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Getting the stakeholders involved:

Partnership at work in three countries
from Africa, Asia and Eastern Europe

Judit Lannert, Suresh Munbodh and
Mahes C. Verma

edited by David Atchoarena

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*The development of human resources:
New trends in technical and vocational education*

Getting the stakeholders involved:
Partnership at work in three countries
from Africa, Asia and Eastern Europe

by

Suresh Munbodh

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Edited by David Atchoarena

Paris 1999

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Introduction
Partnership in practice
David Atchoarena

The term ‘partnership’ has gradually emerged as a new form of governance. In the field of technical and vocational education and training (TVET) it describes co-ordination mechanisms at the system level, as well as co-operation between schools and businesses, at the institution level. Partnership may involve a wide range of actors including social partners, NGOs, community groups, or private providers. Although evaluative work is still incomplete, it is now increasingly accepted that the participation of stakeholders can improve the effectiveness of TVET systems. Such a consensus largely resulted from the changing role of the state. The public sector is no longer considered as capable of providing alone the relevant type of TVET, in adequate quantity. The perceived isolation of TVET systems and institutions from the world of work motivated this movement towards sharing responsibilities with concerned actors, primarily employers.

Furthermore, the wide dissemination of democratic values is also promoting participatory policy making, social dialogue and the involvement of civil society in TVET. That trend reflects an increasing concern for transparency in decision-making, free expression of divergent views and interests and for accountability.

Finally, the concept of partnership has also largely benefited from the paradigm shift towards market principles. Contraction of the public sector, cuts in government spending, deregulation and privatization all imply increasing reliance on new actors.

The combination of those factors and motives contributed to the emergence of the concept of partnership in the literature dedicated to development issues, as well as on the education agenda. Government practices are changing accordingly by adapting the legal and financial framework of TVET and providing a 'partner friendly' environment, including a market-oriented regulatory framework.

This document looks at ways TVET governance has been or is opening up to key stakeholders in three countries, from Africa (Mauritius), Eastern Europe (Hungary) and Asia (India). These case studies illustrate the relevance, the implementation and also the difficulties of partnership in contrasted development contexts. They also correspond to different stages in building up partnership.

In Mauritius, the experience of the Industrial and Vocational Training Board (IVTB) illustrates the potential benefits resulting from an appropriate institutional and legislative framework to involve employers in training provision, financing and certification. Looking at the financing and decision-making mechanisms of the IVTB provides detailed information on the operating model of such a body. This contribution should be of interest in other environments, in a period where the National Training agency concept is viewed by many as a promising option to improve training efficiency and effectiveness. However, when reading this case study, one should bear in mind the specificity of the country, in particular its small size and its specific culture which make it quite distinct from other African contexts.

Establishing a framework for social dialogue on training matters is a significant matter for the countries in transition of Central and Eastern Europe and for the ex-USSR states. The case study on Hungary describes the steps followed to implement partnership mechanisms within a broader movement towards social dialogue. It also analyzes the difficulties encountered. Unlike most Central European countries, Hungary adopted a gradual approach rather

than introducing brutal changes. This process seems to have facilitated the emergence of a genuine social dialogue. Interestingly, the initial tripartite approach is evolving towards a more complex formula, where the Economic Chambers and the municipalities also play an important role. Hence, this experience stresses the importance of a regulatory framework articulating dialogue at the national and local levels.

India somehow provides a counter example to the partnership movement. As such it tends to challenge the view about a convergence in the management and financing of TVET systems. The continental size of the country, a long tradition of economic planning served by a strong civil service are among the factors explaining this situation. However, this resistance at the central level does not prevent the development of active partnership initiatives at the institution and local levels. In the long run, the ongoing process of deregulation and liberalization, as well as the need to increase investment in training, may contribute to enhancing the scope for partnership, especially with employers.

The selected experiences do not cover partnership at the local and institution levels. This choice corresponds to an effort to focus the analysis on a homogeneous corpus. It also reflects the view that, although it is not always a prerequisite, establishing partnership at the system level facilitates and supports a deep involvement of stakeholders at the lower levels of operation. While active partnerships are much needed at the territorial and institutional levels, their success relies to a large extent on national frameworks. A separate publication deals with the peculiar but growing issue of partnership between the state and the informal sector¹.

¹ Sarr, S.; Cissé, A.D.; Haidara, S.M. 1999. *Le dialogue Etat-secteur informel au Mali*. Paris: UNESCO/IIEP.

Expected benefits of partnership in TVET

The growing emphasis on partnership in TVET can be related to two main motivations. One is the increasing concern for democratic policy making. Increasingly, involving the civil society, encouraging informed public debate and promoting social dialogue are considered as good governance practices. Such a conceptual framework implies to reshape both policy formulation procedures and the implementing modalities of government interventions.

The other motive for developing partnership is to increase the efficiency and effectiveness of the TVET system through:

- securing additional resources to finance TVET;
- improving the quality of training programmes and contents;
- facilitating the transition from school to work; and
- promoting continuing access of workers to education.

Improving TVET financing, ensuring training relevance, combating youth unemployment, enhancing competitiveness and capability to face technological change and innovation and promoting lifelong learning can all be considered as specific objectives of partnership.

The concept and types of partnership in TVET have already been documented at the international level². However, there is still a need to better

2

- Atchoarena, D. 1998. *Le partenariat dans l'enseignement technique et la formation professionnelle, le concept et son application*. Paris: UNESCO/IIEP.
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4

understand how to do it. Research has shown that national context, including tradition and culture, is essential in determining what kind of partnership is possible. High on the list of facilitating factors is the dedication and competence of concerned individuals. However, heritage and luck are not always necessary for successful partnership. It also depends on appropriate policies, mechanisms and instruments, regardless of country specificity. Lessons drawn from case studies in one country can therefore be useful for other countries.

In this spirit, it is not intended here to fully address the complexity of practical partnership, but rather to provide additional material on two key concerns: how partnership can be initiated and what are the main obstacles to its development.

1. How to make it work

National governments bear the prime responsibility for creating the framework leading to partnership in TVET. What are the lessons for them?

1.1 Providing the adequate legal framework

In order to create the appropriate environment for partnership to happen, it is government's task to formulate laws enabling the stakeholders to take responsibility and participate, not only to defend their own views, but in the best interest of all parties. Strategic issues for which clear legislation is required include access, provision, financing, certification and social dialogue (Hungary). Such legal framework is usually defined in education laws – or sometimes in more specific vocational education laws (Hungary) – apprenticeship laws, labour laws, and laws regulating the financing of TVET (Mauritius, Hungary).

International legislation also has an influence on national legal frameworks regarding partnership. In particular, the objectives and modalities of tripartite dialogue have been laid down in a series of ILO instruments, particularly in the areas of continuing education and vocational training provided as part of active labour market policies. For instance, according to ILO Convention No. 122 “representatives of the persons affected by the measures to be taken, and in particular representatives of workers and employers, shall be consulted concerning employment policies, with a view of taking fully into account their experience and views and securing their full co-operation in formulating and enlisting support for such policies”. The legal framework developed in Hungary to foster and regulate partnership in TVET is to a large extent inspired by ILO instruments.

Although appropriate laws are a prerequisite for effective partnership, over-regulation bears the risk of discouraging the concerned parties to play their role. Making things simple for the partners, especially employers, does not only provide an incentive to active partnership, it can also develop a sense of ownership and build up trust. In that respect efforts made to cut through the red tape and simplify complex and time-consuming legal procedures make very good sense (Mauritius). This is particularly true for two areas where over-regulation does particular damage. One is the complexity of apprenticeship law, where employers find it difficult to accept costs and risks involved in taking apprentices. The other is often the rules concerning the financing of vocational training, particularly regarding the time taken in obtaining approval for starting up training or for reimbursement of training cost.

1.2 Reforming the institutional framework

◆ *Creating new specialized bodies*

In an increasing number of countries partnership is institutionalized at the highest level through the establishment of a specific body for co-ordinating

TVET and financing it. National training agencies and training Funds have been conceived in this context. In most cases they are established outside ministry structures. Creating an institution directly responsible to the Prime Minister (Mauritius) provides more operational speed and flexibility for decision-making and implementation. However, placing such agencies under the umbrella of the ministry or ministries responsible for the related sector(s) can facilitate co-ordination with broader education and training policies. The involvement of the Ministry of Labour, which is the natural government counterpart of the social partners, can be a strong asset. Furthermore, the articulation of TVET policy and employment policy is usually a sign of good governance.

The advisability of creating a new specialized body involving non-governmental partners, instead of reforming and consolidating existing ones, remains a critical issue. A separate organization would need to be considered in a situation where existing institutions do not function any more. It also requires stakeholders to be interested, supportive and willing to participate.

International experience suggests that effective training agencies or Funds often enjoy an autonomous status. However, while effectiveness requires them to be independent, their credibility and efficiency also call for transparency and accountability. In that respect operational manuals must define clear procedures and criteria. Provision must also be made for control by stakeholders, including through auditing procedures (Mauritius). Keeping informed the civil society at large, using the press, can also help generate confidence about the commitment and integrity of the partners running the institution.

A key issue concerning the design and functioning of training agencies and Funds is how responsibilities should be divided among the different parties concerned. The number of partners involved and the balance of power within the governing bodies of training agencies or Fund are obviously country-

specific. The objectives of partnership, the political context and the respective institutional capacity of the actors concerned are among the main criteria influencing those decisions. While the ILO favours the tripartite formula, some countries, like Mauritius, prefer to adopt, at the macro-policy level, a bipartite model. However, the Mauritius experience shows that such option does not prevent consultation of trade unions and even their participation at the operational level within appropriate structures, the so-called Training Advisory Committees in Mauritius.

◆ *Establishing training councils or committees*

Besides national training agencies or Funds, where decision-making at the policy and operational levels are shared among two or more concerned parties, a lighter and quite frequent form of partnership is provided by training councils or committees. Most of those bodies are only consultative. Hungary and India offer contrasted examples of the possible use of such structures to involve stakeholders. While training councils are often used to seek the advice of concerned actors in policy issues, committees can offer a useful and easy way to benefit from outside expertise to improve the provision of TVET at the system and institution levels. International experience shows that such committees, by bringing all relevant parties together, can facilitate co-operation and foster links between the state and the other stakeholders, especially employers. Some of their areas of competence include identifying skill and training needs, updating training content, diagnosing TVET system inefficiencies and networking with public TVET institutions. In federal states (India) or countries adopting a decentralized framework (Hungary), training councils and/or committees are present both at the central and local levels. In addition to allowing a closer link with local labour markets, such institutional arrangements seek to preserve and promote the capacity of dialogue and initiative of basic actors.

1.3 Promoting social dialogue

The most comprehensive TVET policy paper will remain largely ineffective unless it is supported by a process of dialogue and negotiation, including at the local level. In many countries training issues are a matter of extensive consultation and negotiation at the national, sector and firm levels. Workers and employers often contribute to the design and implementation of training policies, especially for continuing education, apprenticeship schemes and programmes related to broader employment policies.

Promoting social dialogue mainly relies on two types of instruments. One is collective bargaining, where employers and trade unions agree on policy issues. The other is tripartite dialogue, under which social partners are systematically consulted and actively involved in policy making, in setting standards and in monitoring the provision and outcomes of training. As already mentioned, the goals and modalities of tripartite co-operation at the national level have been framed in a series of ILO instruments.

In Western Europe and, to a lesser extent, in Latin America, training issues have been subject to tripartite consultation. In many countries the establishment of democratic regimes has legitimated the role of the trade union as a social actor. This is notably the case in Eastern and Central Europe, where the transition process has contributed to the emergence of a genuine labour movement. However, labour market deregulation and economic austerity have hampered social dialogue. Nowadays, most of those countries, including Hungary, have established tripartite bodies for consultation and negotiation. The Hungarian experience illustrates a particular form of partnership involving, in addition to the social partners, the economic Chambers – a new actor in the picture – and training providers.

Who are the partners?

A growing body of evidence suggests that TVET policies are likely to be more effective if the stakeholders are involved and become real partners. Stakeholders are groups or institutions who can influence TVET and/or who are affected by policy decisions and actions.

The state, of course, is a major stakeholder. Given the growth of the employment concern in most countries, employers are also a key stakeholder. Other important partners are workers' representatives who play a strategic role within the framework of social dialogue. NGOs constitute a legitimate partner in TVET policies, particularly regarding strategies and programmes aimed at disadvantaged groups. Parents, private providers and community organizations are also potential partners.

The range of potential stakeholders varies according to the political context, the pursued objectives and the capacity of the actors concerned. Effective partners must have strong capacities and be organized, representative and autonomous. Stakeholders' involvement always remains subject to cultural and political factors. For instance, small businesses and micro entrepreneurs are often overlooked. Governments are sometimes reluctant to share their responsibilities, being held accountable.

Rather than involving all concerned actors, a pragmatic approach capitalizes on those who already support TVET and/or have the capacity to contribute. Involving too quickly a great number of partners may lead to complex management problems.

Effective social dialogue requires that trade unions, employers' organizations and NGOs have a strong institutional capacity. They must also be in close contact with all parts of their membership and have developed their own expertise in analyzing TVET and labour market issues. However, in cases where no tradition of genuine social dialogue exists, a situation common to countries in transition, partnership structures can be designed as a learning environment where stakeholders will gradually forge an identity, develop awareness and competence for training issues, and establish their credibility. In Hungary the establishment of economic Chambers, where membership is compulsory, can be seen as a strategy to find an alternative to the slow emergence of sound social partners. That case study documents a partnership mechanism involving several levels of dialogue. Although complex to manage, such a network can be seen as a response to the weakness of the partners, at the central level.

1.4 Providing financial incentives

Developing a comprehensive framework of incentives designed to enhance the motivation and participation of all concerned parties is a key factor for nursing successful partnership. Considering that people and institutions are not always interested in getting involved, partnership can only be achieved by finding strategies to draw stakeholders into systematic and reciprocal interaction. Creating a financial stake is usually a pragmatic and effective way to make such interaction happen. International experience showed that establishing a training Fund, financed by an earmarked levy, can constitute a powerful measure to foster partnership (Mauritius, Hungary). Once invited to sit and negotiate around the same table to decide upon the allocation of resources, the partners tend to gradually expand the scope of their concern to embrace other policy issues such as training quality, certification, training modes or training needs and priorities. This is particularly true for employers who are key partners for promoting continuing education and apprenticeship, but also for giving students exposure to the workplace

and helping them develop practical skills. Employers are also increasingly called upon to contribute to the implementation of youth employment programmes.

If fund-raising formulae are likely to facilitate the building up of an institutionalized partnership, tax rebate or reimbursement schemes are better suited to influence training practices at the workplace. The Mauritius example shows that the two options can successfully be combined to both build up an employer-driven training system, and to promote skill development at the enterprise level.

User choice instruments, such as vouchers, can also promote active participation of stakeholders in the training system and help in forging a TVET system truly responsive to the needs of industry, particularly small businesses (Mauritius), or even informal-sector operators. According to user choice principles the funding for off-the-job training is directly allocated to the training institutions selected by the employer or the trainee. Such facilities can promote more direct partnership between training institutions and employers. They also stimulate competition between public and private providers (Mauritius).

In a context of financial constraints the need for additional sources of funding is sometimes the main motive to consider when establishing partnership patterns (India). Initially perceived as forced changes, such alliances, limited to cost-sharing arrangements, are likely to eventually evolve towards more genuine partnership reflecting a deep transformation in the governance regime of the TVET system.

1.5 Establishing a market for TVET

Moving from a government-regulated framework to a market-oriented system creates new opportunities for partnership arrangements and provides additional incentives. The competition resulting from an opening of the training

market to private-sector institutions has wide implications. Beyond the diversification of offerings, such an option can lead training providers to better respond to private-sector needs. Public institutions may benefit from this policy through closer interaction with industry.

Information is a crucial ingredient to allow a market to operate. Users need it to be able to choose among the full range of providers: public TVET institutions, private profit-making operators, industry-related organizations and NGOs. Few developing countries, or countries in transition, have a robust and comprehensive labour market information system. Institutional capacity building in areas related to data gathering, processing and analysis is therefore much needed to guide informed debate. Whatever information is treated by government agencies must be readily available for other partners. In addition to developing partners' expertise, common knowledge and joint analysis support the process of dialogue and foster trust and credibility.

In addition to appropriate legal and financial incentives, the success of market-oriented initiatives relies on national qualification frameworks ensuring quality of outcomes and recognition of competencies (Mauritius). Registration of training institutions can facilitate quality monitoring and the entry of a greater number of providers in the training market. It seems equally important to ensure industry participation in the establishment and operation of the national qualification framework. Involving employers in its design and functioning is necessary to ensure that training and certification are shaped around required skills. Furthermore, portability of qualifications appears as a key criterion for the mobility of the workers and the fluidity of the labour market. Eventually, the credibility of the certification system will form a strong incentive for investing in training, both for individuals and enterprises.

