POLICY SPOTLIGHT: Building bridges between education institutions and the private sector

About the Policy Spotlight

The Policy Spotlight is a publication of the American Chamber of Commerce in Kosovo (AmCham Kosovo) which aims to bring attention on different public policies affecting economic development of the country. This spotlight places the focus on the education sector in the country, in order to analyze the degree to which institutions have been able to create a labor force which reflects the needs of the private sector, and to offer recommendations on the development of the existing system. The spotlight makes use of data produced by a recent study published by AmCham Kosovo on the topic of skills gap. Furthermore, the study looks at the education sector strategy as a primary document which should steer the development of the sector in the coming years.

Background

The education sector is the backbone of economic development efforts in a country. While having a business-friendly regulatory framework along with a favorable fiscal environment is certainly an advantage, any long term economic development goal would not be achieved or would not have the desired effects without a sound education sector. In any given economy, education institutions are seen as the primary source of skilled labor, which represents the most important input in any business operation. An educated and highly skilled labor force is a source of competitive advantage, and Kosovo needs to make sure that it has created necessary policies to enable the development of a skilled labor force.

Kosovo highlights the affordable labor costs as the main benefit that foreign investors obtain from their investments in Kosovo. Such a benefit is put at risk if the labor force does not possess necessary skills that the private sector requires. Consequently, institutions must make sure to develop a model whereby graduates from education institutions have the required competencies.

Unfortunately, this has not been the case in Kosovo. A recent study published by the American Chamber of Commerce in Kosovo revealed that there is a significant skills gap in the private sector in Kosovo. This gap which is mostly noticed in the manufacturing and services sectors, hinders firms’ competitiveness in a regional and international context. To a large degree, companies rely on in-house training programs to make up for the lack of skilled labor; a solution which entails additional costs for them. The study contains a broad range of recommendations, some of which have been included in later parts of this document.

Education Sector Overview

Kosovo Education Strategic Plan 2017-2021

Kosovo Education Strategic Plan (KESP) is intended to serve as the focal point for the development of the education sector in the country. The strategy includes a total of 7 strategic objectives, each of which contains a list of expected results to be achieved within the time-frame at which the strategy is in force.

It must be noted, that the need to improve the quality of education, along with the need to create a better linkage between what is taught and what is required in the labor market is highlighted throughout the document. Also, the strategy provides a thorough explanation on the process for drafting curricula frameworks for different levels of education, and background information on the number of students and programs available.

The strategy builds upon a previous strategy covering preceding years, while noting the significant
In terms of strategic objectives, arguably SO6 and SO7 are of great interest to the private sector. As the skills gap analysis revealed, the greatest gaps are found in professional profiles, traditionally offered by VET institutions in the country. Finding qualified labor for machinery maintenance, production safety control, production engineering etc. can be a very difficult task for many firms. Unfortunately, VET institutions in the country have not been able to keep up with the dynamism of the private sector. The strategy points out that a large number of programs offered by VET institutions are outdated, and some of them offer programs for which there is little or no demand in the actual labor market.

According to the KESP 2017-2021, the total spending anticipated for achieving the objectives outlined in the program for 5 years amount to € 176,941,537. Out of this, only € 6,772,946 are foreseen to be allocated for the 6th strategic objective, amounting to a mere 3.9% of the entire budget. If a better linkage between the education and labor market is to be considered a high priority, one would certainly expect a larger proportion of the budget to be allocated. Having said this, a proactive approach of the private sector for the implementation of this strategy is necessary for its success, be it in terms of providing financial resources for particular activities within objectives, or by providing input and feedback to institutions.

**Legislative framework**

To a large degree, Kosovo has a comprehensive legislative framework which regulates the functioning of education institutions in the country. For the purpose of this policy spotlight, it is worth mentioning some of the most important laws regulating this field.

