

EDUCATION & BUSINESS

FORMER YUGOSLAV
REPUBLIC OF
MACEDONIA



EDUCATION AND BUSINESS STUDY

Former Yugoslav Republic of Macedonia

Table of contents

List of acronyms	2
A. Executive summary	4
B. Context / Policy	4
C. Structures / Methodologies / Approaches	6
D. Challenges	11
E. Recommendations	12
Annexes	13
Bibliography	14

List of acronyms

AEC	Adult Education Council
BDE	Bureau for Development of Education
CAE	Centre for Adult Education
DG EAC	Directorate General Education and Culture
EBRD	European Bank for Reconstruction and Development
ESA	Employment Service Agency
ETF	European Training Foundation
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HEFDC	Higher Education Financing and Development Council
HRD	Human Resources Development
IMF	International Monetary Fund
IPA	Instrument for Pre-accession Assistance
MoE	Ministry of Economy
MoES	Ministry of Education and Science
MoF	Ministry of Finance
MoLSP	Ministry of Labour and Social Policy
NAPE	National Action Plan for Employment
NGOs	Non-Governmental Organisations
OECD	Organisation for Economic Cooperation and Development
SEI	State Education Inspectorate
SMEs	Small and Medium Sized Enterprises
SSO	State Statistical Office
VET	Vocational Education and Training
ZELS	Association of Units of Local Self-government

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 competencies for work. However, knowledge available on the current forms and modes of co-operation between the education and economic sectors, and the roles and responsibilities of the different stakeholders is limited and fragmented.

The Directorate General for Education and Culture (DG EAC) has entrusted the European Training Foundation (ETF) to carry out a study on education and business co-operation in the European Union (EU) neighbouring countries and territories (involved in the Enlargement process according to the Instrument for Pre-accession Assistance) 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 neighbours;
- 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 comprises vocational education and training (VET), post secondary non-tertiary and tertiary education, including public and private institutions. The term business covers any entity with economic activity regardless of the legal status. This can include multinationals, public and private large companies and small and medium sized enterprises (SMEs), micro-business and actors in the informal economy, 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.

This is the country specific contribution on the former Yugoslav Republic of Macedonia. 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 May and June 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 the play and provided recommendations for the improvement of education and business cooperation. Drawing significantly on a background paper prepared by Zoran Velkovski of the Faculty of Philosophy in Skopje, the seminar discussions, written comments from seminar participants, and other meetings in the country, the ETF has produced this report.

It will serve as an input for a regional ETF study, relevant for the context of the *Instrument for Pre-accession Assistance region* 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 the insights provided by participants during the rich discussions in all meetings. The ETF acknowledges the contribution made by Zoran Velkovski to the data analysis and preparation of this study.

A. Executive summary

Cooperation between the education and business communities is an issue to which significant attention is now being given in the former Yugoslav Republic of Macedonia, both in the political discourse and within the expert community. However, the lack of dialogue and communication channels between the stakeholders within education itself, and between education and business communities, frequently acts as an obstacle to cooperation. The state is now making efforts to enhance education and business cooperation through changes in the existing legislation and policies and the adoption of new ones, however implementation across the country remains challenging.

Education and business cooperation takes numerous forms, and serves different purposes. Velkovski (2010a) identifies four main modalities of cooperation: i) cooperation based on personal contact; ii) cooperation based on mutual gain (win-win); iii) bilateral agreements; and iv) memoranda of cooperation.

In secondary vocational education and training, cooperation most often occurs through creating the conditions for practical training for students and does not yet generally include more dynamic or strategic forms of cooperation. Although legislation allows for benefits for companies that facilitate practical training, few companies currently access these benefits. There is a lack of information in companies about the benefits available to them and the lack of interest among some companies to obtain them. Although the overall picture is mixed, there are good examples: some secondary vocational education and training (VET) schools are beginning, through bilateral agreements, to achieve intensive cooperation, not only in the area of student practical training, but also in mutual exchange of services. With support from enterprises and the authorities, other schools are slowly but gradually following suit.

Education and business achieve more dynamic and strategic cooperation in higher education. Motivated by legal obligations and the challenging economic situation, universities are enhancing efforts for cooperation with the business community, in part to attract funds. This also includes the development of opportunities through which students will be introduced to the world of work and their employability will be improved.

This report makes an assessment of the main challenges for education and business cooperation in initial VET and higher education, and identifies corresponding recommendations.

B. Context / Policy

The former Yugoslav Republic of Macedonia strives towards being an equal member of the European and global community. Despite ongoing economic and political uncertainties, continuous efforts are geared towards achievement of economic growth, strengthening the competences of the public and private sectors, and the creation of efficient legislation and mechanisms required towards becoming a full member of the European Union (EU)¹.