2. Knowing the most common obstacles and risks

2.1 Lack of political commitment

Partnership can only grow and work if it is wanted and supported by central government. A positive attitude of the state vis-à-vis the private sector and NGOs is a key element. The case study on India provides an interesting example of political resistance to partnership. It shows that the political system still conceives the federal state as the main instrument for social progress. Such a situation underlines the peculiarity of national conditions, in spite of global trends and international influence.

2.2 Weak and divided partners

Commitment is not enough, successful partnership requires stakeholders to be well organized, competent, representative and independent. Such requirements explain why establishing a sound partnership can only be a long process. This issue is well illustrated when comparing the experience of Mauritius, where social dialogue is more of a routine, and the problems faced by Hungary, forced to find imaginative solutions to counterbalance the weakness of the newly emerged social partners.

The term ‘social partners’ is often misleading. In reality stakeholders do not form homogeneous categories. For instance, there are different types of employers and unions. Multinational firms, large public companies and small and medium enterprises do not always share the same interests and views. Similarly, unions are often split along political lines with conflicting opinions. The same could be said of NGOs.

2.3 Administrative and cultural resistance

In contexts where there exists a long-standing mutual suspicion between the actors, partnership can hardly grow. Breaking the ice entails energetic and sustained efforts. India provides an interesting example of such a situation. Heir of a tradition of state domination, Indian bureaucrats are reluctant to give up their control over the TVET system. An additional handicap relates to the attitude of educators. Although diminishing, their legendary distrust for employers remains an obstacle to school/business partnership. They believe that too much employer control may harm long-term educational goals or lead to unequal distribution of training opportunities. Bureaucrats' and educators' behaviour is reinforced by cultural factors and values which do not favour private involvement in the education sphere. In public opinion, profit making and education tend to be seen as antinomic; obviously, such a view does not support co-operation with private providers and market-oriented policies.

2.4 Partnership can be troublesome

Partnership is hard to manage and can create new problems. Co-ordinating policies among different partners and at the various territorial levels proves to be a complex and lengthy exercise. The Hungarian approach, involving a great number of institutions and articulating the central and regional levels provides an interesting example of such difficulties. While tripartite mechanisms have allowed stakeholders to be involved in shaping TVET policies, they have also created some confusion. The absence of a clear legal definition of the responsibilities of each multipartite body lessens the effectiveness of the partnership framework. There is also little co-ordination between national and regional representatives of employers and trade unions. It could be added that the objectives of partnership policies and mechanisms need to be non-ambiguous.

2.5 Partnership is fragile

Even in countries where partnership institution and mechanisms are long established, their sustainability remains subject to changing socio-economic and political conditions. Furthermore, for some of the actors who have been deeply involved in partnership initiatives, “the success of partnership very often depends on the quality of the people rather than on the mechanism itself”³.

In spite of such limitations the three following case studies on Mauritius, Hungary and, to a lesser extent, India show that partnership plays an important role in reshaping the governance and functioning of TVET systems. However, it is also true that some of the conditions required for effective partnership are often missing in developing countries and in countries in transition. Therefore success cannot be expected immediately.

Although Mauritius may be seen, to some extent, as a success story, it benefited from a very peculiar situation, partly related to its small size, which provides a highly personalized environment. As already stressed, partnership is an area where national contexts are essential in determining the policy options and their impact. Transferability of national formulae is therefore questionable. Nevertheless, taking into account cultures, resources and goals of individual societies, much can be learned from different experiences, both in terms of how to do it and what to avoid.

³ Munbodh, S., see Mauritius case study.

Chapter I
Institutionalized partnership:
the Mauritius Industrial and Vocational
Training Board*

Suresh Munbodh

Introduction

Training is expensive. The style of leadership used and its management have a great effect on its cost, its financing and its quality.

The Industrial and Vocational Training Board (IVTB) was started as a partnership between the public and the private sector to plan, organize, implement, evaluate, monitor and promote training.

The partnership worked within a democratic political system and was established at the highest level, with the managing council made up of seven members from the private sector and seven from the public sector.

The IVTB has promoted institution-based training, industry-based training, on-the-job training, off-the-job training, apprenticeship training and open learning. It has maintained linkages with the different partners in training and has operated a levy-grant system to promote training. It has established a system for the approval of training programmes, the registration of trainers and training institutions and a National Trade Certification System.

It is regularly subjected to a management audit to keep it on track and maintains a flexible structure to adapt quickly to changing situations.

* This paper deals with the IVTB from its inception, in the late 1980's, up until 1996.

1. Socio-economic background

1.1 General background

Mauritius, an island in the Indian Ocean, is a pluri-cultural country with inhabitants whose forefathers came in as settlers from Europe, Africa and Asia. The official language is English, but French is widely spoken, Creole is the *lingua-franca*, and in the home people speak Bhojpuri, Hindi, Urdu, Tamil, Telegu, Mandarin, etc. The teaching of the different languages and the level at which they should be introduced in the school curriculum has always been controversial. Children start their primary school studying English, French and an Asian language.

Independent since 1968, the country has a democratic system of government, with the President as head of state and the Prime Minister as head of government

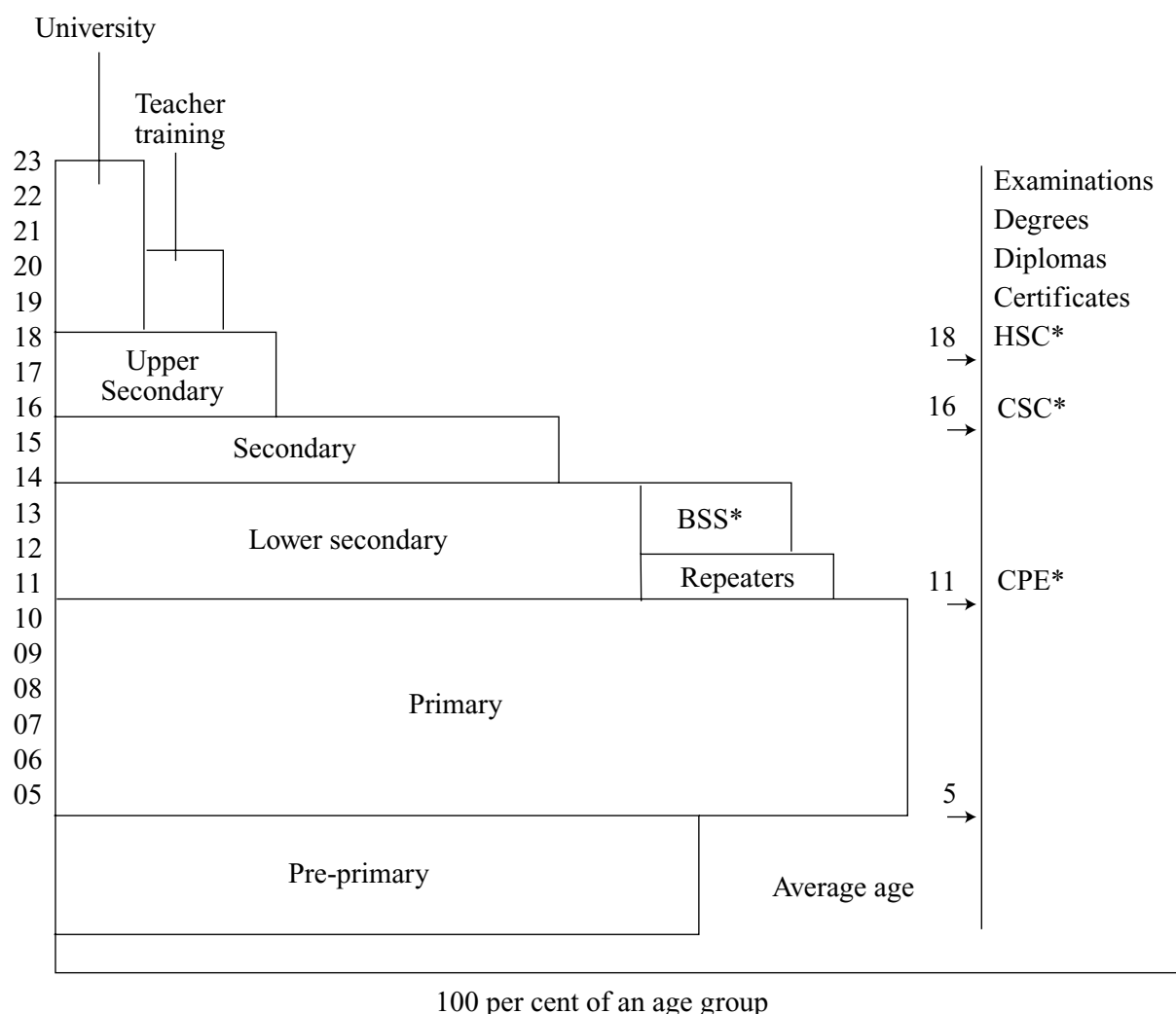
The country has very few natural resources. Its main economic activity was the production of sugar for export mostly to the European Union until the late seventies. Its situation in the cyclone belt renders such an economy very vulnerable. In the 1970s, government established an Export Processing Zone in an effort to create more employment. It has over the last decade, through a holistic approach to the planning of its development, promoted both manufacturing and tourism.

The development of the country depends increasingly on its export-oriented strategy. The share of the manufacturing, as well as that of the service, sectors are planned to increase further, whilst the share of agriculture is on the decline. Such a trend influences significantly its education training system.

1.2 The education and training system

Responsibility for education is vested in the Ministry of Education and Science. Education is free at the primary level, at the secondary level up to the age of 20 years, and since 1993-94 a fee is charged for part-time courses at the University. The country has a 6-5-2 education system, as represented in *Figure 1*.

Figure 1. The education system



* BSS Basic Secondary School HSC Higher School Certificate
 CSC Cambridge School Certificate CPE Certificate of Primary Education

As from 1991, education has been compulsory from the ages of 5 to 12 years. The enrolment ratio between these ages is estimated to be more than 95 per cent. About 35 per cent of a cohort repeat the 6th grade. Those who pass the Certificate of Primary Education (CPE) examination join the five-year secondary stream, at the end of which they take Cambridge School Certificate (CSC) examinations. Those who pass the CSC examinations with a minimum of five credits join the two-year Higher School Certificate (HSC) course. Those who fail the CPE after a second attempt may join the three-year Basic Secondary School (BSS) course.

Since time immemorial, training was meant for school drop-outs and school-leavers, and for those who did not have access to schooling. Thus, it was left, most of the time, in the hands of the private sector, with very little involvement from the public sector. At the beginning of the century, a small effort was made to give a vocational orientation to education at the primary level. The vocational classes were again meant for children from the labouring class and school drop-outs. In spite of the public sector assuming a greater role in 'training' the scheme failed, as parents preferred to keep their children at home rather than to send them to school to learn vocational trades. Trades were associated with a very low status and were meant for the poor and labouring class.

The IVTB was established in 1988 to improve the co-ordination and provision of training. Its delivery combines various sources of training. They can be broadly classified as the following, operating either individually or in combination:

(i) On-the-job training

Generally, on-the-job training for middle- and top-level technical and administrative staff is catered for by industry through either local or overseas training. Workshops/seminars involving leading local resource persons or

consultants from abroad are quite common to satisfy an identified training need. Some training firms/institutions provide in-house training to workers at the request of the employers.

(ii) Apprenticeship training

In apprenticeship training, which has been implemented since mid-1994, the training is offered on a dual mode with the practical training being covered in the company where the apprentice is employed (70 per cent of contact time). The theoretical component is covered in training institutions. This scheme is greatly dependent on the learning material, the tutors in industry and the regular monitoring of the training.

(iii) Institutional training

Since its creation in 1989, IVTB adopted the policy of offering courses to school-leavers on a full-time basis. These courses were heavily subsidized to make them accessible. In this way, by opening new training centres and offering two shifts, a larger population of school-leavers could be trained. This provided industry with a new breed of workers who were younger, more dynamic and eager to learn and climb up the company's hierarchy, as they had an academic background that enabled them to take advantage of further institutional courses. Modular short courses were offered in the evenings to train industry workers. The courses were run on a cost-recovery basis as many of those attending these courses were sponsored by their employers.

(iv) Open learning

The target population has generally been in-service workers taking full advantage of this flexible method that enables them to work full time and use their spare time to further their qualifications. The success of this means of

training depends upon the availability and accessibility of good-quality learning materials, as well as the support provided.

2. Rationale for partnership

2.1 Establishing partnership – rationale and genesis

Mauritius, as in many other countries, had a system of government where there was very little consultation among the different active partners. When the country became independent in 1968, steps were taken to improve the relationship. Thus were set up mechanisms to improve the relationship. Amongst them were:

- (i) *the Joint Economic Council (JEC);*
- (ii) *the tripartite body, government, employers and workers to decide on pay and salary compensation;*
- (iii) *meetings with the Mauritius Employers Federation and trade unions on economic issues.*

Those mechanisms and committees operated both at the national level and sector-wise. They created an atmosphere of trust which had not existed before.

Mauritius has since the mid-1970s been trying to obtain a greater participation of the private sector in vocational education and training. When a proposal was made in 1978 to the Ministry of Education, which was also responsible for training, to obtain the views of business and industry in the identification of the courses to be organized, there was a feeling of uneasiness at the Ministry. Some felt that such an approach meant abdicating to the private sector. Ultimately all were convinced of the need to collaborate and government made an opening to obtain the views of the private sector. Initially the participation was advisory and on an ad-hoc basis.

Once the employers participated in the identification of the courses to be run, they very willingly collaborated in the design and development of the curriculum. They brought in their contributions wholeheartedly as the management team openly showed its appreciation. The employers were represented by specialists at the level of the different curriculum committees. Such an approach further strengthened the bond between the two sectors.

Since the employers saw themselves as partners, they very willingly accepted to welcome the students for short attachments in industry. Thus a new relationship was born as industry felt proud of not only being consulted, but also for shaping the students to its culture. During the period of attachment the students were closely followed by experienced workers who also assessed their performance.

This non-formal relationship slowly acquired a formal character. The ad hoc advisory committees started meeting senior officers from the Ministry of Finance and the Establishment Division, to thrash out bottlenecks and to make suggestions for improving the management and financing of Vocational Education and Training.

This first attempt at collaboration built a certain degree of trust between the partners. Eventually, in 1980, government decided to set up a specific body, the Central Training Office (CTO), to increase the collaboration of the private sector in the provision of VET. The managing board of the CTO was composed of 20 members with seven from the public sector, six representatives of employers, two representatives of workers, four from professional associations and one representative of the public. This first attempt to improve training provision lasted until 1986.

Two years later, after studying proposals from different ministries for the planning and organization of training, government adopted the proposal from the Minister of Education to create the Industrial and Vocational

Training Board. Immediately a committee was set up with representatives from the government and the private sector to draft the bill.

Once the bill was passed, the Council of the Industrial and Vocational Training Board was constituted and it set to work translating into action the objects of the Act. The members of the Council behaved as one body, taking decisions not in favour of the government or the private sector, but in the interest of the country.

The workers in Mauritius are also well organized and this facilitates communication with them. They are grouped into more than 300 trade unions, which are, in turn, grouped into 10 federations of trade unions which, in turn, form three confederations of unions. The workers express their views and suggestions through the federations, which are represented at the level of the Training Advisory Committees of the IVTB.

Representatives of workers usually sort out the workers' problems through direct negotiations with the employers. It is only when a solution to the problem is not found that the Ministry of Labour and Industrial Relations intervenes. Large numbers of the trade disputes reported are settled through negotiation. This mechanism further improves communication amongst the different partners.

3. Legal and institutional framework

3.1 Legislation

The experience acquired in the setting up of the CTO helped in the creation of the IVTB. A high-level Committee made up of members from the private and public sectors formulated the Industrial and Vocational Training Bill which was enacted by the Legislative Assembly in April 1988.

Subsequently, the Industrial and Vocational Training Board (IVTB) was set up, as a parastatal body, under the direct responsibility of the Prime Minister, to assume the following responsibilities:

- to advise the Minister on matters relating to training;
- to monitor training needs in consultation with relevant authorities;
- to administer, control and operate training schemes;
- to provide for, promote, assist in and regulate the training or apprenticeship of persons who are or will be employed in commercial, technical and vocational fields.

3.2 Composition of the Council

The IVTB is administered and controlled by a Council which consists of seven members from the public sector and seven members from the private sector. The Council is composed of:

- a Chairman, appointed by the Prime Minister;
- a Vice-Chairman, appointed by the Minister in charge of technical training, in consultation with the Mauritius Employers' Federation;
- a representative of the Ministry of Manpower Resources and Vocational and Technical Training;
- a representative of the Prime Minister's Office;
- a representative of the Ministry of Economic Planning and Development;
- a representative of the Ministry of Education and Science;
- a representative of the Ministry of Industry and Industrial Technology;
- a representative of the Ministry for Civil Service Affairs and Employment; and
- six representatives of the private sector appointed by the Minister responsible for vocational training.

Members of the Council normally hold office for a period of two years and are eligible for re-appointment. The Council may, with the approval of

the Minister, co-opt a maximum of five other persons to be members of the Council. The co-opted members do not have the right to vote.