**Law on Pre-University Education** regulates pre-university learning for pupils and individuals belonging to levels 0 through 4 according to the International Standard Classification of Education, adopted by UNESCO. According to this law, levels of pre-university education include:
Building bridges between education institutions and the private sector

- Level 0: Pre-primary education
- Level 1: Primary education for 5 years
- Level 2: Lower secondary education for 4 years
- Level 3: Upper secondary education for 3 years, depending on the curricula
- Level 4: Post-secondary vocational education for 1 or 2 years, depending on the curricula
- Life-long learning programs for adults

Law for Vocational Education and Training regulates the vocational education and training system in the country, and establishes two separate agencies: (1) the Agency for Vocational Education and Training and for Adults, and (2) Council for Vocational Education and Training and for Adults. The law foresees for the involvement of the private sector in the establishment of institutions of vocational education and training. Furthermore, the law provides for the development of curricula and occupational standards, briefly describing the duties and responsibilities of key institutions.

The Law on National Qualifications establishes the National Qualifications Framework, a very important component in the overall education and labor reform program in Kosovo. The operational responsibility over NQF is shared between the National Qualifications Authority (on vocational education issues), the Ministry of Education (on general education qualifications), and Kosovo Accreditation Agency (on accreditation of higher education institutions).

NQA maintains and updates a register of qualifications within the NQF, and which are published in the official website of NQA and are accessible to all interested parties. The NQF also includes a list of occupational standards verified by the NQA (also available on the website).

Law on Education in Municipalities of the Republic of Kosovo foresees the role of municipalities in the education system in the country. Some of the responsibilities given to Municipalities through this law include: construction of education facilities, registration and admission of students, employment of teachers and other personnel, appointing school directors, payment of managerial staff, training of educators, supervision and evaluation of education process etc. KESP highlights that not all municipalities have been able to successfully carry out their respective roles after the decentralization process in education took place in 2009, pointing that a great number of municipalities do not have the necessary resources and knowledge for managing with education institutions.

Law on Adults Education and Training in the Republic of Kosovo is intended to serve as the main framework for policies on the development of adult education and training, as part of lifelong learning concept. The law provides for the establishment of institutions providing Adult Education and Training, the licensing of these institutions, and the registration of respective programs.

Law on Higher Education in the Republic of Kosovo serves as the main legislative framework for the functioning of higher education institutions in the country. The law foresees 4 categories of higher education based on ECTS (The European Credit Transfer and Accumulation System), namely:

- Level 1: Bachelor studies of 3-4 years, accumulating 180 or 240 ECTS respectively
- Level 2: Master studies of 1-2 years, accumulating 60 or 120 ECTS respectively
- Level 3: Doctorate studies with academic and independent research-scientific character
- Other post-secondary education corresponding to levels 5-8 of the European Qualifications for Lifelong Learning

It is worth noting that this law has been subject of debate among education providers for a number of years due to specific provisions regulating the functioning and accreditation of universities and programs. In fact, in 2016 the government prepared a draft law for amending the current law to address a number of concerns, but the law has not been sent to the parliament yet. Additionally, the law foresees the functioning of Kosovo Accreditation Agency and its duties and responsibilities. Criteria for licensing of universities are also foreseen in the law, and it is worth noting that these criteria have been subject of much of the debate among private sector education providers.
Building bridges between education institutions and the private sector

**Interlinking education institutions with the labor market**

To a neutral reader who is not specialized in this field, the education system in place can seem quite complex. The graph at the end of this page is intended to provide a clearer picture.

After finishing the lower secondary school (i.e. 9th grade), students can choose different tracks of education, namely the academic track and the vocational education track. Students who wish to continue their education through a university at a later date, are primarily enrolled in general secondary education institutions (gymnasiums). After finishing studies at this level, students are subject to a "State Matura/Exam" as a precondition for enrolling at a higher education institution. On the other hand, students enrolling in vocational education institutions can continue their studies at tertiary vocational education institutions, or can enroll at a university after taking completing the State Exam, or can join the labor force directly. It must be noted that there is great tendency among students to prefer the enrollment in general secondary education institutions, due to the perception or the tendency for this type of education to lead to a "white collar job". In fact, around 50% of students enroll in gymnasiums, while this percentage stands at around 30 in countries in a more advanced stage of development compared to Kosovo.