The current economic environment remains challenging for education and business cooperation. Since independence in 1991, large employers have been reducing their workforces and the business landscape is increasingly dominated by small and medium sized enterprises (SMEs), many of which are family businesses. Recruitment is often based on kinship and personal contacts and other affiliations, and there is a large informal sector.

The country was out of recession as of the last quarter of 2009 after a growth rate of 1.2%². However, exports declined markedly in late 2008 and early 2009³. Industrial production also declined in 2009. As a result, gross domestic product (GDP) fell 0.9 % in the first quarter of 2010.⁴ Politically, much

¹ Ministry of Education and Science, National Programme for Development of Education in the Republic of Macedonia, 2005-2015, 2004.

² State Statistical Office, Gross Domestic Product, (Online) Available: http://www.stat.gov.mk/english/statistiki_eng.asp?ss=09.01&rbs=2&izbranPeriod=III+2009&submit=search+. [10 Sept 2010]

³ European Commission, The Former Yugoslav Republic of Macedonia: 2009 Progress Report, (Online) Available: http://ec.europa.eu/enlargement/pdf/key_documents/2009/mk_rapport_2009_en.pdf. [20 August 2010]

⁴ State Statistical Office, Indicators, (Online) Available: http://www.stat.gov.mk/english/glavna_eng.asp. [10 September 2010]

rests on the outcomes of intensified negotiations to resolve the protracted country name dispute. Social cohesion also remains a concern due to continuing ethnic divisions in the society.

The agricultural sector employs 19.7% however it produces 10% of the GDP in 2008. Industry, on the other hand, produces 34.0% of the total GDP with 27.5% employment share in the same year. The services sector has been the main source of growth and employment in the country with respectively 55.1% and 52.8%⁵. Overall the number of SMEs is increasing year to year, with 50,965 in 2007. Seventy-eight per cent of the total employed population work in SMEs, whereas they produce 54.3% of the total GDP⁶. Doing Business 2010, a survey on easing the conditions for doing business carried out by the World Bank classifies the country up to 32nd place from 69th place in 2009, out of 183 countries. This improvement shows the government's determination for better investment conditions⁷. According to USAID, the government has been "pursuing an aggressive FDI programme" and creating an investment friendly environment⁸.

A major problem in the labour market for the country is unemployment, which was at around 32.2% in 2009. Youth unemployment at just over 55% in 2009, is one of the biggest challenges in the labour market⁹. Informal sector and mismatch between labour supply and demand are also enduring challenges in the context of profound socio-economic transitions.

In the last 10 years, enhanced efforts have been made to create a legal framework that would regulate the commitments of the state for efficient education able to follow the pace of education in the EU. To this end, a number of laws and bylaws have been adopted, the most significant ones being: the Law on Primary Education (2008), extending the duration of compulsory education from eight to nine years, the Law on Secondary Education (2007), proclaiming secondary education compulsory, the Law on Higher Education (2008), aligning in full the architecture of higher education with the Bologna Process, the Law on Vocational Education and Training (2006) and the Law on Adult Education (2008).

What kind of structures does education (secondary and higher) need and which support mechanisms (legal, financial, professional) are necessary to achieve a balance in the dynamics of change on the labour market and dynamics of change in education, are questions to be answered.

There is a historical tradition in cooperation between education and the business sector. In the period prior to independence, cooperation was intensive and under the direct control of the state. Universities and secondary schools were required to ensure practical training for their students in companies, and companies were required to take students in. Some of the larger companies had their own educational centres, and some even their own secondary vocational schools where students were educated for the needs of the company. The participation of companies in the development of curricula was a regular and constituent part of the processes. After independence, due to economic crisis and transition from state to private ownership, these educational centres and schools ceased to function. Since these times, cooperation between education and the business sector has weakened with very poor and only occasional, and often unstructured, relations.

Over the last decade education policy makers in all their strategies and concepts have emphasised the need to (re)establish intensive cooperation between education and the business sector in new ways. This commitment is evident in the national strategies for development of education from 2000, 2001 and 2005. However, the practice has not followed the commitments set by the state in its strategic documents. One of the main reasons was, until 2005, the absence of a legal framework systemically regulating this issue. In the absence of a legal basis, education institutions and the business sector did not dare engage in closer models of cooperation. Partly overcoming this situation, the Law on Labour Relations¹⁰ (2005) clearly states (articles 25 and 26) that employers may provide practical training to students over 14 years of age. This practical training is carried out according to the education programme of the education institution.