Within the legal framework, the institutions and other partners involved in training are provided with the autonomy required for efficient and effective management.

The principle of partnership was defined in the Act itself, i.e. equal representation and total collaboration. At the same time provision was made in the Act to operate a levy/grant system to promote the development of training. In 1991, a ministry was created to be responsible for Manpower planning and training. The Minister was nominated by the Prime Minister to be the Chairman of the Council of the IVTB to maintain the high level of participation in the decision-making process.

Although the objective of the partnership was not written down, the parity and the high level of representation gave the partnership all the ingredients for success.

3.3 Management structures and mechanisms

As specified in the IVT Act 1988, the Board is managed and controlled by the Council, which is the policy-making body. The management structure and monitoring mechanisms are considered below.

3.3.1 Policy and decision-making

The main objective behind the setting up of the Council of IVTB was to minimize bureaucratic procedures and ensure rapid decision-making and its implementation. The autonomy enjoyed by the Council in this sense has contributed largely towards this goal. The decisions are, therefore, taken at Council level, where representatives of the different ministries, including the Ministry of Employment, Manpower Resources and Training, are present.

Furthermore, such decisions taken by Council normally have the prior approval of the various parties concerned, including the relevant Training Advisory Committees (TAC) and other sub-committees. This process ensures that there is consultation at the different levels. To activate decision taking, the Council of the IVTB has delegated some of its authority to a small sub-committee. This allows certain urgent decisions to be made with covering approval of the Council obtained afterwards. Such a practice has allowed rapid decisions to be taken on various issues and has largely contributed to making the Board more efficient. Once these decisions are taken by Council, they are implemented by the Board.

3.3.2 Distribution of power within the Council

In accordance with the IVT Act 1988, and subsequent amendments in 1991, the Council is composed of 14 members – seven from the private and seven from the public sector. The quorum for Council meetings is eight.

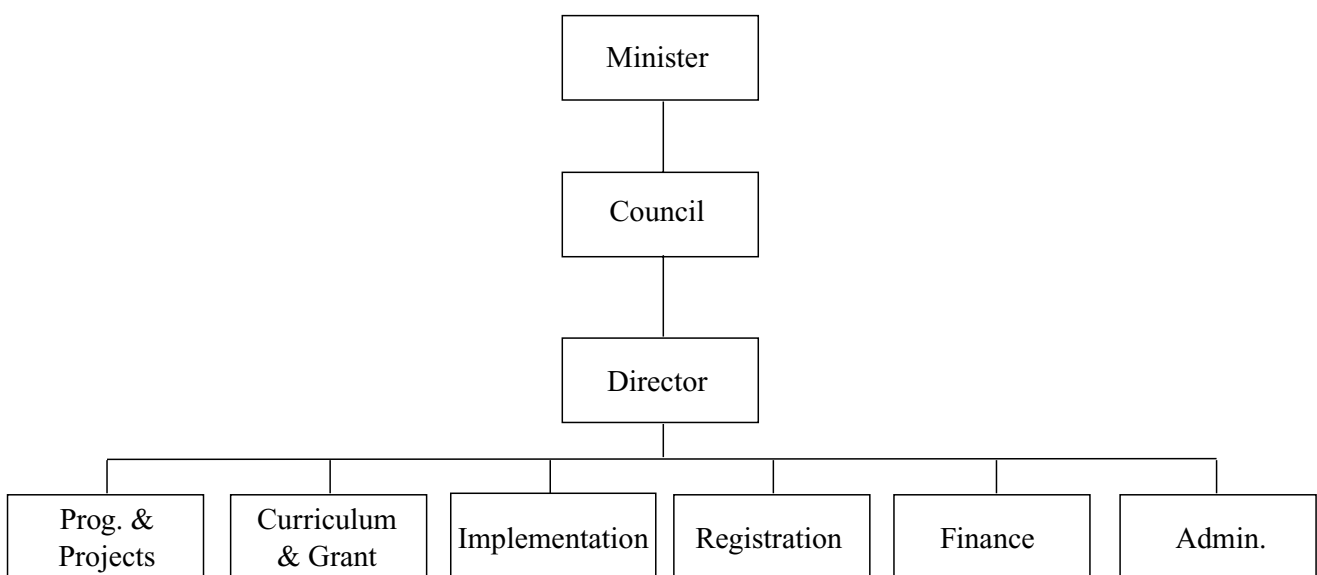
Each member commands one vote and the private and public sector representatives are, therefore, at parity in terms of voting rights and power. As already mentioned, the co-opted members do not have any voting rights.

It is interesting to note that as at 1995, the Council has never had to go for a vote as all decisions have been approved unanimously by all members present. This highlights the sense of collaboration and the private-public sector partnership that exists at the level of the Council. Decisions taken by Council can, therefore, be on a consensus basis, a majority vote basis or on the basis of unanimity. The Council has also designated sub-committees to which it has delegated certain powers to accelerate decision-making.

3.3.3 Management structure of the Board

The IVTB is formed along functional lines, whilst it is helping all training institutions and firms to become formally organized. It was originally structured as shown in the following *Figure 2*.

Figure 2. Original structure of the IVTB

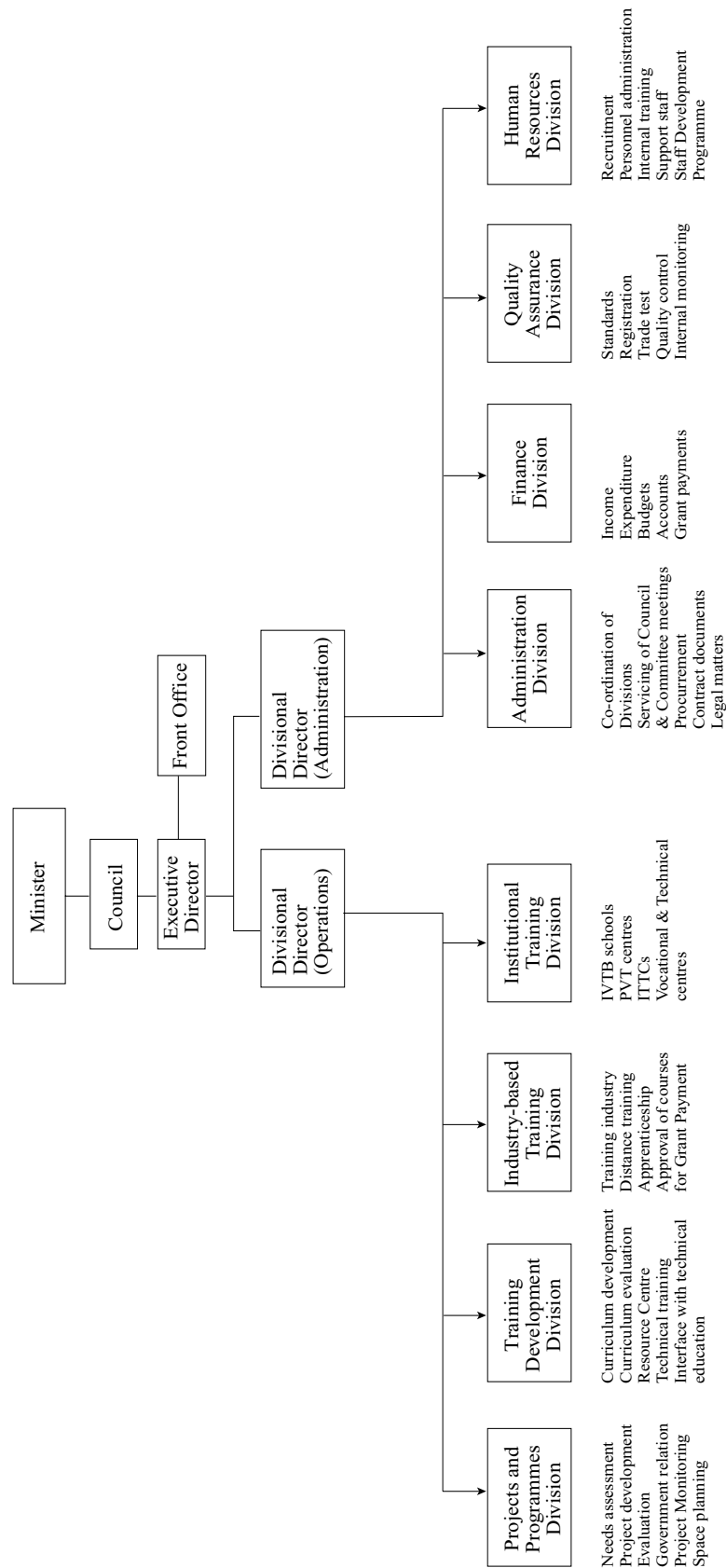


However, with the increase of its activities and its rapid growth, the organizational structure has been reviewed. In 1995 the organizational structure included eight divisions (*Figure 3*).

Divisions are sub-divided into sections. In some cases, sections are formed according to the type of service they provide, whilst in other cases it is the geographical distribution of facilities, trainees, etc., which has precedence.

As specified in the IVT Act 1988 and subsequent amendments in 1991, the Director is the Chief Executive Officer of the Board. The Director is responsible for the execution of the policy and the control and management of the day-to-day business of the Board.

Figure 3. IVTB Organizational structure (1995)



3.3.4 Co-ordination functions of the Board

According to the IVT Act of 1988, all private training institutions are required to obtain registration from the IVTB. In order to be registered, training institutions must satisfy the requirements of the Board in terms of training personnel, workshop facilities and training programmes to be able to conduct courses at specific levels for various trades/fields.

IVTB ensures that quality standards in training are maintained by keeping a register of all training institutions as well as trainers. IVTB has a specific division, which is responsible for maintaining constant and regular contacts with private training institutions. Furthermore, the Division makes sure that the criteria for registration are satisfied. It is responsible for monitoring training and effects visits to the institutions, private and public, to ensure the maintenance of quality.

The quality of the training provided depends amongst other factors upon:

- the quality of the physical facilities;
- the quality of the trainers;
- the relevance of the course; and
- the management of the course.

To maintain a set standard, the IVTB has established criteria to govern the registration of centres, the registration of trainers, and the approval of a training course/programme. Such measures ensure that the training is properly organized and its quality does not suffer through quantitative expansion.

4. Areas of partnership

Partnership is not only a word which is used to describe the relationship at the level of the Council. It percolates the system through:

- policy formulation;
- training financing;
- curriculum development and certification.

4.1 Policy formulation

The Council of the IVTB is the policy-making body for training. As pointed out earlier, the Council is a partnership with seven members from the private sector and seven from the public sector. In addition, before any policy is established, extensive consultation takes place between the IVTB and with the different partners (trade unions, pressure group, etc.) to obtain as many views as possible. This system enables policies to be formulated within a coherent framework.

The representatives of the Employers' Federation always participate in the decision-making process. They represent the Federation in the different committees and very often chair the committees. This mechanism guarantees the collaboration of the employers. As required, the IVTB collaborates with the Employers' Federation to ensure wide dissemination of the information to its members.

The trade unions are also represented at the level of the Training Advisory Committees and thus participate actively in the decision-making process. Some of the unions identify their own training needs and carry out training for their members.

A good communication system among the partners fuels the participation process and reduces the risk of conflict.

4.2. Financing training: an incentive-based system

The partnership established at the IVTB also provided for the promotion of training through financial incentives. All employers paying a levy to the

IVTB are entitled to a grant which depends on the rate at which the company is taxed and on investment in training. Employers receive from the IVTB incentives varying between 39 and 53 per cent of their investment in training, which may be carried out in-house, on-the-job, or in an institution.

Employers investing in training are allowed a tax rebate equal to 100 per cent (formerly it was 200 per cent) of their investment, provided they produce a certificate showing that the course was approved by the IVTB.

Individuals paying for their own training, or parents paying for their wards, are allowed to deduct 15,000 rupees from their taxable income if the course is followed in an IVTB institution. One commercial bank has also agreed to provide loans, to be refunded once the trainees have completed their course and start work.

Training providers are given duty-free facilities on the import of selected equipment used for training. The IVTB studies the list of equipment and ensures that it matches the curriculum before recommending it to the Ministry of Finance which allows the duty-free import. In addition, the managers of registered centres have access to soft loans from the Development Bank of Mauritius.

Small operators, who are reluctant to organize training or to release their workers for training, are being provided with a voucher which they may use to pay for training approved by the IVTB.

Financing training entails a form of partnership involving:

- the government;
- the employers;
- the IVTB;
- individuals;
- international aid.

4.2.1 The government

Government has overall responsibility for training and provides funds to meet 85 per cent of the capital expenditure and 50 per cent of the recurrent costs of the IVTB. In addition, it provides other incentives, described below, to promote training.

4.2.2 The employers

In 1989, the Council recommended the collection of a levy (as per the IVTB Act) of 1 per cent on the basic salaries of all employees, excluding household workers, to be paid by all employers into a fund managed by the IVTB. The levy on the wage bill was adopted, after considering several other alternatives such as:

(i) a levy on exports

Such a levy would have been easy but would have been seen as an additional tax on those who were producing for export. That would have been counter to the policy of the government, which was to promote exports.

(ii) a levy on imports

This levy would again have been seen as an additional tax and would not have brought out the link to human resource development.

(iii) A levy on turnover

More productive industries have a better turnover than the ill-performing ones and a levy on turnover would have had a negative effect on productivity. Besides, the service industries, which have a bigger turnover per employee, might have been penalized.

(iv) A levy by sector of employment

This would have involved classifying all the industries into different sectors and collecting the levy and keeping separate accounts by sector. The administration of such a system would have been very cumbersome. At the same time, the embryonic sectors would not have had sufficient funds for development.

(v) The levy on the basic wage bill

The levy on the basic wage bill, excluding overtime pay and bonus, was found to be fairer and easier to administer. The levy was paid by all employers - except those of household workers – irrespective of the number of workers, as fixing a minimum number of employees for the payment of the levy would have created a large number of employers employing people just below the number required in order to benefit from the payment of the levy. This would have again been against the declared policy for job creation.

The collection of the levy was entrusted, against the payment of a commission, to the National Pension Fund, which already operated a system for collecting the contributions to the National Pension Fund. Up to now, this arrangement is satisfactory to the IVTB.

The proceeds from the levy are used to finance 50 per cent of the recurrent expenditure and 15 per cent of the capital expenditure of the IVTB.

Such a system allows flexibility to the IVTB to cater for the present as well as the forthcoming training needs of the country.

The main items of recurrent expenditure of the Board are:

- salaries of personnel;
- consumables;

- utility services; and
- grants.

The main items of capital expenditure are:

- the construction of physical facilities;
- the provision of equipment.

4.2.3 The IVTB

The IVTB grant system provides an incentive to employers paying the levy to sponsor their workers for training. Once a training course is approved by the IVTB, the employer is entitled to a grant which is made up of two components:

An incentive from the IVTB based on the following formula:

$$I = c \times [1 - (0.25 / 1 - 2 r)] \quad (4.1)$$

where:

c is the cost of training,

r is the tax rate of the company, and

100 per cent tax rebate on the investment in training.

According to the above formula, initially, employers were providing for around 25 per cent of the training cost, but in 1995 the formula was revised because of a government decision and the employers had to bear 40 per cent of the cost. Companies in Mauritius pay income tax at the rate of 15, 25 and 35 per cent. The incentives from the IVTB, after considering the tax rebate, are shown below in *Table 1*.

The IVTB thus provides a direct grant of 39-53 per cent of training cost to employers.

Table 1. Incentive from IVTB

Tax payable	Employer's contribution	Tax rebate	IVTB incentive
15%	40%	7%	53%
25%	40%	13%	7%
35%	40%	21%	39%

Employers investing less than a hundred thousand rupees in training receive the incentive irrespective of their contribution, whereas those investing more than a hundred thousand rupees are entitled to a grant which is equivalent to twice their levy contribution.

Table 2. Number of persons benefiting from training

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	Total
Sponsored	2,744	8,443	5,697	6,500	13,127	15,170	51,681
Non-sponsored	-	-	5,748	10,790	12,239	13,100	41,877
Total	2,744	8,443	11,445	17,290	25,366	28,270	93,558

The number of persons benefiting from training between 1989 and 1995 is given in *Table 2*. It is observed that the system is operating satisfactorily and is encouraging employers to train more of the workers and invest more and more in training. Many employers, the forward-looking ones, are already looking at training as an investment rather than a cost and are investing, at times around 5 per cent of the basic wage bill of the company, in training.

The training budget since 1988 has evolved very quickly. More than one billion rupees had been invested in training by 1995. A database is being set up to obtain additional information on the operation of the levy-grant system to encourage still more of the employers to invest in training. Such a system of financing provides safety nets against doing training for the sake of training.

It also renders IVTB accountable for prompt implementation of the different training schemes.