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Total # of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-school Level</td>
<td>27,508</td>
</tr>
<tr>
<td>Primary and Lower Secondary School</td>
<td>263,779</td>
</tr>
<tr>
<td>Higher Secondary School</td>
<td>43,776</td>
</tr>
<tr>
<td>Professional Schools</td>
<td>42,600</td>
</tr>
<tr>
<td>Adult Education and Training</td>
<td>1,794</td>
</tr>
<tr>
<td>Higher education (2015 data)</td>
<td>120,429</td>
</tr>
</tbody>
</table>

**Higher Education Institutions**

Higher Education Institutions include: universities, universities of applied sciences, academies, university colleges, colleges, higher professional schools and higher technical schools. As per the legislation in place, higher education institution can offer programs both in the academic and professional track. Higher education institutions are licensed by the Ministry of Education, Science and Technology, whereby the external assessment of applications is conducted by Kosovo Accreditation Agency. The total number of students enrolled in higher education institutions was 122,000 in 2015, according to data published in KESP. To put the data into context, Kosovo has 20 higher education institutions per 1 million inhabitants, and 6,669 students in higher education per 100,000 inhabitants, which is double the EU average. This might also be a reflection of the overall attitude of Kosovo citizens towards education,
whereby pursuing a university-course as opposed to a VET-course is much more desirable. The Faculty of Economics and the Faculty of Law of the University of Prishtina have a vast number of students which greatly exceeds the capacity of the institution, be it facility-wise or staff-wise.

Some of the main challenges of the Higher Education System as outlined by KESP are:

- Non-compliance with the quality standards in higher education institutions
- Non-alignment of study programs with labor market requirements
- Insufficient scientific research work in higher education institutions
- Incomplete legal framework in higher education
- Inefficient international cooperation in higher education
- Unsatisfactory staff-to-student ratio
- Weak administration capacities and inadequate infrastructure
- Lack of a funding plan based on efficiency and accountability

The Skills Gap Analysis conducted by AmCham Kosovo reveals that the private sector complain about a lack of planning in central level with regards to profiles needed in the labor market which can be supplied by higher education institutions. Around half of students enrolled in HIEs study in the field of social sciences, business and law. The absorption capacity in the private sector for these profiles is certainly lower than the supply. Additionally, there is a need to introduce career counseling/career development as classes on all faculties of the university. This would enable students to build a better prospect for future employment.

Vocational Education Institutions

The greatest skill gaps identified through AmCham's study on this topic were on profiles that should be prepared through vocational education schools in the country. Private companies, particularly the manufacturing sector, face great difficulties in finding labor that are able to carry out technical duties needed in the workplace. Construction companies and metal processing companies complain about difficulties for finding people who have welding skills, while food processing companies are in dire need of technologists and production quality and safety control specialists. To date, the vocational education system in the country has not been able to keep up to date with the demand of the private sector.

VET providers (both formal & non-formal)

- Vocational Education Schools, public and private
- Public Centers of Competence,
- Post-secondary VET
- Training Centers under the Ministry of Labor
- Other public and private VET institutions providing non-formal education and training.

Currently there are roughly 60 secondary vocational schools in the Kosovo and 4 centers of competence. Currently, the website of the National Qualifications Agency lists 33 approved occupational standards, roughly 140 profiles and 60 modular qualifications. As with many other sectors, the VET sector in the country is faced with a number of issues and concerns that need to be tackled systematically. KESP lists a number of these challenges:

- Weak linkage of vocational education with the labor market- at least 30% of vocational schools offer services in profiles with a very low demand in the market
- Underdeveloped quality assurance mechanisms
- Weak career orientation and counseling
- Incomplete occupational standards framework
- Serious budgetary insufficiencies (especially in public IVETs)
- Low number of internships
- Teaching staff with inadequate trainings and background
- Difficulties in provision of teaching materials for VET
- Lack of VET core curriculum
Building bridges between education institutions and the private sector

- Problem of sustainability of Centers of Competence and their further development
- Lack of an efficient and quality adult education system

Students in VETs are often at crossroads on their careers, and having a sound system in place which would facilitate their decision making would be beneficial not only to them, but also in terms of having a labor market reflecting the needs of the private sector. Thus, it is important for VET institutions to build career guidance and counseling services for their students.