⁵ These figures and statistics reflect the year of 2008. ETF, Labour Market Statistics compiled from LFS of State Statistical Office; World Bank, Macedonia FYR at a Glance, (Online) Available: http://devdata.worldbank.org/AAG/mkd_aag.pdf

⁶ EU Commission, OECD, ETF and EBRD, Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans. 2009, p.224.

⁷ World Bank, Doing Business 2010, (Online) Available: <http://www.doingbusiness.org/exploreconomies/?economyid=116>

⁸ USAID, Taking Steps to A 21st Century Workforce: Macedonia, April 2009, p. 6.

⁹ State Statistical Office, Labour Market: News Release, (Online) Available: <http://www.stat.gov.mk/pdf/2010/2.1.10.07.pdf>. [07 September 2010]

¹⁰ Law on Labour Relations, Official Gazette of the RM no. 62/05, from 28.07.2005

Cooperation between VET and the business community is formally regulated with the Law on VET (2006).¹¹ It contains for the first time provisions pertaining to organisation of VET for students and defines the rights and obligations of education institutions and employers. The Law provides for certain benefits for those companies participating in student practical training. Pursuant to this law, the employer is entitled to some financial and tax relief, and to proposing changes to existing VET syllabi and curricula or proposing new ones. For the training period, a training agreement is concluded between the VET institution, the employer and the student. The content, form and procedure for signing the training agreement are defined by the relevant chambers.

The Law on Higher Education (2008)¹² regulates student practical training. A higher education institution is required to realise 10% of each study programme through practical or clinical instruction, i.e. teaching carried out by a prominent expert from the practice for the respective area. In each academic year, the students are required to attend practical training of no less than 30 days. Thus, those faculties which in the past did not pay attention to their students' practical training, are now obligated to introduce it.

Strengthening cooperation between education and the business sector features in a number of labour market documents such as: the National Employment Strategy 2006-2010, the National Action Plan for Employment 2006-2008, the Operational Plan for Active Employment Programmes and Measures for 2008, the Multi-annual Operational Programme for Human Resources Development 2007-2013 (IPA Component IV), Labour Market Skills Needs Analyses 2007, 2008 and 2009, and others. These papers identify that there is a "mismatch problem between education system and skills needed on the labour market"¹³, they also envisage several actions particularly by the Employment Service Agency (ESA) to enhance cooperation between education and labour market.

In addition to strategies and action plans, the Ministry of Economy and the Ministry of Education and Science signed in June 2009 a *Declaration for Promotion of Entrepreneurial Learning*¹⁴. The Declaration states that both parties will promote entrepreneurial learning at all levels of education; stimulate entrepreneurship and self-employment; and develop entrepreneurial education in national higher education policy. However, impact this of Declaration is still to be assessed.

C. Structures / Methodologies / Approaches

Governance

The following institutions are most directly concerned with education and business cooperation: the Government, the Ministry of Education and Science (MoES), the Ministry of Labour and Social Policy (MoLSP), the Ministry of Economy (MoE), and units of local self-government (ZELS); **Executive Agencies**, such as the Employment Service Agency (ESA), the VET Centre, the Adult Education Centre (AEC); social partners, such as chambers of commerce, trade unions, branch associations; **Multi-stakeholder bodies**, such as the Economic and Social Council, the VET Council, the Adult Education Council and the Higher Education Financing and Development Council (HEFDC); **education and training institutions and non-governmental organisations (NGOs)**, such as universities, colleges, schools and other public and private training providers; and **companies**, as employers, and learning and innovation organisations.

Initial training

At present the main form of education and business cooperation relates to practical training in secondary VET. The efficiency and quality of education and business cooperation deserves to be questioned as the collaborative evaluation study of the impact of the reformed four-year secondary

¹¹ Law on Vocational Education and Training, Official Gazette of the RM no. 71/2006

¹² Law on Higher Education, Official Gazette of the RM no. 35 from 14.03.2008; Law on Changes and Amendments to the Law on Higher Education, Official Gazette of the RM no. 103/08 from 19.08.2008;

¹³ Ministry of Labour and Social Policy, National Employment Strategy 2010, p.17.

¹⁴ www.economy.gov.mk/WBStorage/Files/Declaration%20for%20promotion%20of%20the%20Entrepreneuri_FINAL09_02_.pdf

VET shows that neither employers nor students and teachers are entirely happy with the quality of VET system (Velkovski, 2010b).

The reform process has intensified cooperation. However, usually, the changes in the laws were not accompanied by timely changes in the bylaws, especially those regulating the functions, roles and responsibilities at national and school level, sometimes creating contradictions and inconsistencies in the education and training environment.