4.2.4 The individuals

Training is expensive and it was in the past financed almost totally by the government. The fees charged were negligible compared to the cost of training. The training centres operated by the IVTB have to earn a percentage of the recurrent expenditure through the charging of fees and sales of products. The fees charged, which represent only part of the training cost in the IVTB centres and the real cost in the private centres, are paid either by the individual or the sponsors. During 1994, the eight IVTB centres earned between 6 and 30 per cent of their recurrent expenditure. Here again, managers and trainers are sensitized to the notion of costs and financing.

4.2.5 Bilateral and multilateral aid

The IVTB, during its first years of operation, acquired the reputation of being effective and efficient and caught the interest of aid donors. It has obtained assistance from various bilateral and international donors.

4.3 Curriculum development and certification

The quality of a training programme depends largely on the proper design of its curriculum. The curriculum is the very heart of a training programme in the sense that all the resources and activities required to conduct a training programme emerge from the curriculum. Formerly, curriculum development for training was almost non-existent. Only syllabuses from overseas were used as a guideline for the different examinations. At the outset, the IVTB has realized the importance of establishing close and structured collaboration with enterprises to cater for the dynamic and continuous development of training programmes and content in line with labour market needs.

4.3.1 Role and performance of the Training Advisory Committees (TAC)

One of the main tasks undertaken by the IVTB from the very outset was the identification of training needs in the existing and priority sectors. This was done in collaboration with the industrial sector. The IVTB Council approved the setting up of TACs with the following terms of reference:

- to service as liaison and an avenue of communication and feedback between Commerce and Industry and the Board;
- to examine and review the programmes and facilities for training provided by the Board and by Commerce and Industry and to advise on how training of persons for vocation and skill employment in Commerce and Industry can be provided for, promoted and improved to meet the requirements of the economy;
- to advise on the development of the curriculum at different levels for the various training programmes.

Each TAC comprises professionals from the relevant organization in the private and public sectors and their main objectives are to help in:

- identification of training needs;
- course design;
- certification and evaluation of training programmes.

By 1995, 21 TACs were set up in the following fields: agriculture/sugar, automation, banking and insurance, beauty care and hairdressing, building construction, civil works, design, electronics, footwear and leathercraft, furniture making, heavy vehicle driving, hotel and catering, industry information technology, jewellery, management, office skills, plastics, precision engineering and machining, pre-vocational training, printing and textiles.

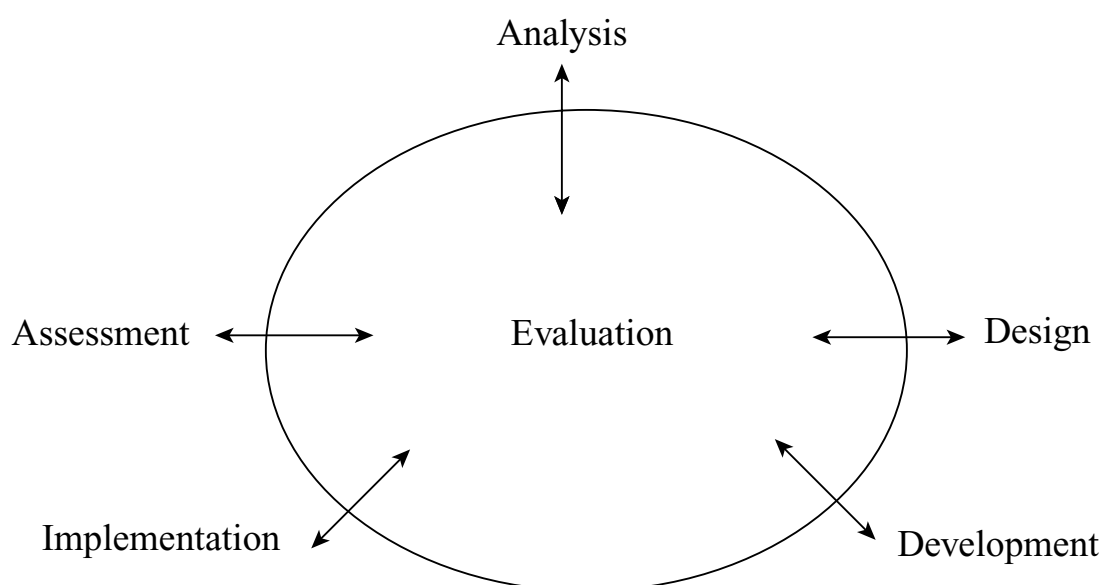
At the very conception stage of any project, the collaboration of the relevant TAC is sought by the Board, for professional advice.

TACs also provide a useful mechanism for problem solving. All problems are studied by the Board and referred to the respective TAC for its recommendations. Should a TAC not exist to tackle the problem, a sub-committee is designated by the Council to study the problem and make recommendations. The recommendations are then submitted to the Council for its approval. Should the Council feel that additional information is required, it may request it from the Board before a decision is reached. Such a system has worked in practice, and has been giving satisfaction to all those concerned, as this structure provides an opportunity for wide consultation

4.3.2 The approach to curriculum development

The curriculum development model adopted by IVTB is represented in *Figure 4*.

Figure 4. Curriculum development model



The training needs are identified by job analysis and using the ‘Developing a curriculum model’ (DACUM). DACUM is a relatively new and innovative approach to occupational analysis. It has proved to be a very effective tool in quickly determining, at relatively low cost, the tasks that must be performed by persons employed in a given job or occupational area.

The profile chart that results from the DACUM analysis is a detailed and graphic portrayal of the duties and tasks involved in the occupation or job being studied. The DACUM analysis can be used as a basis for (1) Curriculum development, (2) student counselling and recruitment, (3) training needs assessment, (4) worker performance evaluation, (5) competency test development, and (6) job description.

The main features of the curriculum development by IVTB are, that the curricula are:

- competency based;
- modular;
- based on behavioural instructional objectives.

The above approach provides flexibilities in the training system; competencies can be tested at specified standards and the monitoring of the trainees’ progress is possible by relating to the behavioural objectives.

Different Training Advisory Committees validate the curriculum before implementation. Such an approach guarantees the participation of the active partners in curriculum development.

In spite of its merits, the introduction of a modular system with continuous assessment is posing a problem in its management. The situation is being further exacerbated by the introduction of competency-based learning and testing. The trainers have to change their attitudes to adapt to this new system whilst the Mauritius Examination Syndicate, which is responsible for

the carrying out of the examinations, will also need to adapt to this new environment.

4.3.3 National Trade Certification System

The standards to be attained by the different curricula are governed by the National Trade Certification System, which was developed together with the employers and trade unions and published in the Government Gazette to give it national recognition. The National Trade Certification (NTC) System has introduced a ‘benchmark’ in training and certification in Mauritius. It envisages three levels of certificate qualifications, i.e. basic level – level 3; a standard skilled level – level 2; and an advanced level – level 1.

At present NTC 3- and NTC 2-level curricula have been developed for mechanical engineering, electrical engineering, electronics, building and automotive trades, jewellery, printing, precision engineering, industrial furniture making, footwear and leathercraft and hotel and catering.

More curricula in new and emerging trades such as plastics and design are being developed. The examinations for the NTC are carried out in collaboration with the Mauritius Examination Syndicate (MES).

5. Critical issues

5.1 Regarding workers’ participation

There is a strong belief that a tripartite Council made up of representatives of government, employers and workers is better than a bipartite one made up of representatives of government and employers only. At the same time, a smaller Council is thought to be more efficient and effective. The existence of a large number of trade unions and federations of trade unions makes the choice of representatives for a fair representation more difficult. However,

that in itself is not a sufficient reason for not having representatives of workers at the Council level. The Council of the IVTB tried to co-opt a representative of the workers from the different federations of trade unions, but did not succeed as it was not easy for the different federations to arrive at a consensus and to designate a representative. Thus, the Council operated with a bipartite structure, as provided for in the IVTB Act.

Representatives of workers form part of the different advisory committees and thus contribute towards the decision-making process. It should be noted that such a management structure depends to a large extent on the quality of the people forming part of the committees rather than the formal structures.

5.2 Regarding employers' participation

The IVTB promotes training and strongly believes that the private sector should take care of its own needs. The private sector has provided some training in industry, established training facilities in some firms, and set up a large number of training institutions where relatively little equipment and investment is required. In spite of such achievements, employers' participation sometimes raises an issue of possible conflicts of interest.

For instance, the employers contribute to the financing of the training through a levy and, at times, vested interests of certain members at the level of the TAC hinder, to a certain extent, fair competition. It is very difficult to have all the members approving training programmes or training schemes to be totally objective, with no bias.

5.3 Regarding government participation

In spite of the creation of a separate ministry to look after training, for a large number of people, there is still confusion about education and training. Moreover, Mauritius has inherited a system of administration based on the

British pattern, where those taking the final decision may be very good administrators, but may not have sufficient professional competence and thus rely totally on the advice of others to give direction to technical education and training where certain grey areas still exist.

5.4 Regarding sustainability

Sustaining partnership over a long period of time is not easy, as a change of members may affect the relationship. However, the different structures, such as the TACs and sub-committees of the Council, help in maintaining this delicate partnership. It is not easy to maintain such a partnership and, at the same time, not lose sight of the goals of development and this is often the case in many organizations. The success of such a venture depends, to a large extent, upon the calibre, commitment, leadership and managerial qualities of those at the head.

The sort of partnership existing at the IVTB, where a member of the Council or the Training Advisory Committee may also be involved in training, gives rise to situations involving conflicts of interest. A decision taken by the Council as a whole may not be favourable to both the private and the public sector. Situations where the interests of the two partners may be divergent occur, but, again, the problems have to be resolved not in favour of one or the other partner, but in favour of training and human resource development.

6. Performance

How a partnership performs depends on who is evaluating it. It is not easy, especially in the case of a partnership involving the government, the employers and the workers, to have a totally convergent view. The opinions of the partners are given below.

6.1 Opinion of employers

The Employers' Federation has over the last two decades been pressing the government to organize training to promote the development of the country. They had also been strongly in favour of a partnership with the government. The employers were very happy to see that training was given the place it deserved in the development of the country when it was placed under the direct responsibility of the Prime Minister. The partnership was strengthened further when it was provided for in the Act that the Vice-Chairman would be nominated in consultation with the Employers' Federation.

Once the Council was established, it enjoyed complete freedom of action and above all the unqualified support of the Prime Minister. This relationship motivated the employers to give their total commitment to training. The employers participated actively in the policy-making process. They also provided directions and guidance through the Training Advisory Committees, which were usually chaired by a professional from the private sector. The TAC management is chaired by a specialist manager, the TAC textile by a specialist from the textile industries, etc.

Through the type of partnership established, the employers saw beyond the reefs of Mauritius. They found, through the partnership, an opportunity to share with the region the experience gained. They also believe that the strength of the individual member state lies in the strength of the regions as a whole.

The setting up of the different centres was seen in a much broader context, with a distant vision of the future. The centres and the different facilities that have been set up fit into that vision as Mauritians will have to take up the challenge to work together to strengthen the region.

6.2 Opinion of trade unions

The trade unions would like to be represented at the level of the Council and are conscious of the difficulty in the designation of a representative. However, they feel committed to the cause of the workers and would always assist in their advancement.

They saw, through the different mechanisms established by the IVTB, an opportunity for them to make their voices heard and to participate actively in the development of training. The relationship they had with the IVTB prompted them to start training programmes for their members. At one stage, they were thinking of having a centre of their own.

They also feel that some representatives of the employers who sit on certain advisory committees use their position to protect certain vested interests. They feel that members who cannot be objective should refrain from influencing decisions concerning the development of the country.

In spite of those shortcomings they are convinced that the partnership established at the IVTB was a move in the right direction and they have always given total support to its development. They also noted that the success of the partnership very often depends on the quality of the people they are dealing with, rather than on the mechanism itself.

6.3 Opinion of the public sector

The public sector saw, through the establishment of the partnership at the IVTB, a mechanism:

- to better plan, monitor and promote training;
- to obtain the commitment of the employers;
- to obtain the participation of the workers.

The public sector was aware of the fact that all training schemes undertaken by the government alone, either become obsolete after some time, or fall apart because of the inertia existing in that sector. It saw, through the partnership, an opportunity to have the opinions of all the partners concerned with regard to training.

The establishment of the Council with equal representation from both the public and the private sectors, as well as the establishment of the levy grant system, only strengthened the trust of the government in the partnership. However, the aim was not only to collect funds but, through the mechanism set up, to obtain the participation and commitment of the employers and others to training.

6.4 Perceived benefits of partnership

6.4.1 To employers

Mauritius has a mixed economy and employers participate in the development of the country. They found through the partnership at the IVTB:

- (i) the willingness of the government to further strengthen the collaboration;
- (ii) an opportunity to contribute to the development of the economy;
- (iii) an opportunity to help in taking better decisions with regard to training;
- (iv) an opportunity to make judicious use of public funds.

- (i) The willingness of the government to further strengthen the collaboration

The private sector had already collaborated with the government in the development of the country at the national level. It saw, through the establishment of the IVTB and its managing Council with parity representation from the public and private sectors, the commitment and determination of the government to further strengthen that collaboration.

- (ii) An opportunity to contribute to the development of the economy

Mauritius is heavily dependent on the quality of its workforce for its economic development. The private sector is very much aware of it. The partnership provided a great opportunity for the private sector to influence the development of the workforce.

- (iii) An opportunity to help in taking better decisions for training

The public sector is always criticized for not listening to the views of the private sector, especially concerning education and training. In this case the private sector was pleased to see, through the mechanism at the IVTB, an opportunity to contribute and to have better-quality decisions taken, particularly for the management and financing of training.

- (iv) An opportunity to make judicious use of public funds

The private sector has a feeling that funds devoted to certain items of expenditure can be better utilized. The partnership provided it with an opportunity not only to decide on the use of funds, but also on their collection and the monitoring of their use.

6.4.2 To workers

Workers in Mauritius have a thirst to learn and to improve their status. They saw, through the partnership at the IVTB:

- (i) the commitment of the government to improve their status;
- (ii) an opportunity for them to learn and to have a different career path;
- (iii) an opportunity to participate in decisions relative to training;
- (iv) an opportunity to improve the quality and working conditions of the workers.

(i) The commitment of the government to improve their status

The establishment of the IVTB to provide better opportunities to school-leavers, and an opportunity for the workers to upgrade themselves, was seen as a laudable effort by the trade unions. The workers were provided with facilities and opportunities to improve their competencies and aspire to better living conditions.

(ii) An opportunity for a better career path

A young worker, after joining an organization, discovers many hard 'facts of life'. Very often he is helpless. The creation of the IVTB brought much hope as it provided him with opportunities to learn on the job or off the job and to choose a career path.

(iii) An opportunity to participate in decisions relating to training

In many situations workers are not consulted. The IVTB has established a mechanism through the different advisory committees to obtain the views of workers. This helps in providing the workers with a sense of pride and, when it comes to developing the curriculum, they are the participants who determine what goes into it through the DACUM process.

(iv) An opportunity to improve the quality and working conditions of the workers

An educated and trained force is not only more productive, but also more conscious of safety at work. Thus, the workforce has had an opportunity to upgrade itself and to use its new acquisitions of knowledge and skills for demanding better conditions at work.

6.4.3 To government

In spite of IVTB's youth, government has had long experience in the management and financing of training. Different models were proposed by experts with experience in different situations, and were implemented. The success of the models was not always as expected.

Government realized that for training to be beneficial, it has to be undertaken as a partnership amongst all those concerned. From the beginning it had realized the importance of such a partnership and always acted in a way to promote that partnership. The benefits of such a partnership are numerous. However, a few main ones are described below:

- (i) to keep in touch with industry and industrial development;
- (ii) to minimize cost;
- (iii) to increase efficiency and effectiveness;
- (iv) to develop the right culture for development;
- (v) to maintain and sustain on a longer term quality training;
- (vi) to avoid duplication and wastage;
- (vii) to reduce the division between the private sector and the public sector.

- (i) To keep in touch with industry and industrial development

Collaboration and exchange are greatly facilitated through the partnership. Industry welcomes trainees from the different centres for practical work experience. The trainees are easily placed and accepted by industry as the Board maintains regular contact with it. During the attachment workers not only provide training opportunities to the trainees, but also follow and evaluate them and their work. The workers are proud of their contribution and feel honoured to participate in the evaluation exercise.

At the same time, members from industry have the opportunity of meeting the trainees at the different centres and to address them. Such an exchange,

apart from helping in the cognitive development of the trainees, promotes a positive change in their attitude.

(ii) To minimize cost

Time and again we are reminded that training is expensive. The collaboration obtained through the partnership enables us to find the most economical solutions to a training problem. For example, if an item of equipment is very expensive and is going to be used only for a short period of time and is available in industry, arrangements are made to enable the trainees to practise on the equipment in industry itself.

The centres which formerly operated mostly during school hours, are now open for longer hours, that is until much later in the evening. They run after-hour programmes directed to the specific needs of industry, which are attended mostly by workers who are sponsored by their employers.

These centres also sell their services to industry. They act as consultants in solving specific problems of industry. At the same time they sell the products which are made by the trainees.

Such a system has made the centres much more cost-conscious and has helped in minimizing cost.

