

Companies Engaging in dual VET: Do Financial Incentives Matter?

Interview with DC dVET members and projects in Serbia

During the last years, Serbia has been implementing a far-reaching reform of its VET system. Were there any discussions about incentives for companies to engage in VET?

- During the process of drafting the law on dual education, there were some discussions on how to make dual VET attractive for companies, and it was discussed whether subsidies would make engaging in VET more attractive. However, no decisions have been reached yet.
- Understandably, subsidies always raise the questions what would happen without the subsidy. We wanted to see how many companies are willing and ready to engage in VET, without blurring it by already offering incentives from the beginning onward and thus causing windfall gains.
- International experts generally advise that it is better to streamline financial support to capacity development, which is reducing costs of employers, without putting in place a subsidy system that is giving wrong incentives.

What are in your opinion the main reasons in Serbia why non-training companies do not train?

- We do notice that there is a lack of information regarding new approaches in VET, e.g. dual education. Some companies also want to see how the dual approach develops and do not want to pioneer the idea.
- There are still some ambiguities between “classical” I-VET (i.e. full-school-based VET) and the new dual option. Therefore, companies may wait until differences are outlined more precisely.
- In smaller, economically more weak municipalities, there are sometimes simply not enough companies needed for forming a class of at least 15 students.

Would financial incentives address these reasons?

- Some companies probably do not participate because they do not want to pay or cannot pay the students. However, a system also needs time to grow. Therefore, from our point of view, it is okay if only the most interested companies join in the beginning.
- Tax reductions might help to motivate companies, but then it should be for every training company, regardless of the size of the companies in order not to create an imbalance.

What other measures would you recommend to convince and support companies to engage in dual VET and who should organise, provide and finance such support?

- It is very important to provide companies and schools with information about the benefits of dual education. This can either come from the national level, for example from the Ministry in charge of education or the Chamber of Commerce and Industry, or from peer to peer exchange. Overall, we have made good experiences with supporting a bottom-up approach, thereby not forcing participation in dual education upon companies or schools.
- One important measure is a cost-benefit analysis for companies, which is showing interested private sector actors at what point in time their investment is paying off. Currently, a cost-benefit analysis for Serbian companies is under development and is supposed to become an important instrument to convince companies to participate in the dual education system.
- Sectorial councils, clusters and alliances between companies in the same sector could be another motivation for companies to open for trainings.

- Companies need to learn how to train young people. Consequently, they need support in building up their learning capacity: subsidies should preferably be invested in-kind, i.e. in building up support structures for companies to provide help and concrete assistance to them so that they can deliver high quality in work-based learning. Examples for this type of in-kind subsidies are local offices (“apprenticeship offices”) providing information regarding regulations and procedures and/or waiving costs for qualifying instructors (esp. for companies that start training young people for the first time).

The interview has been conducted with:

- Ann-Kathrin Hentschel (Leader of the GIZ Project “Reform of Vocational Education and Training in Serbia”) and her team. The project is commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented in close collaboration with the Ministry of Education, Science and Technological Development of the Republic of Serbia.
- Priska Depnering (Deputy Director of the Swiss Cooperation Office (SDC) in Belgrade). SDC in Serbia is currently funding the two VET projects «Policy advice for an efficient VET Reform in Serbia» and «From Education to Employment».
- Barbara Wilfinger (project manager, educational policy department, Austrian Federal Economic Chamber). The project “Dual VET Serbia - Strategic Partnership for dual VET” is based on a partnership between the Austrian Federal Economic Chamber (WKÖ) and the Chamber of Commerce and Industry in Serbia (CCIS), as well as AHK Serbia, the Institute of Improvement of Education and IBW Austria (research and development in VET) and is co-funded by the Austrian Development Agency (ADA).

August 2019



Signing of Memorandum of Understanding, 26th of April 2017

From left to right: Ursula Läubli (SDC), Ann-Kathrin Hentschel (GIZ), Dr. Erika Teoman-Brenner (Austrian Embassy)
 Copyright: GIZ