A VET Council (Council for Vocational Education and Training) exists at a national level comprising representatives of MoES, BDE, Chambers, MoLSP, MoE, trade unions, ZELS and ESA. The VET Council provides opinions on strategies for development of VET, proposes to MoES amendments, supplements and new national qualifications and occupational standards, and in cooperation with municipalities submits to MoES proposals for the development of the network of VET institutions. The VET Council has begun meeting regularly, and it has many ambitions to improve education and business cooperation and with time it will increasingly fulfil its advisory role.

The VET Centre (Centre for Vocational Education and Training) is a special professional body established by the government. The VET Centre's role is to harmonise and integrate public interests and the interests of social partners. The VET Centre is mandated to develop VET to meet the needs of contemporary technological and social development; to provide support to social partnership at all levels and VET planning, development and realisation stages; to link education and work; to carry out research of the labour market in cooperation with social partners; to participate in accreditation for provision of programmes for training of suitable personnel; to prepare concepts for all types of VET; and is also responsible for occupational standards and syllabi for all types and levels of VET.

Part of the functions of VET Centre pertain to monitoring the quality and timeliness of the delivery of services of selected service providers, monitoring the results of VET, securing support to VET through advice, instruction and mentoring of vocational subject teachers and trainers. It is also responsible for ensuring that institutions applying for verification for delivering VET meet prescribed conditions. In collaboration with the British Council, the VET Centre has drafted the text of a 'Social Partnership Protocol for Vocational Education and Training', which is currently undergoing a process of consultation with representatives of government ministries, municipalities, employers and employees.

At the local level, municipalities have oversight of the quality and relevance of VET. They are mandated to carry out analysis of the labour market needs on a local level and to submit findings on the needs to the VET Centre and VET schools. Municipalities submit proposals to the MoES and the VET Centre on the need for development of syllabi and curricula, and to the MoES on enrolment policy in VET. However, municipalities currently do not have the human resources for analysing local market needs or the financial means for developing the VET system.

The chambers of commerce and the branch chambers are also able to submit proposals to the VET Centre for innovation of VET and new occupational standards. They also participate in commissions for final exams in VET and maintain a Register of agreements concluded between vocational schools and employers for practical training. The chambers often function as intermediaries for conclusion of bilateral cooperation agreements between education institutions (secondary and higher). Chambers also have representatives in the school boards, who participate in the work but have no voting rights. The Chamber of Crafts has also recently been active in practical training and special courses. It is necessary to assess whether the chambers' role has been efficient and effective.

The majority trade union (i.e. the largest trade union in each respective branch) is able to submit proposals for improving the conditions of employers for student practical training. However, the capacity of trade unions in VET needs to be strengthened.

Employers can carry out practical training if they fulfil conditions for space, equipment and personnel. The standards for equipment, space and teaching staff are prepared by the VET Centre and adopted by the chambers for their respective area upon a prior positive opinion of the MoES. The fulfilment of conditions by employers is verified by the chambers.

There are individual examples of excellent cooperation although many schools have difficulties achieving meaningful cooperation. For example, there are few businesses willing to take student interns, due to the short duration and the timing of the practical instruction. The experiences of students range from not being involved in any practical work and learning at all, through having to do manual work of minimal educational value, to excellent practical training which often ends in their employment in the company where the training is carried out.

Cooperation between secondary VET and companies manifests itself in different forms and depends on the occupational area. It is dominantly viewed only from the perspective of the students' practical training in companies. It usually happens as a result of personal connections and investment of personal efforts on the part of school staff. Although existing laws regulate this issue, there are still no clearly defined mechanisms establishing systemic solutions to this problem. More dynamic forms of cooperation, like the ones found in the traffic, medical and geology-mining and metallurgy occupational areas are rare.

Higher education

The authority for developing policies in higher education rests within the HEFDC and the MoES. Universities participate with their proposals and suggestions. The organisation of cooperation with the business sector is framed within university autonomy, primarily through bilateral agreements.

With the signing of the Bologna Declaration by the state in 2003, higher education was reformed in line with the recommendations of the Bologna Process. A new Law on Higher Education was adopted, three study cycles were introduced and the European Credit Transfer System was implemented as a methodology for evaluating student progress. Prior to the adoption of the Law on Higher Education (2008), part of the state universities were organised as associations, i.e. each faculty was a legal entity. This set up gave rise to differing approaches to cooperation with the business sector. As of 2008, all universities have an integrated organisational structure and cooperation with the business sector is channelled through central university management. This new structure created a temporary stand-still in cooperation due to the need for adaptation of the faculties as well as of the university authorities for full assumption of this responsibility.