(iii) To increase efficiency and effectiveness

The designing of the curriculum as at 4.3 above ensures better relevance of the training to the needs of industry. The constant involvement of the private sector at the different levels (Council, TACs, ad-hoc committees) promotes the linkage between the centres and industry and the effectiveness of the training.

The linkage provides opportunities to the trainers and the trainees to learn about efficiency and hence to consider the 'time' factor in implementing their programmes. The implementation of the training programme, which is competency based (CBT), coupled with the consideration of the time factor enables the trainees to be conscious of efficiency.

Ultimately, the trainees learn to be efficient and effective and thus provide the sharp edge to industry.

(iv) To develop the right culture for development

Very often employers complain about the performance of the graduates from training centres. The main reproach made is that the graduates are either not mature or do not have the industrial culture.

The interaction with industry through the partnership, helps the trainees to observe and to acquire the work culture. In today's world, such an exposure only reinforces the importance of discipline, punctuality, team spirit and other social attitudes.

It is almost impossible to provide such an attitudinal change only at the training centre.

(v) To maintain quality training

Quality is just like industrial culture. It cannot be taught in a classroom situation alone. It is more effectively learned in a real-life situation.

The trainee, on attachment to an enterprise, has the opportunity to see the effects of non-quality on the products, and the cost to the enterprise. The exchange reinforces the notion of quality in the trainee. At the training centre, as well, he would insist on quality work and he himself would strive to produce better-quality products. The 'quality culture' is becoming more and

more important in this competitive world and, here again, the partnership only sharpens the quality buds.

(vi) Avoid duplication and wastage

Before the setting up of the IVTB, many ministries and private centres were doing training. There was, at times, competition between ministries. Some of them were involved in cost cutting by looking for trainers with no notion of standard practices but who would carry out the training at a lower cost. Those doing 'similar' courses with professional input and charging higher fees were the losers as they would not attract many trainees. The different institutions carrying out training were all awarding certificates with no reference to any standard.

The approval of the training courses; the registration of the trainers and the training centres by the IVTB has greatly helped in bringing order to a chaotic situation. At the course approval stage, several factors (like level, quality relevance) are considered before approval is granted. Again the partnership has helped in improving the quality of the training and avoiding the wastage of scarce resources.

(vii) Reduce the division between the private sector and the public sector

In many of the developing countries, the private and public sectors are seen as two different entities with diverging goals. Very often there is no communication between the two except through legislation and control. However, the partnership existing at the IVTB has provided a forum where the two partners meet and discuss issues of common interest. That interaction has produced better understanding between the two partners and enabled representatives of ministries to obtain professional guidance at times on topics

associated with training, to help in taking steps to promote the development of the country.

Very often the Council behaves like an entity with converging views. The appearance of the two sectors together at all the official functions concerning training has further dissipated the pre-conceived ideas people had about them. In the end, the two sectors behaved as *one* and only thought about the development of the country, rather than looking for selfish and short-term benefits.

7. Conclusion: conditions for success

The IVTB demonstrates that any partnership depends most on the people at the decision-making level. However, the experience of Mauritius in managing TVET indicates that effective partnership also needs a favourable environment. It includes elements such as:

- (i) *a good information system*. Information is essential to avoid misunderstandings and conflicts amongst the partners;
- (ii) *a supportive fiscal policy*. A financial or fiscal measure may either motivate or discourage employers from investing in training;
- (iii) *a structured labour market*. The wage difference between a skilled worker and an unskilled worker may affect investment in training by employers;
- (iv) *a culture of social dialogue*. The relationship between the private sector, the trade unions and the government at the national level has a strong effect on the partnership.

Beyond such individual and contextual factors, genuine partnership requires adequate policies, instruments and mechanisms. Policies always play an important role in the success of a scheme. Clear-cut policies should be enunciated to avoid grey areas as, very often a lot of time is wasted in clarifying

matters falling within those areas. Very often, those who would like to delay a decision would take advantage of a lack of transparency.

Furthermore, sustainable partnership is based on a series of legal instruments which allows to clarify the role and responsibilities of each partner, as well as the 'rules of the game'. Financing regulations, e.g. a levy-grant scheme, regulations for the registration of training institutions, regulations for the certification system, apprenticeship regulations, regulations defining the autonomy of public training centres, constitute the legal foundations on which partnership can grow.

At the operational level, the concept of partnership must be reflected in the decision-making mechanisms. The formula initially established at the IVTB, with equal representation from the private and public sector, has greatly facilitated the working out and taking of sound policy decisions. The planning, co-ordination, implementation, monitoring and evaluation of training were carried out through consensus amongst the social partners, the government and the IVTB.

Finally, the experience of the IVTB also shows that, in spite of a favourable policy environment and a supportive institutional framework, partnership always remains fragile. Hence, partnership essentially relies on trust, without which it cannot exist or last.

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Chapter II
Building up partnership: the Hungarian experience
Judit Lannert

Introduction

This study focuses on the role of social partnership, especially in the field of vocational education in Hungary. Social partnership is traditionally a system of reconciliation of interests. Although the system of reconciliation of interests began to develop only in the 1980s, there has been a process imitating social partnership since the 1960s. It was at the time of the planned economy (after the command economy of the 1950s), when the independence of the social enterprises started to become a little stronger, and there were some endeavours to simulate the market. This system, however, was full of contradictions. The state monopoly itself negated the role of enterprises as real employers. Consequently the state enterprises did not act as owners, they were interested mainly in increasing their wages instead of their profits. Somehow, the employers and the employees had the same platform. Moreover, the trade union had only formal rights, its main task was to assure the loyalty of the workers towards the regime, transferring to the members certain benefits, such as cheap accommodation and holidays. That was the background that the present situation has developed from.

Social partnership has been developing since 1988 from a dual to a tripartite form. Social partnership in the VET system is a relatively new phenomenon in Hungary, and has been developed as a part of the tripartite system. To understand how it has developed and has started to work in Hungary one has to see the whole picture of social partnership and its economic and educational environment.

The case study first describes the economic and educational environment in which social partnership now operates. The second part outlines the rationale for this, how it works in general, and in the field of vocational and technical education. The third part analyzes the newest development of social partnership in the VET system. The fourth part provides a more detailed picture on the role of social partnership, specifically in the area of vocational education. A brief final chapter summarizes the opinions of the social partners regarding the functioning of the institutions. In the conclusion, some considerations on the future of social partnership in Hungary are drawn, together with major lessons, also relevant for other countries in transition, on how to establish partnership and make it work.

1. General background

1.1 Socio-economic context

1.1.1 The economy and the labour market

In the late 1980s/early 1990s, Hungary had certain advantages compared to the other post-socialist countries. Although, as in other countries, the Hungarian economy was suffering from a high proportion of redistribution, underdeveloped economic institutions, growing inflation and indebtedness, the previously launched reform process had created a decentralized system of economic administration, a so-called second economy and certain market mechanisms.

In the transition period, the labour market also underwent thorough changes. Despite the fact that the working-age population was rising between 1989 and 1995, the employed decreased by one-fourth (i.e. by 1.4 million people). Some of the people dismissed from their jobs became unemployed, but the greater part of them turned inactive and took the pension before the

legal retirement age, or just stayed at home. Consequently, the dependency ratio (the unemployed and other persons not in the labour force per 100 persons in employment) rapidly deteriorated in the 1990s.

The rate of activity also diminished from 85 per cent in 1990 to 73 per cent in 1995. In 1994, the rate of activity of the 15-64-year-old men was already lower than that of the developed countries.

One of the most serious problems Hungary had to face at the beginning of the 1990s was the increasing rate of unemployment. This reached 13 per cent in 1993, and since then it seems to have stabilized at around 10 per cent.

In the early 1990s the proportion of the unskilled increased among the school-leavers due to the fact that the school system could not cope with the higher numbers of the baby-boom generation. The situation has improved since 1991; secondary and higher education has begun to expand at a rapid pace.

While in 1996 the proportion of the school-leavers completing vocational school was about 33 per cent in the youth labour force, their proportion among the unemployed school-leavers was 41 per cent. The training at vocational schools has been overspecialized, and the demand for this qualification in the labour market has dropped. The reason for this is the crisis of vocational education based on large-scale industry. After 1989, due to the collapse of this type of industry, many firms closed down their training workshops. While two-thirds of the apprentices attended practical training at firms in 1989, four years later this proportion was only one-third.

The role of large-scale industry in practical training diminished, but that of the craftsmen increased. Due to the efforts of the trade unions and school leaders, many firm-workshops have been saved from closure and have been put under the control of the vocational school or the municipality.

Table 1. Juvenile labour force, by level of education, 1986-1994 (%)

Qualification	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996**
Higher education	10.3	10.5	11.3	10.6	10.1	9.9	9.5	11.2	13.8	15.8
General secondary school	7.5	6.9	5.7	4.9	7.5	7.6	9.8	10.5	11.3	12.1
Vocational secondary school	17.9	18.0	12.5	10.8	11.5	13.0	15.0	11.6	10.8	8.1
Technician	0.2	3.1	3.2	3.7	3.7	6.4	8.2	11.8
Vocational school	37.7	36.9	35.4	33.9	33.1	36.5	34.0	33.1	33.5	33.3
Special vocational school	2.5	2.5	2.8	2.8	2.9	3.2	5.2	6.9	7.2	5.7
General school	19.4	19.9	26.2	27.2	24.3	20.3	18.6	16.5	12.1	13.2
Less than 8 grades	4.7	5.3	5.9	6.6	7.4	5.8	3.8	3.9	3.3	..
Total	100.0	100.0	100.0	100.0	100.0	100.0	100	100	100.0	100.0
Total number (thousands)	137.3	138.3	142.6	152.4	167.5	172.6	176.3	170.3	151.8	148.6
Including (in %):										
-skilled	68.5	67.8	62.2	61.2	60.8	66.3	68.0	69.0	73.3	74.7
-unskilled	31.5	32.2	37.8	38.8	39.2	33.7	32.0	31.0	26.7	25.3
(including those having finished general secondary school)										

Source: Statistical Yearbook, 1995 and **preliminary data.

1.2 Educational situation

The education system in Hungary is in transition and is challenged by rapid changes in the fields of economy, demography and the values of society. In the first half of the 1990s, basic laws on education were passed by Parliament, which outlined a decentralized system of administration providing the local decision-makers and the maintainers of schools with an increased autonomy. On the one hand, this autonomy could cause trouble since

resources, experience and expertise were often lacking; on the other hand, it gave a tremendous impetus to local innovations.

Stress is laid upon the question of efficiency: the figures show that Hungarian education is not efficient enough. The municipalities maintaining educational institutions faced financing problems in 1995, when there was a big cut in state subsidies. They had to take the first step to rationalize their school policy and administration as well as to reduce the surplus of capacities. This demands a more balanced share of responsibilities between the central and the local level.

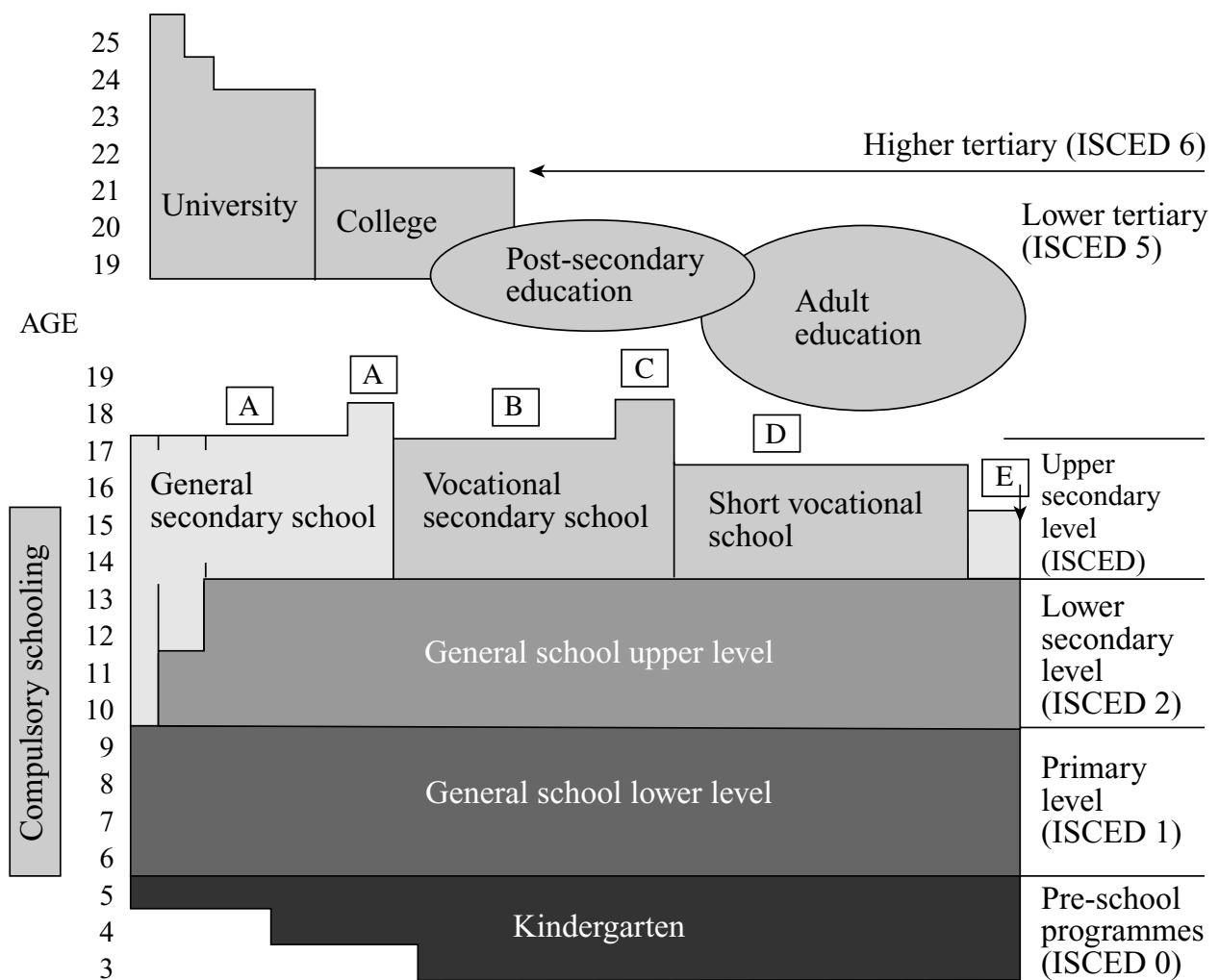
One of the most vital issues in public education is that of the changes in the vertical and horizontal structures. The new opportunity for students to shift from one educational programme to another makes the system less transparent. Most of the tensions are caused by the fact that general secondary schools expanding downwards cream off the most motivated students from the general schools. However, these shifts open new ways of studying, even for the drop-outs. The flourishing sphere of post-secondary and adult education also gives another chance to them.

A strategic objective of educational policy is to expand secondary education preparing students for matriculation examinations and higher education. This is vital since the decreasing number of students limits the pool for higher education and, with an unchanged proportion of those continuing their studies, the number of students can fall, which is inconsistent with the demands of the labour market.

The general academic type of secondary education is given by the *general secondary school (gimnázium)* preparing the students for the matriculation examination. Nowadays this type of secondary school embraces different forms in terms of the duration (8, 6, 5, 4 years) and content of education. The main task of the *gimnázium* is to prepare the students for

higher education. Although the rate of enrolment in secondary schools increases (see *Table 2*), the demand for them is still high. On the other hand, there are less applicants than places for vocational schools. The school system sluggishly adapts itself to the social demands.

Figure 1. The regular education system in Hungary



- A. maturity exam
- B. maturity exam and vocational qualification
- C. technician certificate
- D. skilled worker qualification
- E. lower level vocational qualification given by special short vocational school

Vocational secondary schools seem to be more flexible; the enrolment in these schools rose faster than into the general ones. In spite of the fact that the role of vocational schools is diminishing in secondary education, the proportion of students attending vocational education is still high compared to other countries, due to the prestige of Hungarian vocational secondary schools. *Mixed schools* (offering both general and vocational secondary classes, or both vocational secondary and vocational classes) are more and more popular. The high prestige of vocational secondary schools, and the growing number of mixed secondary schools are typically Hungarian phenomena in Central Europe. Mixed schools, which adapt themselves better to social demands, make the school system more flexible. Also, at mixed schools there is more chance to channel the drop-outs from one type of educational institution into another.

Table 2. The proportion of students entering general school and of those entering secondary education – 1985-1995

Year	Having completed general school	General secondary school (%)	Vocational secondary school (%)	Vocational school (%)	Other special vocational school (%)	Total (%)
1985/86	130992	20.8	26.0	43.8	2.8	93.6
1986/87	131219	20.7	27.0	43.5	3.0	94.2
1987/88	134223	21.1	26.7	44.2	2.8	94.8
1988/89	149640	20.1	27.4	44.5	3.0	95.0
1989/90	170891	20.4	27.0	42.7	3.2	93.3
1990/91	164616	21.1	27.5	42.0	2.9	93.4
1991/92	158912	21.6	28.9	39.2	2.1	91.9
1992/93	151295	23.3	30.1	36.6	5.7	95.7
1993/94	144203	24.2	31.8	35.5	6.0	97.5
1994/95	136900	25.7	32.6	35.2	5.3	98.8
1995/96	122400	27.1	33.7	34.2	4.4	99.4

Source: Statistical Yearbooks, Central Statistical Office.

