter into strategic, sustainable partnerships.*

The regulatory environment for education and business cooperation has been noticeably driven by reforms in the education sector and designed around the sector's needs and expectations, while neglecting or not taking into full consideration the transformations taking place in the business sector, its motivation and capacities to get involved in and to sustain such partnerships. Most Montenegrin SMEs, being micro-, often family-based businesses with low potential for growth and expansion, seem preoccupied with themselves, taking little interest in and having scarce resources to allocate for cooperation with the education sector. With operations primarily in the low-skilled segment of the economy and a surplus of labour force supply in the labour market, companies could easily find appropriate skills profiles among the unemployed instead of investing in training. In order to improve businesses' commitment to education and training, they should be shown clearly what is at stake for them and should be motivated by means of concrete incentives (e.g., tax relief), while made to feel confident in the return to a minimum level of permanence, stability and predictability in the investment made.

Similarly, education providers in VET and HE do not receive any direct incentives for being responsive to labour market needs and to the demands of businesses. Neither the current financing mechanism nor the external assessment and accreditation procedures of education providers differentiate or consequently reward those providers that enhance the quality of education and training following dialogue and joint activities with businesses.

### *Businesses and education providers lack capacities and skills for engaging in partnerships*

Unlike other countries in the region, such as Croatia or Slovenia, Montenegro has no legacy of strong links between enterprises and schools to build on in the present day. As part of socialist Yugoslavia, on the other hand, for half a century Montenegro was in the grip of a centralised, top-down, predominantly vertical model of governance in all spheres of social life that was not in favour of horizontal links and agreements. The main toolkit of the previous system was to decree innovations from the central level by issuing new laws, with little or no consultations with the main actors within or across sectors. The dismantlement of this model has proved to be a challenge for the country, with most people continuing to wait for the central government to launch policy changes and initiatives. Hence, education and business stakeholders in Montenegro not only lack mutual trust and confidence that partnerships could really work in a win-win way, but they also lack the generic skills required for building partnerships.

Furthermore, the articulation of businesses' demands and their active participation in the discussions on qualifications, skill needs, matching, etc., is a novelty for Montenegrin employers, and they often lack the capacities to deliver. The fragmentation and high informality of the economic landscape hinders the involvement of companies even more, especially when it comes to apprenticeships and on-the-job training. Schools, training centres and faculties often find themselves in know-how gaps, too. Thus, although goodwill and readiness for cooperation might be available, the results are unsuccessful or of modest quality.

### *Partnership patterns at both governance and implementation level need fine-tuning and targeted support*

Existing cooperation modalities are confined primarily to oral consultations and exchange of opinions at the level of governance, yet the composition and procedural regulations of the governance structures show that – in spite of the rhetoric – the acquisition of skills continues to be considered a responsibility of 'the state', with the government still not appreciating the value of businesses' contributions and the social partners not being prepared or keen to take greater ownership over the whole process. Patterns of joint decision making, with shared responsibility for implementation and for the outcomes of the decisions taken, are almost non-existent.

Partnerships at the implementation level, on the other hand, are less promoted by legislation and follow a sporadic or ad-hoc, rather than systemic and strategic, outline. Montenegro still lacks a mechanism for identifying good practices, for discussing and sharing these practices horizontally, and for sustaining them through mainstreaming into national policy instruments.

## E. Recommendations

Raise awareness among all parties regarding the benefits of cooperation between education and business, and provide for meaningful incentives

- Conduct awareness-raising campaigns to highlight the benefits for each of the parties – society at large, businesses, schools and universities, and learners.
- Introduce, following proper consultations with stakeholders from the two sectors, incentives for businesses and education to cooperate with each other.

Improve the capacities of employers and education policy makers and managers for connecting and working together

- Train key actors from both sectors (with priority to be given to employers, school principals, university rectors or deans) in skills for negotiating, agreeing, developing and managing partnerships.
- Improve employers' capacities for participating and making contributions to expert discussions on skills and training needs analysis, qualifications, curricula, teaching and learning methods, etc.

Enhance modalities for cooperation at governance and implementation level



- Revise the regulations for the multi-stakeholder governance structures in the field of VET and HE to open more space for inputs from social partners.
- Encourage action-oriented partnerships with businesses at provider level (school, faculty, training centre), with a special focus on cooperation in VET.
- Review legislation and remove eventual legal or institutional barriers to pairing schools/universities with enterprises (related to entitlement of schools to conclude agreements and contracts, safety and insurance of students while on work placements, placements of VET teachers in companies, etc.).
- Develop tools (networking, virtual platforms, etc.) for horizontal analysis, discussion and sharing of good practice examples (with particular focus on home-grown initiatives) and foster their multiplication and mainstreaming.

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