The Tempus Programme has been considered successful in the establishing links between the education and business sectors. The most relevant themes of the projects are 'curricula development' and 'higher education and society' such as improving academia-industry links in food safety and quality, with an international perspective¹⁵. However, experiences of this cooperation deserve to be shared more widely in the education and business communities.

The National Qualifications Framework (NQF) has also been on the agenda of the Government with support from the Tempus IV Programme, initially covering higher education. A working group which was established under the MoES, brought together all key stakeholders including the social partners, with the intention that the qualifications would be more readily understood by employers, parents, and prospective students¹⁶.

Employment Service Agency

The ESA has a horizontal and intermediary role in education and business cooperation. On the one hand, it directly provides vocational guidance and counselling services to students as well as unemployed people. On the other hand, it conducts skills demand surveys which the views of the employers are taken into consideration. The surveys can constitute the basis for changes in VET, however survey findings and their implications are not always discussed in education circles. The surveys also showed that employers are in need of soft skills and are willing to recruit employees with some working experience.¹⁷ In fact these findings endorse the role of practical training. The National Action Plan for Employment 2009-2010 states that the ESA will continue to implement a measure on "encouragement for practical work of young unemployed persons with completed secondary and university education, educated young persons lacking working experience in order to increase their skills and preparedness for work". However, it is early to evaluate the outcomes of this measure as it is still going on.

¹⁵ Tempus Office, (Online) Available: <http://www.tempus.gov.mk/TempusIV.html> [14 September 2010]

¹⁶ John Hart, The Development of a National Qualifications Framework (NQF) for the Former Yugoslav Republic of Macedonia, Unpublished paper, 2009.

¹⁷ USAID, Taking Steps to A 21st Century Workforce: Macedonia, April 2009. p.26-28.

Outcomes and good practices

A good example of successful cooperation between a secondary vocational school and the business sector can be found in the Boro Petrushevski school in Skopje. It provides education in the traffic occupational area, among others, and is active in the area of post-secondary education (modularised programmes for qualification or skilling) and adult education. It has developed good infrastructure and activities that ensure alternative sources of financing. Student practical training is carried out in the school itself (excellent conditions - laboratories, equipment) and in companies with which bilateral cooperation agreements have been developed. Collaboration is at a partnership level and the companies are not mere "student training locations", but participate actively in the life and work of the school.

Enterprises

Enterprise surveys which were carried out in 2005 and 2009 by the World Bank also give important insights into the cooperation between education and business. Firstly, the number of SMEs giving practical training has decreased. Micro enterprises giving practical training in 2005 were 34.2%, this rate fell to 14.3% in the 2009 survey. The decline of practical training in medium sized enterprises is sharper, a reduction from 62.8% in 2005 to 18.2% in 2009. However, large companies providing practical training increased from 42.8% in 2005 to 50.0% in 2009. On the other hand, there is a rise in complaints from companies for the lack of labour skills as a major constraint particularly for SMEs. For small and medium sized enterprises this went up from 8.0% to 13.3% and 2.7% to 18.6% respectively.¹⁸ In terms of sectoral breakdown of enterprises, while in 2005, 55% of manufacturing enterprises were giving training, this went down to 18.9% in 2009. Enterprises from the manufacturing sector defined the inadequate labour skills as a major constraint. However, as the survey is not mainly based on the question of cooperation between education and business sector, it is not clear whether the enterprises cooperate with the education sector during the practical training. Large enterprises may also conduct their own training programmes as in most cases they urgently need skilled staff.

Cooperation between the Auto-traffic School Centre – ASUC Boro Petrushevski Skopje and the Public Transportation Company Skopje.

ASUC Boro Petrushevski Skopje is a secondary vocational school for traffic, machine engineering and electro-technical occupational areas.

Objectives: Enhancement of practical training, upgrading of work-related knowledge and experiences of teachers and trainers, and upgrading of the skills of company employees.

Description: The company organises and carries out practical training under the supervision of company staff. In addition, school teachers spend time in the company learning about the world of labour, primarily the conditions their students will be working in and the skills and competences they are required to have to be able to carry out the requirements of their jobs immediately after graduating. The school does not pay for this service, but as compensation provides education and training services to company staff. In addition, the company has the opportunity to pick the best students and offer them employment.

Responsible bodies: The management structures of both parties.

Main stakeholders: The school and the company.

Beneficiaries: Students, teachers and trainers, company employees.

Start: 2009.

Results: Student practice and student and teacher placements are functioning very well and are easy to organise; company training and certification needs are met.