1.3 Place of the TVET in the education system

The administration of Hungarian public education is very decentralized (see *Figure 2*). It is characterized by a system of shared responsibility, by an educational administration integrated into public administration, and by a great autonomy of the municipalities and schools.

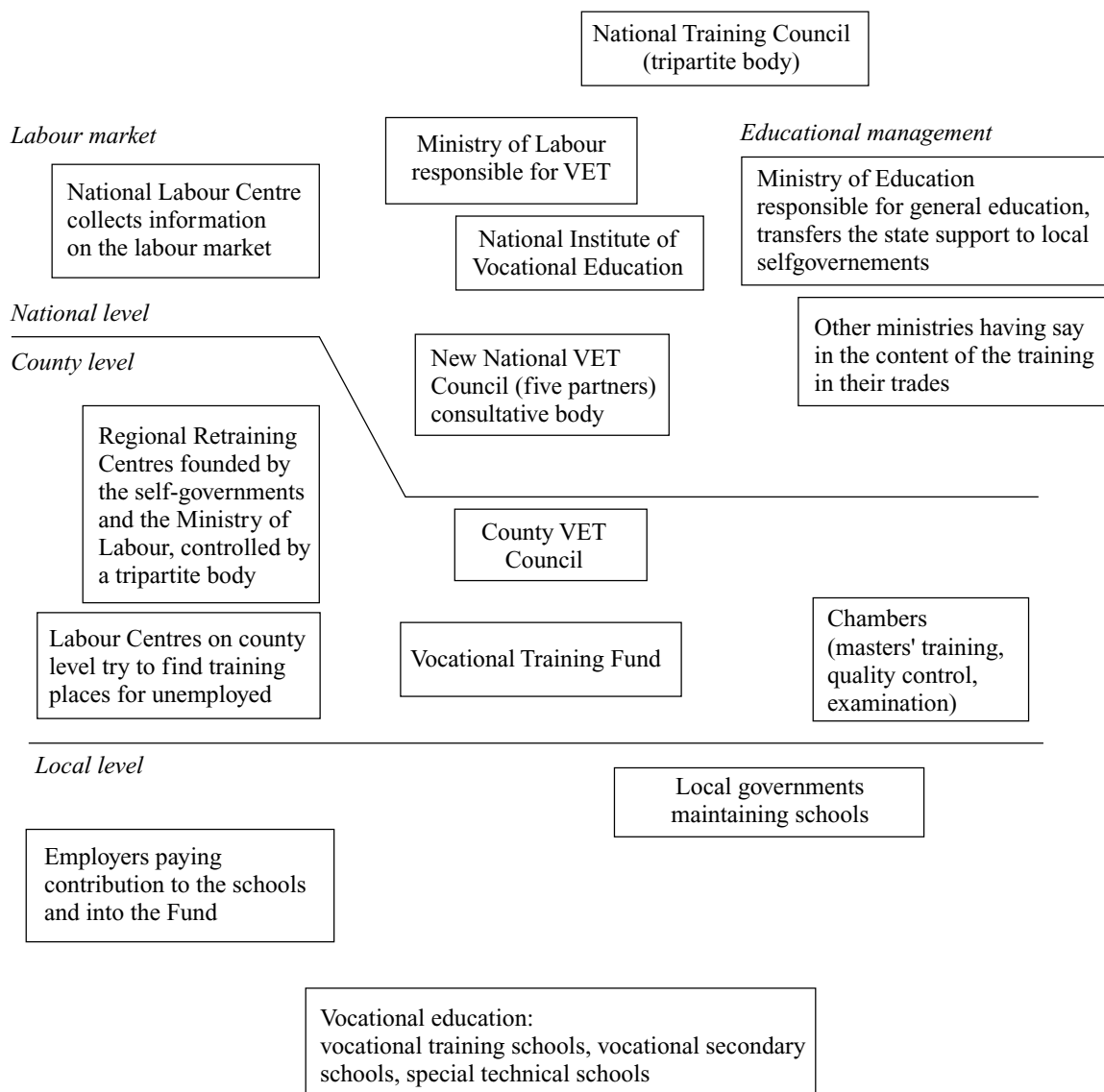
The Ministry of Culture and Education is generally responsible for public education as a whole, but shares this responsibility with other ministries. The Ministry of Internal Affairs is responsible for transferring state support to the municipalities. The Ministry of Labour is responsible for vocational education and training. The Ministry of Education covers certain trades (such as music teachers and secretaries at the secondary level), for which it is responsible for the content of training. This is the only field which is really connected to vocational education, but since these trades represent only a very small proportion of the other trades, the Ministry of Education in fact has little power in determining vocational education. The Ministry of Labour issues the List of Qualifications (a list of trades for which training is needed), determines the requirements and controls the content of training.

The work of the Labour Ministry partly responsible for vocational education is helped by consultative bodies. Strategic questions of vocational education are discussed by the National Training Council, which is a tripartite forum. There is a new consultative body, the so-called New National VET Council (with five partners) to help decision-making in vocational education.

Municipalities have a substantial role in the administration of public education. In early 1995, there were 3,147 municipalities in Hungary. Of these, 2,443 maintain some sort of an educational institution. Municipalities make decisions about the establishment, closure, reorganization and profiles of educational institutions. They determine their budgets, they supervise them, they are the employers of the headteachers, they approve fundamental

documents such as the local curriculum or the pedagogical programme, they evaluate the efficiency of the operation of the institutes. The most pressing problem is that in the small municipalities there is often a lack of competency in managing educational affairs, there is no unit or official specialized in education. Problems of co-ordination and administration at the regional level have yet to be resolved.

Figure 2. Management and financing of the Hungarian VET system



Since the middle of the 1980s, schools have enjoyed great autonomy. The principal of the school is the employer of the staff. Schools are stipulated by the Education Act to elaborate their own pedagogical programmes (including the school-level curriculum prepared by the teaching staff or selected from among the existing curricula). They can also have their own income sources. This independence is quite relative, since it is restricted by the uncertain financial position of the maintainers. During the past few years, the role of the headteachers has been changed: the principals are now responsible for the financial management of schools, and need to handle conflicts, run risks, deal with human resources, and run the school efficiently.

The Act on Vocational Education, which was passed by Parliament in July 1993, is a milestone in the history of Hungarian vocational education. It involved more enterprises in training activities and attempted to lessen disputes and clarify the responsibilities between the state and industry. Notwithstanding, there are trends in practical training which are contradictory to the spirit of the Act. The real economy was not strong enough to take on the burdens of practical training, so the state has had to intervene and, with the help of the central budget and the generous support of the National Training Council, rescue the workshops, giving interest-free credit to the local governments. But this has led to a situation where there are more and more workshops at school and fewer at firms. Instead of getting closer to the market, the local authorities and the government seem to become more and more dominant in vocational education.

Vocational education and training is changing in Hungary. One part of it (the secondary vocational school) seems to be getting closer to general secondary education. This process is aided by the National Core Curriculum, which prescribes compulsory general education for 10 years. The vocational training schools are trying to catch up by opening secondary vocational classes. They also try to offer marketable training in the field of adult education. So training and vocational education is part of the public education, but has direct

connections also with the economy. This is reflected in the administration and finance of the VET system (see *Figure 2* on the management system).

The financing of educational institutions has more sources, the most important being the central budget, from which the maintainers, usually local governments, receive money in proportion to the number of pupils in the institutions under their authority. However, this support does not cover the real expenses and the local governments have to complete this amount with money from their own budgets. But, as there are great differences between local governments, they cannot equally shoulder this responsibility.

There are more sources for financing vocational education, such as the several funds, foundations, earmarked support and direct support from companies. The most important fund is the Vocational Training Fund, which has existed since the mid-1970s, when the enterprises paid 0.2 to 0.35 per cent of their payrolls into the Fund. This money was spent on setting up workshops and on scholarships for apprentices. The new Act of Vocational Training Fund was passed by the parliament at the end of 1988. The industrial organizations must pay 1.5 per cent of their payroll; agricultural organizations pay 1 per cent. If the organization takes part in training, then some costs can be discounted. If the costs of training are higher than the compulsory payment into the Fund, the surplus can be claimed back. The legislation of the Vocational Training Fund changed in 1996.

2. Rationale for partnership and its institutions

Social partnership is a kind of institution that makes communication between the parties concerned easier, makes the process of decision-making smooth and legitimate, helps to reconcile the different interests. The rationale for social partnership in Hungary is theoretically mostly the same as in other countries where this system works, i.e. to assure harmony of labour and

capital, social peace and the balanced growth of the economy. However, in practice, personal and institutional interests can hardly be separated. In the 1960s and 1970s the union was a kind of creature of the Party and served political interests. In the 1990s the unions are focusing on wage bargaining. However, even now, the biggest union (MSZOSZ) is a kind of partner of the Socialist Party in the political life. The associations of employers and employees are often given impetus to serve personal ambitions. However, this would not have been enough to make this institution socially legitimate, but, as we shall see later, the strike of the taxi drivers in 1990 did this job.

Traditionally, social partnership has three sides, government, employers and employees, but, as we shall see, there are sometimes less and there are sometimes more members in the case of the Hungarian social partnership.

Every country in this region had some form of social partnership. It was very formal, having only one trade union and one governing party. But there was a strong lobby of leaders of the big state companies and, however behind the scenes the process of taking interests into account operated, the so-called bargaining over the plan worked.

In the second half of the 1980s the former trade union and the party had lost their power, but they survived in a renewed form. However, other parties and new trade unions were established and, due to the process of decentralization and privatization, new employers' organizations were set up besides the former chamber. The question was whether these old and new organizations could work together and, if they could, what would be the reason if that social partnership gradually began to work in Hungary?

2.1 General conditions for social partnership

The international literature identifies the following general conditions for a functioning social partnership:

- a developed market economy, economic growth, full employment, basic structures of an industrial society (clear distribution of labour, an insignificant role of the shadow economy);
- a strong legitimate government, laws and regulations which are coordinated, continuously updated and adjusted to real procedures, a basically bipolar party system, strong social democracy, connection of parties and associations, clear distribution of roles between legislative and executive functions;
- unified, strong social partners, homogeneous interests within groups;;
- long traditions of social partnership, a legitimization that is also supported by informal regulation and working procedures;
- a well-developed infrastructure;
- the ability for a national government to rule independently of supranational influences.

Some experts describe the situation in Hungary as one seriously falling short of almost all these conditions. The structural changes recognized in the international context (unemployment, zero growth, unstable sector structures, large capital mobility, rapid technological changes, unpredictable requirements of qualification, a mobile workforce without sector or corporate identity, are complemented in Hungary with further structural characteristics: a significant shadow economy, ambiguous ownership relations, international determination through high indebtedness, a fragmented political structure, overlapping interests among groups, sectors and regions. The unemployment rate has been over the 10 per cent limit for quite some time, GDP figures fluctuate around 20 per cent, and production figures are some 30 per cent lower than at the end of the eighties. Only in the last two years has a modest 1.5-2 per cent growth been registered. The shadow economy produces an estimated 30 per cent of the GDP.

In terms of ownership relations, legal position, and extent (and interest representation), the Hungarian economy is a very complex, almost non-

transparent system. The number of economic entities grew by almost seven times in the period between 1989 and 1994. Just from 1993 to 1994, their number increased by 15,609 thus reaching over 100,000. Within this number, the proportion of businesses with less than 21 employees increased to 84.3 per cent by 1994. Businesses with more than 300 employees represent only 1.35 per cent of all enterprises. More than half of all Hungarian businesses do not recognize any form of co-determination, and only some 10 per cent of them are under obligation to organize an enterprise council. This all results in a high level of fragmentation, low organization and scattered interests. On the other hand, the service sector (which is difficult to organize from a union point of view) plays a very significant role both in terms of the number of employees and the number of businesses.

Both the associations of employers and the trade unions are fragmented and non-homogeneous. Nine associations of employers currently operate by partly competing against each other, and face six trade union federations with conflicting interests. Neither the chambers nor the trade unions have yet the administrative apparatus or the expertise to secure substantial participation in the institutions of social partnership. The financing of these tasks is equally uncertain. As a result, the social partnership in Hungary is a rather loose network of institutions of different size, competence and interests rather than a ripe corporatism. While government ideas concerning regulation follow the patterns of the type of corporatism that can be seen in Germany or Austria (efforts towards an overall 'socio-economic agreement' that has failed so far, mandatory membership), real processes develop rather according to the 'Italian' decentralized and pluralistic paradigm.

However, social partnership basically works in Hungary. The National Council of Interest Reconciliation was set up in 1988. This was the first institution of interest reconciliation. It was inspired by the proposals of the ILO, and by the growing need for social communication on the macro level. This Council at the beginning had only two sides, the government and the

trade unions. The main task was to have a body with presentation functions for labour and wage issues. This system of two poles was very similar to the previous formal meeting of the National Council of Trade Unions and the government. Due to privatization, new associations of employers were born and this bipolar system soon changed into a tripartite system. But it does not answer the question as to why it should work? How were these empty forms filled with substance?

2.2 Institutions of the social partnership (1989-1995)

The reconciliation of institutional interest began in 1989 with the establishment of the Council of Interest Reconciliation (CIR). Its members consisted of the trade unions, associations of employers and the government (ministries).

It is typical that there are many *trade unions*, but the number of their members is relatively small. In the middle of the 1980s 80 per cent of the employees were trade union members but this was due to tradition. Today, according to the experts, this figure is around 20-30 per cent. It is only an average, there are big differences. The ratio of membership is high in the traditional industries, but in the private sphere there are no trade unions. The more than 100 trade unions represent 10 national trade union confederations, six of them take part in the CIR.

The employers' associations have undergone more radical changes than have the trade unions, due to the deep modifications in the structure of ownership due to the privatization process. Some employers' associations could lose 30-40 per cent of their members since many have been restructured, or closed down. Presently there are 10 nation-wide employers' organizations, nine of them take part in the work of the CIR.

The authority of the CIR covers a rather narrow domain of social conflicts. It is responsible for maintaining relationships on the macro level in labour matters, consults on the most important concepts of economic policy, and has the right to express an opinion concerning the legislative procedure in the area of the economy and labour. Thus, the CIR has a double function: on one hand, it provides a framework for reconciliation which works as a quasi collective agreement, and, on the other hand, it is a consulting entity for economic and social issues on a macro level.

Macro-level consulting has thus far been one of the CIR's main tasks. Out of all the issues with which the CIR has dealt, salary and labour policy matters represented 20 per cent of the agenda, and employment policy issues a mere 10 per cent. Independent councils of concerted action exist at the ministerial, sectoral and enterprise level.

The Statute of the Council of Interest Reconciliation defines the following objectives and responsibilities:

- CIR is tasked with handling general and fundamental economic, social, wage policy and other labour issues concerning the world of work;
- the objective of CIR is to co-ordinate and advance the endeavours and interests of the employers, employees and the government, to prevent possible conflicts and to work out agreements (based on the exchange of information and review of proposals and alternatives);
- CIR assists in tripartite negotiation of labour conflicts. At the initiative of any of the partners, it acts as intermediary in conflicts which cannot be solved at the mid-level.

The functions of CIR include:

- to observe labour relations at the macro level;
- to consult on the most important economic policies and strategies;
- to make statements on major economic legislative norms (laws, measures).

From 1991, a stable structure of interest reconciliation has been developed, dealing with significant questions. The functions of CIR have been expanding, and therefore several working committees were needed. Now CIR maintains nine permanent commissions, including the National Training Council (NTC, Országos Képzési Tanács, OKT).

2.3 Social partnership in vocational training (1991-1995)

2.3.1 The National Training Council (NTC)

Interest reconciliation in vocational education did not previously exist in Hungary; the main pressure for it came from outside. In 1990-91 new development programmes were elaborated in the field of vocational education, and these programmes, formulated to build up a network of regional training centres, made it necessary to have a tripartite structure. The supervision of the programme for adult training, financed by the World Bank, was connected to the establishment of an employer-employee-government council.

The *National Training Council* (NTC), the commission responsible for vocational training, was established in 1991 according to the tripartite principle (government, employers, employees). The NTC had control over the Vocational Training Fund but there were tensions between the NTC and the Labour Market Commission over the available funds. The tasks of the NTC became broader, however (school-leavers, structure of professions, legal regulation), and the Vocational Educational Act of 1993 was brought in, with new definitions.