**Curricula development**

The Kosovo Curriculum Framework for pre-university education, which was initially adopted in 2011 (and revised in 2016), is the primary policy document for curricula development in pre-university education in Kosovo. Having a competency-based approach, the National Curriculum Framework has defined 6 competencies that students should master after the completion of pre-university studies.

**Curriculum Framework Key Competencies**

- Communication and expression competencies
- Thinking competencies
- Learning competencies
- Life, work and environment-related competencies
- Personal competencies
- Civic competencies

Developing Curricula in line with private sector needs is crucial to bridging the skills gap in the labor market and to increase the employability of students. The National Qualifications Agency is responsible for accrediting VET institutions and validating qualifications. Particularly in the VET Sector, the curricula drafting process should be demand-driven and in line with private sector needs. However, this has not been the case so far.

That being said, a number of VET institutions have already established industrial boards, which are intended to serve as a mechanism for consulting with the private sector and as a feedback mechanism for the drafting of programs in line with private sector needs. Private sector companies need to build a better cooperation with these institutions and should contribute in the work of such boards.

**AmCham’s Skills Gap Analysis in the spotlight**

The Skills Gap Analysis conducted by AmCham highlighted the degree of the existing mismatch between what employers seek and what they are able to find in their employees in terms of skills and competencies. Some of the key findings of the analysis include:

- To a large extent, businesses from the manufacturing and services sectors report greater difficulties in finding employees with the desired skill sets, compared to the trade sector. This is because companies in these sectors tend to look after more specialized skills applicable to the industry, as opposed to general skills which are applicable across industries.

- Manufacturing Sector companies reveal that the most significant impact of the skills gap is the increased operational costs, as a result of specialized trainings which need to be organized for new workers in order to get them up to speed with job requirements. In terms of skills that respondent companies ask among new employees, the three highest ranking skills are: advanced technical skills, manual/physical skills and soft skills.

- There is a tendency among companies to require university degrees for profiles which might be better suited to individuals with a vocational degree. This might aggravate the situation whereby a vocational track is seen only as a second option.

- Skills gap impacts businesses’ competitiveness, be it domestically or internationally, due to the loss in efficiency and higher operational costs. Businesses mainly organize on-the-job trainings to address the skill gaps after new employees are
recruited. Manufacturing companies are more likely to develop a separate fund for employee trainings compared to other sectors.

- Time-to-full-competency is the longest in the manufacturing and services sectors, pointing out that these sectors will face larger costs for training their employees. This addresses the time it takes for employees to become fully competent in their new jobs.
- A major portion of the blame regarding the skills gap is attributed to education institutions and policy makers in this field, given the lack of a coordinated strategy for education and employment. Building a sound partnership between education institutions and private sector is a must.
- Businesses largely feel that education curricula is developed without considering their labor needs. Very few businesses reveal that they maintain contact with education institutions concerning this topic.
- The vocational education system is in dire need of reform. The most gaps across sectors are reported in terms of skills which traditionally should be acquired in these institutions, while at the same time, the most jobs are expected to be created for profiles of vocational nature, further highlighting the need to give more emphasis to this pillar of the education system. There is low awareness among students and parents with regards to the importance of this tier of the education system.
- Developing occupational standards can facilitate employment processes and significantly help in reducing the current skills gap.
- On a positive note, respondents are generally optimistic for the future, with the majority of respondents to the survey pointing out their plans to increase employment within the next two years.

**German Dual Education System**

As noted previously, the majority of skill gaps appear to be in profiles traditionally taught in VET institutions in the country. Germany and Switzerland have managed to build a very efficient system of school-to-workplace transition, which is described briefly in the following paragraphs.

The German dual system has helped form a strong interlink between the education system and the labor market, and as a result, Germany today has one of the lowest youth unemployment rates in the European Union. The German apprenticeship program is called a “dual system” due to the fact that training takes place both at firms (work-based) and in public vocational education institutions (school-based). With this system, companies acquire skilled workers through apprenticeships at a relatively low cost. Furthermore, apprentices who are paid a modest salary (compared to the actual salary of skilled workers) are particularly trained for meeting the exact needs for skills of the respective firm. The VET system as a whole is well-resourced, combining public and private funding.