¹⁸ World Bank, Enterprise Survey, (Online) Available: <http://www.enterprisesurveys.org/>. [23 August 2010]

Financial implications: No finances are involved, as both parties invest their services. This is an example of win-win cooperation.

Another example is the Secondary Electro-technical School Mihajlo Pupin, which has provided, in cooperation with the Ministry of Defence, training for reserve soldiers to enable them to find employment upon the completion of their commission.

What is it that separates these schools from most of the others in the country? Above all, a good management team, motivated and financially stimulated teachers, clear vision on the development of the school, good information and staying abreast of developments in education and work (laws, concepts, programmes, innovations), willingness to participate in national and international projects, active utilisation of all possible possibilities at the disposal of the school, and most importantly, a proactive approach to work.

Experiences of business - education cooperation vary between different faculties and universities. Positive examples can be found at several faculties at the Ss. Cyril and Methodius University in Skopje. The Faculty of Mechanical Engineering demonstrates proactive policies and practices; in addition to advancements within donor-assisted projects (funded by the Austrian Development Agency, SIDA, USAID, EU Commission), cooperation with companies (e.g. Johnson Controls) has made the provision of equipment and laboratories possible enabling students to acquire the skills needed by respective private companies. In the area of research, this faculty established a Centre for Research, Development and Continuous Education aimed at improving the competitiveness of mechanical engineering SMEs. In addition, the Centre for Low Cost Technology at the Electro-technical Faculty has been established to intersect government, industry, and research with the aim to increase the country's use of alternative energy to 20% of all energy used.

BOX 2 - Memorandum of Cooperation between the Saints Cyril and Methodius University in Skopje and the Chamber of Commerce of Macedonia

Objective: Facilitating mutual cooperation for the benefit of the university and the business community.

Description: The Chamber of Commerce mediates between the university and companies in the realisation of the student practice for all students. Student practice is regulated through an agreement reached between the Chamber the member companies - members of the Chamber. The agreement is monitored and evaluated regularly. The Memorandum also establishes other forms of cooperation, such as: organisation of meetings between companies and the best students from the university, planning, determining and development of the workforce of university graduates required by the economy; the organisation of continuous education through training events and seminars aimed at the managerial staff and expert personnel; the organisation of training for entrepreneurs; the organisation of training programme on EU law; training on international standards; training on use of EU pre-accession funds, and other activities.

Responsible bodies: Management of both parties, the European Information and Innovation Centre of the university is responsible for the realisation of the activities.

Main stakeholders: The university and companies, represented through the Chamber of Commerce.

Beneficiaries: Students and company personnel.

Start: 2008

Results: Faculties are now able to organise practical training for their students more easily, as the companies are more open to cooperation.

Financial implications: This is classic win-win cooperation. The university is not charged for the practical training and the companies can use the services of the university for the training of their staff.

The Goce Delchev University in Shtip has established an Alumni Club, which is a good example of planting seeds for future cooperation through alliance building and networking; expectations are that future successful alumni will continue the cooperation as a channel for maintaining dialogue and ensuring support to the university, including financial support.

External agencies play a supporting role: the SPARK Project funded by the Dutch Government builds the capacity of local businesses and education institutions, in cooperation with the St. Clement of Ohrid University in Bitola. The USAID funded 'Macedonia Competitiveness Project' has been working,

among other issues, on enhancing internships for university students, through the creation of a conducive regulatory framework and designing operational tools and mentorship programmes.

Student services and careers centres are increasingly being opened at universities, strengthening ties with the business community. However, their efficiency and effectiveness requires close monitoring and evaluation. Despite these positive examples and initiatives, there nevertheless seems to be a profusion of disappointing and ineffective attempts, which portray fragmentation and weak communication.

D. Challenges

The paper overall thus finds a mixed picture of efforts towards improved cooperation together with continuing obstacles. The need for adapting education and its positioning in the transition towards the market economy brought to the surface two entrenched opinions. On one hand, the business community tends to blame education for not producing the workers it needs, whilst on the other, education tends to blame the business community for not doing more for the production of the workforce it needs (Velkovski, 2010a).

Cooperation between education institutions and the business sector, on a policy and regulatory level, has recently been yielding results. Unfortunately, a number of provisions contained in these regulations have not been fully operationalised. One of the more significant findings is the lack of information about the reforms and the weaknesses appearing in the cooperation between employers and secondary vocational schools (Velkovski 2010b). Some employers stress that they have poor cooperation with schools because they were never asked to establish cooperation. The mistaken belief by companies that it is contrary to government policy to take interns seems to stem from lack of information; restrictions in the Law on Labour Relations only apply to interns who are not part of the education process.