The Act on Vocational Education and Training of 1993 stipulates that the NTC:

- shall state its opinion on the development of issues concerning the system of vocational training and make recommendations;
- shall review draft legislation concerning vocational training;

- shall review the range of available vocational qualifications, work out proposals for the introduction of new qualifications;
- may (...), from its own resources, extend support for vocational training, training services and the development of institutions;
- shall control and evaluate the results of vocational training measures supported by it as well as the use of training materials and examination requirements in vocational training;
- shall issue recommendations on legislation concerning regional retraining centres;
- shall follow the training of commercial owners;
- shall monitor the employment possibilities of vocational trainees who did not have the opportunity to enter into a training contract and work out recommendations for implementing institutions.

Furthermore, Section 10/A of the Employment Act granted a legal legitimacy to the NTC. The National Training Council:

- shall decide on the funds made available to it by the Employment Fund and other resources through the Labour Market Commission for training purposes⁴;
- shall support retraining programmes for the unemployed;
- shall submit proposals on retraining centres, the management thereof, and appraise their operation;
- shall support foundations engaged in vocational training;
- shall express opinions on legislative matters.

Each party is represented by seven-nine members in the National Training Council; 40-50 persons were present at the sessions (in addition to the delegates and experts was the media, ministerial staff members and

⁴ Enterprises pay 1-1.5 per cent of their wage costs to the Vocational Training Fund. Enterprises may also pay this amount to vocational schools directly.

representatives of the National Institute for Vocational Training and other interested parties). The sessions were open to the public. Thus, until the 10 October, 1995 amendment of the Vocational Training Act, the National Training Council had the right to issue statements and make proposals on all matters relevant to the aspect of vocational training and retraining. It had a formal right to make decisions concerning the allocation of funds made available to it by the Vocational Training Funds and the Employment Fund⁵ for retraining purposes. The Council allocated an approximate HUF 2 billion, the majority of which (1991: 60 per cent, 1992: 80 per cent) was transferred to the County Labour Councils and organized on a tripartite basis, while the remaining share was distributed by the central Council itself. The major activity of NTC was to evaluate several hundred project proposals in the area of retraining. This way it provided funding for larger retraining centres and obtained a monopoly on the distribution of this portion of the Vocational Training Funds and the Employment Fund.

The Secretariat of NTC is under the jurisdiction of the Ministry of Labour and operates independently of the Council. The commission does not have a say in the appointing of the head of the Secretariat, a factor which has strengthened links to the ministerial bureaucracy.

However the role of this forum has changed, since a new forum, the National VET Council, was established in 1995. The importance of this commission in VET has decreased, they had only two meetings in 1996.

⁵ The Labour Market Commission, another sub-commission of the Council of Interest Reconciliation, was also indirectly involved in the questions of vocational training, mainly as concerns retraining for new requirements of the labour market. This commission could dispose of ten times the funds (from the Employment Fund) available to the National Training Council, and a half billion HUF was made available to the management of the National Training Council each year for training purposes. The two sub-commissions had several members in common.

3. New legal and institutional framework

3.1 The situation following the enactment of the Law on Chambers and the amendment of the Act on Vocational Training

The already-mentioned Act on Vocational Education was passed by the parliament in 1993. The Act on Chambers was passed in 1994. The tasks of representing employers' interests and professional matters were separated. The representation of the interests of employers is the task of the employers' associations. The professional tasks (requirements, examination, certification, evaluation) are the functions of the new chambers shared with the Ministry of Labour. However, the institutionalization of this organ is slower than expected, but its co-ordinating effect has a strategic importance in the new type of co-operation between the state and industry. The number of firms has increased in the past five years. The number of firms compelled to pay contributions to training or involved in training is around 100,000. The major part of them operates in the private sphere. This means that training is becoming more and more market driven.

The Ministry of Labour issued the National List of Qualification in 1994. There was a big debate on it in the preparation phase among the social partners and among the ministries. The number of the officially accepted qualifications is around 900.

The funds operating in the field of training and the labour market (such as the Vocational Training Fund, Employment Fund, etc.) were merged into the unified Market Labour Fund in 1995. The reason for it was to rationalize the operation of the separate funds and to make their function more effective. However, it lessened the importance of the Vocational Training Fund, since it is the smallest part of the unified Fund. The process of decision-making in considering the Vocational Training Fund has changed.

3.1.1 The new function of Economic Chambers

The March 1994 Act on Economic Chambers organized the associations of employers, according to the German model, into economic chambers with official rights and according to interest-group representation. A Chamber of Industry and Commerce, a Chamber of Craftspersons and a Chamber of Agriculture were established. Membership is mandatory. The chambers have significant competencies in the area of vocational training.

According to the Amendment of 10 October, 1995 to the Act on Vocational Training, the chambers make proposals on professions recognized by the state, duration of primary-school education, special curricula and examination regulations. They have the right to express opinions on defining qualification requirements. The chambers define the range of professions where a trainer qualification course is required or a trainer qualification examination can be organized (chairpersons of examination committees are appointed by the Minister of Labour).

Because the infrastructure of chambers is not yet conducive for taking over all tasks related to vocational training (examination committees, approval of organizers or training facilities), it is the intention of the chambers to gradually assume the responsibilities from the Ministry of Labour. The Chamber of Industry and Commerce was to come to an agreement with the Ministry of Labour where these issues would be reviewed on an annual basis, and where the chambers would assume more responsibilities⁶.

The vocational training policy of the chambers, primarily of the Hungarian Chamber of Industry and Commerce (HCIC), intensely focuses on the above-

⁶ According to the estimates of the Chamber of Industry and Commerce staff, the chamber could be able to secure materially the infrastructure if approximately 60 per cent of the membership fees was paid up. The current rate is under 30 per cent.

mentioned issue. The recently formed chamber is endeavouring to assume the tasks of the Ministry of Labour (ML) in a consecutive manner (parallel to establishing its own infrastructure). The deputy chairwoman responsible for vocational training has prepared an agreement with both the responsible ministries and the National Institute of Vocational Training. This draft agreement is a kind of schedule for the distribution of tasks, including the following steps.

Tasks to be implemented *together* with the Ministry of Labour include:

- joint formulation of profession profiles, the term of training (within school-based training) and professional curricula;
- joint development (as early as in the preparation phase) of those qualification and examination requirements which would otherwise belong to the competence of the ML;
- joint development of examination procedures, involvement of the HCIC in the supervision of examinations.

The HCIC requires standardized financing and accrediting of vocational training, the reform of master training, creation of tax incentives for a dual system, the updating of the National List of qualifications and harmonization with EU requirements.

According to the opinion of the Chamber, it is important that the Vocational Training Fund which is created from the payments of industries operates independently from the central government budget. Normative financing should be implemented in a uniform manner irrespective of type of ownership. Regional retraining centres should not receive any privileges and they should exercise a co-ordination role only in the retraining and further training of the unemployed. A post-secondary training course should be organized in those areas only where it is required by the demands of the economy. Practical training is a task of the economy. Regional councils should

be set up on the basis of chambers, which should organize the distribution of decentralized resources.

3.1.2 The New National VET Council

According to the amendment to the Act of 10 October, 1995 a new entity, the *National Council for Vocational Training*, was established in 1996. While the national reconciliation of interests in vocational training issues is carried out in the National Council of Interest Reconciliation, the new National Council for Vocational Training has no decision-making competencies. The National Training Council has an uncertain future; not only because the entire regulation of interest reconciliation has become questionable, but also because the Vocational Training Fund, just like the other four central funds in the field of labour, is expected to be merged in a unified Labour Market Fund. The rights of the 'old' National Training Council will automatically become obsolete in this case.

According to the amendment the old National VET Council will be operating as a sub-organ of the National Council of Interest Reconciliation and will deal with strategic question. At the regional level, the tasks of interest reconciliation in the field of vocational education will be fulfilled by the regional labour councils.

According to the modified Act, the new National Council for Vocational Training has a national competency in the preparation of decisions influencing the management of vocational training, it may submit proposals and state its opinion on similar issues. This work is carried out in co-operation with the employers, employees, economic chambers, school owners and managers and the ministries responsible for vocational training. The tripartite representation has thus been changed into a five-party representation. The side of the employers and the government is reinforced significantly through the involvement of the chambers and school representatives, while the side

of the employees weakens accordingly. Three representatives for each party were planned (possibly because there are three chambers). The members are appointed by the Minister of Labour for three years, with the approval of the organizations concerned.

Originally, the number of the members of this body was planned to be 15 persons, but since the other ministries involved in training insisted on taking part, the size of the new National VET Council is 29 persons. It is composed of 11 persons from the ministries, three from the local governments (one from the village, one from the town, one from the city) three from the chambers and six persons from the employers' and six from the employees' organizations. To avoid inequality in voting a kind of weighting is used that makes all the five partners (if every member is present) equal.

The new Council reviews issues related to the development of the vocational training system, draft legislation concerning vocational training and the range of recognized professions. It makes proposals on new professions, qualification requirements, training materials and new teaching methods. It evaluates the efficiency of vocational training, vocational counselling and the use of new training materials. It also reviews opportunities on the labour market for graduates of the vocational training system on an annual basis and submits related proposals to the respective school. Working conditions of the National Council for Vocational Training are secured by the Ministry of Labour.

The National VET Council had six sessions in 1996. There was a long debate on the regulations of the council. A temporary subcommittee was established to outline the order of the meetings, which took some time. There are two other permanent subcommittees, one for passing resolutions on which new qualifications should get on the National List of Qualifications, the other for passing resolutions on the interest-free loans given to make workshops at schools. In the beginning of the 1990s, most money from the Vocational Training

Fund was spent on creating such school workshops. There was a great demand for them since the economy could not support much practical training. According to the Secretary of the National Training Council and of the National VET Council (the same person fulfils this task, who is appointed by the Ministry of Labour and is working with the Ministry of Labour) this function of the Vocational Training Fund will be abolished next year. The reason is that enrolment into the vocational schools is decreasing rapidly, so the demand for workshops for practical training is also declining.

The National VET Council is a consultative body. It passes resolutions on several questions of vocational training, but the Minister of Labour, who decides, is not obliged to accept them. As a matter of fact, in 1996 all the resolutions made by the council were accepted by the Minister of Labour.

The following main topics were discussed by the National VET Council in 1996:

- the long-term development project of vocational education;
- the proposal on modernization of the system of contributions to vocational education. The Law on it was passed by Parliament in October 1996;
- the proposal for registration of new qualifications on the National List of Qualifications;
- the distribution of the main part of the Vocational Training Fund.

The most vital issues on the agenda of the council were the question of the new qualifications and the questions of financing, and the principles of distribution, of the Vocational Training Fund.

3.2 Analysis of the new situation

So now there are more social partners and more forums to discuss the questions of VET. The National Training Council has remained a tripartite forum inside the National Council of Interest Reconciliation, where mostly

strategic, macro-level questions are on the agenda. The social partners (the trade unions and the employers' organizations) insist on this form, since they think that in the other forum their influence and power is decreasing. The other forum is the new National VET Council, where the number of the partners grew to five. The evaluation of this new form is as yet difficult. The non-governmental members are dissatisfied since they do not have a direct influence on resources, as yet, and the traditional social partners are dubious about the role of the new chambers and of the self-governments. However, it seems reasonable that the government tries to gather all the competencies in VET involved, into the decision-making process. So this new forum does not follow the traditional pattern of the tripartite way of interest reconciliation. It seems to be a technical professional body, where those questions such as qualification, examination, etc. are discussed.

It is important to mention that the system is decentralized, and suggestions on how to use resources from the Vocational Fund are made mostly at regional or local level. The firms having the possibility to finance a school, make them directly. The regional labour councils or the regional VET councils have the right to make a proposal on finance from the decentralized part of the Vocational Training Fund. Expanding the number of the social partners from three to five in the new VET councils is logically justified by the fact that the management of the VET system, despite endeavours to get industry more involved, is dominantly a public affair, shared between the state and the local governments maintaining schools.

3.3 The role of the social partners in the new situation at the micro and the macro level

The workers' organizations and the employers' organizations are much more interested in the macro policy, in the questions of the *macro level*. Although they insist on having the National Training Council commission in the CIR, they met only twice in 1996. The traditional social partners are

interested in such questions as wage policy and labour policy. However, they feel it as a loss in prestige and power, that they have only the right to make proposals, but not to make decisions in the crucial questions of VET. Also, they are disappointed that they have to share these tasks with the new chambers and with the local governments. So the traditional parties seem to be much less interested now that they cannot make real decisions on financing and on other matters. The government is very much interested in maintaining social partnership in a way that helps to make its decisions legitimate, and helps to create a positive image in Western Europe, in view of its growing strategic relationship with the European Union. The local governments and chambers are interested in local issues, so they try to use these forums to help the local decision-making process, to communicate to each other, to have a continuous dialogue, to get information. Although the institution of the local chambers is still very new – only some of them are functioning now – the working ones show real interest in maintaining local social partnership. The persons representing the institutions know each other, and the way of communication is more personal. Often these persons, although representing different institutions (such as labour centre, chamber of trade union) are, or were, coming from a school. On one hand this is good, because they are well informed and concerned in the topic; on the other hand, sometimes the so-called *filter effect* can be seen, where the interests of the several institutions are not clear and are mixed since they are filtered through an agent, who represents other interests as well.

On a *regional level*, the regional labour councils (employers'/employees' organizations and the municipality) play an important role especially in financing. It moderates the pressure on the central level, and makes the share of responsibilities easier. However, the connections between the central and the regional level are far from being clear. The regional labour councils can establish five partite regional VET councils to help co-ordination between vocational schools, trainers and the traditional social partners. In 1997 regional

developing councils were established which help to elaborate a consistent regional economic, labour and training policy.

At the *school level* social partnership means first of all good connections with the enterprises, where the apprentices are trained, or where money comes from. Enterprises at the local level are interested in co-operating with the school in order to obtain apprentices, a cheap labour force. The schools are interested in co-operating with firms to obtain places for the practical training, and money to run the technical school. The major problem now that short-term vocational schools have to face, is the implementation of the new National Core Curriculum in 1998, which means that vocational education can be made only from the 11th grade (i.e. the third grade at the secondary level). The schools are afraid that by teaching only general academic subjects in the first two years, on the one hand, they cannot provide their practical teachers with work; on the other hand, the enterprises cannot wait for two years for apprentices, so they will employ skilled workers, and, as a consequence, the number of places for practical training at firms will decrease. At regional and local level the partners are considering common efforts to find solutions, such as making proposals for the government to permit alteration and gradual implementation of NCC in the case of vocational schools. As to the practical teachers, schools are asking the regional chambers to provide them with some work during this two-year period, or to find further training for them, in order to avoid unemployment.

4. Areas of partnership

4.1 Policy formulation

The leader of the biggest employers' association (the Hungarian Association of Employers), thinks that since the National VET Council is only a consultative body and does not have any decision-making rights, it

does not have much influence on vocational educational policy. The timing of the meetings is occasional, and there is insufficient time to read the material. The trade unions are complaining that there are no real strategic questions on the agenda of the National VET Council. On the other side, the government emphasizes that there are no sides, in the classical meaning, in this council, since it is not an interest reconciliation one. There are five partners, involved in vocational education, who can form opinions and hold dialogues on certain issues. The strategic questions are discussed in the National Training Council. The social partners also admit that they can influence policy through this tripartite body, and they would like to form the National VET Council into a similar one, since, with the chambers and the ministries the 'side' of the authorities seems to gain power.

So in policy formulation the governmental side, namely the Ministry of Labour, has a substantial dominant role. Even other ministries responsible for certain fields in vocational education (the Ministry of Agriculture, for example) can influence the processes. The fact that the number of professions on the List of Qualifications could not be reduced (although this should have been possible) can be explained by the effective domination of the co-ministries in VET.

4.2 Financing

Financing is one of the most crucial questions. It is important to underline, that the state guarantees the first vocational qualification. Vocational education at schools is supported by the state budget proportionately to the number of the students. The maintenance of vocational educational institutions is financed by the local governments. However, the Vocational Training Fund is a good tool to encourage directly the developmental activities in vocational education, but it is not the essential part of the financing of the VET system. What is more, its proportion decreased from 26.8 per cent to 18.8 per cent between 1991 and 1995 (see *Table 3*).

Table 3. Financing of the TVET system

	Million Fts					Distribution (%)	
	1991	1992	1993	1994	1995	1991	1995
Total public expenditures	24 490.9	30 666.3	41 104.0	46 810.4	56 172.5	70.0	76.7
of which:							
State 'normatives' (headquota)	19 170.7	22 946.2	22 828.5	22 814.3	22 632.3	54.8	30.9
Local governmental and other expenditures	5 320.0	7 720.1	18 275.5	23 996.1	33 539.9	15.2	45.8
Contributions to vocational education	9 366.0	10 365.0	11 537.0	12 792.0	13 773.0	26.8	18.8
of which:							
Vocational Training Fund	2 077.0	1 977.0	2 120.6	2 256.8	2 745.8	5.9	3.8
Training at firms	4 938.0	5 689.0	6 080.0	5 908.0	5 880.0	14.1	8.0
Direct support to schools	2 351.0	2 698.4	3 336.4	4 627.2	5 147.2	6.7	7.0
Part of the Employment Fund spent on training	1 117.0	2 752.0	3 679.0	4 076.0	3 250.0	3.2	4.4
Total	34 973.9	43 783.3	56 320.0	63 678.4	73 195.5	100.0	100.0
Reduction on tax base	2 963	2 560	2 189	1 934	2 352	8.5	3.2

Source: András Benedek: Strategic basic question... In: *Vocational Training Review*, 1/1996.