The apprenticeships usually last around three years, whereby apprentices usually spend three days per week at the company and the remaining days at the vocational education school. The investments in these apprenticeships in the employers’ point of view are recovered thanks to the increased productivity of the employee at the workplace. The costs for operating the “dual system” are more or less evenly spread between the private sector and the public sector. It must be noted that approximately 2/3 of the workforce in Germany comes from the vocational education sector, and in general blue-collar work is held in high regard, something which cannot be said about Kosovo.

**Developing Occupational Standards**

The process of developing occupational standards should continue. So far, the number of occupational standards established in Kosovo is low, and the entire process needs to be accelerated. Occupational standards are intended to serve as a verification that a given person possesses the necessary skills for carrying out a specific role in the company.

Over the last years, India has made great strides to preparing a workforce as a source of competitiveness in the global economy. Skill development in India is closely linked to the functioning of Sector Skill Councils, autonomous & industry-led bodies which are the main institutions for the drafting of
occupational standards and qualification packs for employees. For the moment, there are 37 Sector Skills Councils across a wide number of industries, developing occupational standards in respective fields. This process has helped in the reduction of the skills gap in the labor force tremendously, and has facilitated the creation of a workforce which possesses the necessary skills to compete in the global market.

Consequently, the adoption of a similar concept in Kosovo, whereby sector skill councils (composed of private business representatives) would facilitate the development of occupational standards, can go a long way to addressing the skills gap.

**Conclusions**

Addressing challenges of the education sector in the country is certainly not an easy task. There are many stakeholders involved in the process, and any reform undertaken needs to be well-thought and planned for the long-term. Fortunately for Kosovo, there are many countries which can be seen as a point of reference in terms of their education strategy and their approach towards interlinking the education system with the private sector.

Functionalization of “industrial boards” in education institutions (both at university and pre-university levels) can help in creating a better cooperation between education institutions and the private sector. These industrial boards might be particularly useful in the VET level. However, the establishment and the well-functioning of these boards is largely dependent on a proactive approach by businesses themselves. Businesses should be engaged in curricula drafting processes, in order to have their say in creating a workforce with the skills required in the private sector.

The process for the development of occupational standards should continue. The example of India reveals how the private sector can be more involved in this process, which at the end of the day will benefit them directly. Sector Skill Councils in India have enabled the development of thousands of occupational standards, which makes hiring employees with the desired skills and know-how much easier. A greater involvement of the private sector will yield positive regards, as they are in the best position to know the requirements and skills needed for respective profiles.

The VET sector in the country appears to be at a disadvantage compared to gymnasiums, with regards to the preferences among young people that finish the lower middle school. IVETs are often seen as a secondary choice in case students fail to register in gymnasiums. Despite this, it should be noted that the most employment opportunities are expected to be created in profiles which are mostly suited to VET graduates in the future. Institutions must work towards increasing the awareness among parents and lower middle school students about the importance of pursuing a VET track as a career choice.

Last but not least, education institutions, including VET institutions should create and functionalize career counseling offices, in order to inform students with their prospects upon completing their education. The Ministry of Education and other relevant institutions can study and make use of models used by other countries in developing a sustainable career counseling system.

**List of Abbreviations**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
</tr>
<tr>
<td>NQA</td>
<td>National Qualifications Authority</td>
</tr>
<tr>
<td>HEI</td>
<td>Higher Education Institutions</td>
</tr>
<tr>
<td>KESP</td>
<td>Kosovo Education Strategic Plan</td>
</tr>
<tr>
<td>MEST</td>
<td>Ministry of Education, Science and Technology</td>
</tr>
<tr>
<td>GOK</td>
<td>Government of Kosovo</td>
</tr>
<tr>
<td>SGA</td>
<td>Skills Gap Analysis</td>
</tr>
<tr>
<td>NQF</td>
<td>National Qualifications Framework</td>
</tr>
<tr>
<td>ECTS</td>
<td>European Credit Transfer and Accumulation System</td>
</tr>
<tr>
<td>IVET</td>
<td>Institution of Vocational Education and Training</td>
</tr>
</tbody>
</table>