In general companies tend to marginalise their own interests in addressing human resource development challenges, including contributing to improvements in education and training. On the other hand, education institutions, experiencing chronic lack of resources, face slow and long procedures for internal transformation and often cannot react in a timely fashion to the needs of companies. Whilst stakeholders from education and business expressed a willingness to cooperate more closely, stakeholders from each community seem to be waiting for stakeholders from the other community to take the initiative. The perceived separation between the worlds of education and work is not helpful in this regard: at present there is limited appreciation of their interrelations and interdependence.

Analyses reveal a lack of information on secondary and higher education among the business sector and limited interest on both sides. Internships are usually realised within cooperation between enterprises and universities through the conclusion of bilateral agreements; the challenge is, however, to find sufficient companies and openings that could satisfy the needs for practical training of a large number of students. In addition, the quality of internships needs to be questioned. According to the recent collaborative evaluation study, many internees consider that internships do not significantly enhance the skills that the labour market needs (Velkovski, 2010b).

One of the main challenges in future will relate to clear definition and delineation of competences of education institutions and state bodies competent for Quality Assurance in secondary and higher education. In the process, the stakeholders (students, parents, local community, employers) could all be involved in the Quality Assurance arrangements.

Cooperation would benefit from improved communication within the education community and within the business community as well as between them. Within education, the relations between secondary and higher education are currently weak. There are numerous agencies, sometimes with overlapping mandates and each with limited resources. Within business the overall picture is also a fragmented one. Achieving a shared vision of the potential social and economic benefits of education and business cooperation, together with a more strategic approach towards realising this vision are challenges that, even in the economic and political uncertainties of the wider context, the country appears ready to address.

E. Recommendations

General recommendations

- **Interventions in the legislation governing cooperation between education and the businesses, whether public or private.** It is essential to develop incentives and other mechanisms for meeting the rights of companies that facilitate student practical training. Precise instructions on the ways for companies to acquire such benefits need to be disseminated. The capacities of Chambers including the Chamber of Crafts in this regard should also be strengthened as they appoint mentors to the companies that give practical training.
- **Developing a shared vision and a strategic approach** towards strengthening education and business cooperation, informed by attention to good practices, implementation, and the monitoring and evaluation of results.
- **Affirmation of the cooperation.** A supportive and enabling environment can help to further facilitate dialogue and cooperation, involving political and business leaders. The State and other actors can work towards overcoming mistrust and the fear of punitive action, which remain pervasive features of the administrative culture. An information campaign designed to bring education and business closer could be tailored to specific localities and economic sectors.
- **Strengthening partnership-based cooperation.** Experiences from the EU should be considered e.g. active involvement of local self-government, creation of training funds, qualifications frameworks, accreditation of companies and licensing of their employees for practical training, application of the voucher model in post-secondary education to facilitate internship and/or upgrade competences.
- **Social dialogue mechanisms** that already exist, such as the Economic and Social Council, can be used or further strengthened to enhance cooperation. At the local level, municipalities and social dialogue mechanisms can be strengthened to address issues that are relevant for education and business cooperation.

Initial VET

- **Strengthening the capacities of the VET centre.** This is necessary so that the VET Centre can implement its competences and responsibilities awarded by law for making cooperation between education and the business sector a reality.

Higher education

- Strengthening career centres and student services and increasing the number of universities operating formal agreements with the business sector. University students recommend that the amount of practical work be increased so as to provide them with experiences in actual businesses, with some lectures taking place in companies.

Annexes

Annex 1 - Employment and unemployment by educational attainment in the former Yugoslav Republic of Macedonia, 2007 & 2008 (%)

	2007			2008		
	Employed	Unemployed	Excess Supply	Employed	Unemployed	Excess Supply
University education	15.5	7.4	-8.0	14.2	7.8	-6.5
Higher education	4.4	2.1	-2.3	4.0	2.0	-2.0
4 years of secondary education	42.1	39.3	-2.7	42.1	39.4	-2.7
3 years of secondary education	12.1	15.3	3.2	12.3	13.4	1.1
Primary and lower secondary education	20.7	29.5	8.8	22.3	31.5	9.1
Incomplete primary education	4.2	4.7	0.4	4.3	4.6	0.3
Without education	1.1	1.7	0.6	0.7	1.5	0.8

Source: Nikica Mojsoska et. al, Labour Market in the Former Yugoslav Republic of Macedonia, 2009. LFS Authors' calculations based on data from the State Statistical Office.

Annex 2: Employment rate by educational level and gender (%)

Definition	2006	2007	2008
- ISCED 0-2 (total population) (%)	22.40	21.80	23.00
- ISCED 3-4 (total population)(%)	44.20	45.50	47.70
- ISCED 5-6 (total population)(%)	66.00	64.90	64.50
- ISCED 0-2 (male population)(%)	34.40	32.90	34.10
- ISCED 3-4 (male population)(%)	48.00	49.40	52.50
- ISCED 5-6 (male population)(%)	67.00	65.40	66.00
- ISCED 0-2 (female population)(%)	13.30	13.50	14.70
- ISCED 3-4 (female population)(%)	39.00	40.30	41.40
- ISCED 5-6 (female population)(%)	65.00	64.40	62.90

Source: Eurostat

Annex 3: Unemployment rates by education level (%)

Year	Unemployment rate	
	1996	2008
Less than primary	33.6	38.2
Primary	40.6	41.8
3 years secondary	34.0	35.6
4 years secondary	28.9	32.3
Tertiary (1)	15.2	21.4

Source: Nikica Mojsoska (et. al), Labour Market in the Former Yugoslav Republic of Macedonia, 2009. Authors' calculations based on LFS, State Statistical Office (Author's calculations based on LFS for different years). 1) ISCED 4-6.

Bibliography

- ETF, The former Yugoslav Republic of Macedonia, ETF Country Plan, 2009;
- ETF, Country Analysis, The former Yugoslav Republic of Macedonia, November 2009;
- European Commission, the former Yugoslav Republic of Macedonia 2009, Progress Report October 2009; (Online) Available:
http://ec.europa.eu/enlargement/pdf/key_documents/2009/mk_rapport_2009_en.pdf. [20 August 2010]
- European Commission, OECD, ETF and EBRD, Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans. 2009, p.224.
- Hart, J, (2009), The Development of a National Qualifications Framework (NQF) for the Former Yugoslav Republic of Macedonia, Unpublished Paper.
- Ministry of Economy and Ministry of Education and Science. Declaration for Promotion of the Entrepreneurial Learning, MoES and MoE, 2009;
- Ministry of Education and Science, National Programme for Development of Education in the Republic of Macedonia, 2005-2015, Ministry of Education and Science, 2004;
- Ministry of Labour and Social Policy, National Employment Strategy 2010, October 2006;
- Ministry of Labour and Social Protection, National Strategy for Employment, 2006-2010;
- Ministry of Labour and Social Protection, National Action Plan for Employment, 2006-2008;
- Ministry of Labour and Social Protection, Operational Plan for Active Programs and Employment Measures for 2008;
- Mojsoska-Blazevski, Nikica et al, Labour Market in the Former Yugoslav Republic of Macedonia, commissioned by European Commission, October 2009;
- State Statistical Office of the Republic of Macedonia, Macedonia in Figures 2009, 2009;
- State Statistical Office of the Republic of Macedonia, Labour Market, Skopje, 03.03.2010;
- State Statistical Office of the Republic of Macedonia, Labour Market, Skopje, 29.06.2009;
- State Statistical Office of the Republic of Macedonia, Labour Market, Skopje, 19.03.2010;
- The former Yugoslav Republic of Macedonia, Law on Higher Education, Official Gazette of the RM no.35 from 14.03.2008;
- The former Yugoslav Republic of Macedonia, Law on Amendments and Supplements to the Law on Higher Education, Official Gazette of the Republic of Macedonia no. 103/08 from 19.08.2008;
- The former Yugoslav Republic of Macedonia, Law on Labour Relations, Official Gazette of the Republic of Macedonia no. 62/05, from 28.07.2005;
- The former Yugoslav Republic of Macedonia, Law on Vocational Education and Training, Official Gazette of the Republic of Macedonia no. 71/06;
- The former Yugoslav Republic of Macedonia, Multi-annual Operational Programme for Human Resource Development 2007-2013 (IPA component IV);
- The former Yugoslav Republic of Macedonia, National Development Plan 2007-2009. February 2009;

UKIM, Memorandum for Cooperation with the Chamber of Commerce, UKIM, University Bulletin no.89/90, 2008;

USAID, Taking Steps to a 21st Century Workforce: Macedonia, May 2009;

Velkovski, Z. Background paper for the study on education and business cooperation, ETF, 2010a.

Velkovski, Z. Collaborative Evaluation of the Impact of the Reformed 4-year secondary vocational education. ETF, MoES and VET Centre, 2010b

World Bank, Enterprise Survey, (Online) Available: <http://www.enterprisesurveys.org/>, [23 August 2010]

World Bank, Doing Business 2010, (Online) Available: <http://www.doingbusiness.org/exploreconomies/?economyid=116>. [13 Sept