In the past few years public expenditure on vocational education has doubled, due to the increasing support of local governments. The state normatives and the contributions of firms to vocational education remained stable in this period. The low level of tax incentive did not encourage firms to take part in training. These tendencies forced the Ministry of Labour to change the system of vocational training contribution. It aimed at improving the structure of the VET system, encouraging industry to get more involved in up-to-date training. One suggestion of the Ministry of Labour was to broaden the circle liable to pay contributions and to bring into this circle the public institutes. This suggestion was not accepted by the government.

Compulsory contributions to vocational education could take place in the future in ways such as:

- by taking part directly in training, buying necessary equipment for training in groups;
- by supporting practical training of any vocational school of secondary-type having workshops (75 per cent of the obligation can be performed, 25 per cent of it must be paid directly into the Fund);
- by direct payment into the Fund.

Features of the new Law on Contribution to Vocational Education are:

- A total of 0.2 per cent of the payroll can be spent on the training of the workers of the firms;
- the developmental activities of the National Institute of Vocational Education have to be partly financed by the Fund;
- the tasks of the chambers related to vocational education can be supported from the Fund;
- distribution of the Fund is highly decentralized.

These new features of the Fund were conceived by social partners in order that the money of the economy is not used up in the economy, but a large part of it is spent on authoritative and governmental roles. According to

the government, vocational training has changed a lot, which needs a new approach from the economy, as well. An up-to-date technology structure needs development and research rather than old-type practical training at workshops.

The National VET Council helps to prepare decisions on how to distribute the Fund. In the first years of the Fund the central part involved a huge amount, and it was the duty of the then Vocational Training Council to decide how it should be distributed. Now, on the contrary, almost all the monies in the Fund are transferred to the County VET committees, which consist of the representatives of the county employers' (3) and employees' (3) associations, of the maintaining local governments and of the county chambers. The members are appointed by the leader of the County Labour Centre. The monies are distributed among the counties proportionately to the number of the students. The central part of the Fund is relatively small and, more or less, is earmarked. It thus demonstrates that the National VET Council has little power or influence in the financing of the VET system.

4.3 Curriculum development, certification

Curriculum development is handled mostly by the National Institute of Vocational Education, which has a tripartite supervisory body. Certain employers' associations such as the IPOSZ (Association of Craftsmen) are very active in developing curricula. The content of the 10-year compulsory education is regulated by the National Core Curriculum, which affects vocational education. Secondary vocational schools chose this route earlier, but vocational training schools face a dilemma, they have to regroup their practical teachers from the second year to the third. It creates tensions in some of the employers' associations which are interested in apprenticeship training.

More and more tasks in certification and examination issues are shared between the chambers and the Ministry of Labour. This process is not a stable one, and the division of labour between the two partners is developing into the future, too.

One of the most important regulatory instruments for vocational training is the *National List of Qualifications*. This register not only defines career profiles, but also serves as a factor in the resource allocation process. Per-capita quotas for vocational training are predominantly distributed only for professions listed in the register. Therefore, the creation of a new national unified list of qualifications⁷ has caused tension between vocational education integration trends, and the differentiation tendencies of responsible ministries which wanted to secure quota-based financing by recognizing specialized, detailed professions. Since normative support is granted to professions which are legitimized by the authority, the system forces the sector of vocational education to have as many ‘part-time jobs’ as possible recognized as identifiable, independent and traditional professions of an industrial and social character.

Hence, a list of qualifications was compiled (under strong criticism from the social partners) which defines 955 professions and provides for the term of training and the preliminary training requirements (usually 10 years of general education). One of the most important questions of current vocational training policy is how the wide variety of training providers can come to agreement in procedures of quality assurance. This objective is intended to be achieved through introducing a unified accrediting and examination system. With the participation of the parties involved (mainly the chambers), accrediting organs plan to review the basic conditions for successful training, and

⁷ Earlier, there were several registers of professions: the National Register of Professions, Sector Register, Industrial Register. The latter was created, for example, in order to satisfy the needs of industries that employees trained by them (skilled workers) are legitimated by a separate register.

examination committees have been established to control the quality of training at the end of the entire procedure. This should ensure that the freedom to establish training procedures is preserved, the activity of the owners is not limited and, at the same time, standard quality requirements are secured.

4.4 Evaluation

Evaluation is a popular slogan now in education in Hungary, but the performance of it is not perfect. Evaluation of training standards is the shared task of the Ministry of Labour and the chambers. Since the institutionalization of the chambers is still very slow, few signs of evaluation can be seen. Evaluation of the effectiveness is a much more difficult question. There are some studies on effectiveness of training, but these were made in the field of labour market training. According to the Secretary of the National VET Council, there are more controls on distribution and spending of the Fund, but it is usually a formal control which means a kind of accountability (checking the bills), but does not mean a type of cost-benefit analysis on the programmes financed by the Fund. In the beginning of the 1990s the management of the money was fully in the hands of the then Vocational Training Council, now the control and the reimbursement procedures are managed by a new department in the Ministry of Labour, i.e. the Department of Fund Managing, while the allocation of money is in the hands of the National VET Council. In one sense it strengthens the control mechanism; but it can also make the system less transparent. One of the biggest problems with the Vocational Training Fund is that it can hardly be planned, because there are a lot of claims for reimbursement at the end of the year.

5. Problems, performance, opinions

The social partners (the employers' associations and the trade unions) think that by having two entities (the National Training Council and the new

National VET Council) but with less power, and by giving increasing authority to the chambers, the social partners have lost strength in the field of vocational education. However, the governmental side is of a different opinion.

5.1 Employees

With the reduction of the responsibilities of the National Training Council, the unions found themselves in a difficult situation, namely, their competencies were primarily based in that organization and, during several years of work (not unlike the representative of chambers), they learned how to articulate their opinions in this setting. Delegates of the six union associations regularly attended the meetings and participated in the formulation of several agreements, proposals and decisions and their ratification. Meanwhile, their representative became a real expert on vocational training.

The unions interpret the argument of the government that professional issues and questions of interest representation should be separated, consequently, as an attempt to limit the role of unions. Therefore, their actions are rather defensive. They protest against the expansion of the rights of employers; they criticize that decision-making competencies are withdrawn from the National Training Council. They do not find it acceptable that the employers' side has a double representation in the new Council (chambers + interest representations) because they would face two public partners (government, owners) and two employers' organizations this way. They also protested (moreover, by leaving the meeting-room) against the integration of funds because, this way, they lose all influence over the allocation process of the Vocational Training Fund⁸, and they similarly protested against their exclusion from the examination committees.

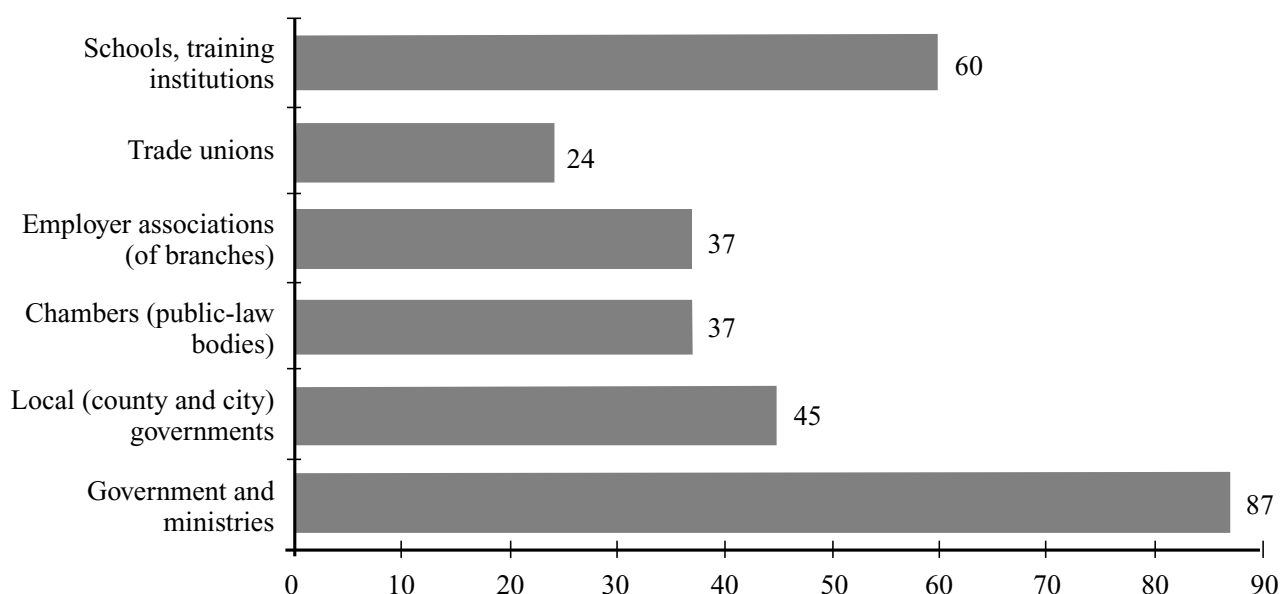
⁸ 'There is no doubt that with this measure, the government reserves all decisions over the Vocational Training Fund exclusively for itself, excluding social partners, and wants to use the Fund to an increasing extent to cover central budgetary expenditure.' (Declaration of the employee side of the National Training Council, 16 May, 1995).

The unions search for their role in representing the interests of trainees and trainers on the level of enterprises. For example, through the union representatives they attempt to fight against illegal fees charged for training places and push for local union organizations to play a role in supervising practical training. (The illegal fee is forbidden in the new amendment of the Law on Vocational Education.) However, unions are relatively strong only in the public sector, while their influence has shrunk drastically in the private sector of the economy (which currently produces approximately 50 per cent of the GDP). Besides, local enterprise councils are primarily influential in the enterprises and, moreover, unions have no experience in managing conflicts on an enterprise level. Earlier, they were rather effective in informal bargaining on a national level; in the field of vocational training on a macro level they have little room to manoeuvre following the new amendment to the legislation.

5.2 Employers

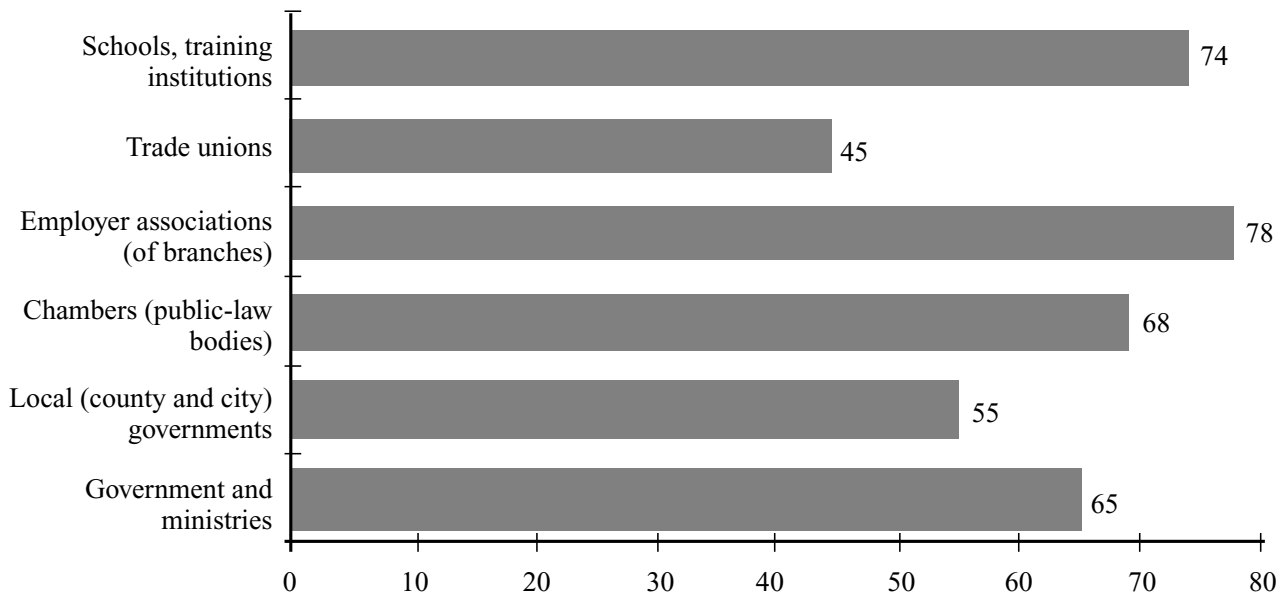
In a survey (ordered by the Hungarian Association of Employers among employers in autumn 1996 and made by György Mártonfi) managers were asked to give an opinion on who are, and who should be, the most influential actors shaping vocational training policy.

Figure 3. Level of influence on vocational training policy
(on the 0-100 scale*; 0=no influence at all; 100=decisive influence, all responses)



* Managers were asked to rank the level of influence of the actors listed above on the 1-5 scale. Means were transformed to the scale 0-100. (The question was as follows: What do you think about how strong an influence the organizations and institutions listed *have* on the shaping of vocational training policy in general?)

Figure 4. The expected (should be) level of influence on vocational training policy
(on the 0-100 scale*; 0=no influence at all; 100=decisive influence, all responses)



* Managers were asked to rank the level of influence of the actors listed above on the 1-5 scale. Means were transformed to the scale 0-100. (The question was as follows: What do you think about how strong an influence the organizations and institutions listed *should have* on the shaping of vocational training policy in general?)

In order to detect differences, if there are any, *Table 6* shows divisions of levels of influence by ownership.

Table 4. Observed and expected levels of influence
 (on the 0-100 scale*; 0=no influence at all; 100=decisive influence, all responses)
by responses coming from domestic and foreign owners

	Observed influence for the time being		Expected (should be) influence	
	Joint ventures	Domestic firms	Joint ventures	Domestic firms
Schools, training institutions	61.2	60.4	74.2	73.2
Trade unions	22.2	24.1	42.7	45.4
Employer associations	36.5	37.4	76.9	77.8
Chambers	33.6	37.2	70.2	67.8
Local/regional governments	43.8	45.5	57.4	54.4
Government and ministries	80.3	88.0	64.1	65.3

* On the meaning of this index see above.

The conclusions of this survey are the following:

- (i) Employers think vocational training policy is a highly centralized issue in Hungary. The power of the government and the ministries seems to surpass by far the influence of any other actor. Managers of joint ventures perceive less centralized policy making.
- (ii) Beyond the national administration centre, only training institutions have any significant effect on vocational training policy (by all respondents).
- (iii) Any organization/association of business has little effect on the matter (by representatives of foreign capital this effect is even less).

- (iv) Employers emphatically reject the way vocational training policy is taking shape. Present and expected influence levels and rank orders of actors differ essentially.
- (v) Employers vote for a much more balanced mechanism of forming vocational training policy. In their opinion, all parties should play a greater part in the policy making except for ministries and government.
- (vi) First of all, employer associations, chambers and trade unions (in that order) should get more power in the process. (New developments contradict this claim: chambers are promoted, employer associations and trade unions, i.e. negotiating social partners, are pushed further back.) Representatives of joint ventures would involve trade unions to a lesser extent. At any rate, trade unions are, and in the opinion of employers should be, actors of little weight on the stage of vocational training policy making.

5.3 Problems

Although the situation has changed since 1993, the problems are very similar. The tripartite and five partite councils were created to represent real interests, to help vocational education and the market to find each other. Nevertheless, there are several factors which impede this process. Lack of information prevents the actors from obtaining an accurate picture in this area. The problem of legitimacy diminishes the power of this Council. The sides of employers and employees are not legitimate since they are changing. This results in the dominant power of the government. There are actors in the field of vocational education who can influence the government directly, side-stepping these forums, which also decreases the importance of the Council.

It is not always clear whose interest is represented on the different sides. Since the members of the forum often lack experts on vocational training, they frequently ask a headteacher of a training school to represent

them at the meeting. That is why the representatives of the employers and employees, instead of representing the economy, protect the interests of the vocational schools. This is a kind of agency problem, where the agents (for example, a headteacher) have their own interests and the interests of the side (employers or employees) they represent are filtered through their personal interests. At present this agency problem often characterizes – according to some members of the councils – the work of the trade union representatives.

The division of labour between the employers' associations and the chambers is not clear. According to one of the leaders of the Hungarian Association of Employers, an agreement between the chambers and the employers' associations is needed. Employers' associations would like to take part also in professional tasks performed by the chambers. It is a kind of fight for prestige between the two organizations.

The National VET Council is often criticized as being a fig-leaf for the government. It is true that the government regards these multipartite institutions as a tool for catching up with international experiences. The governmental side is often criticized as being too dominant in the decision-making process. On the other hand, social partners are often criticized by the government, who says that they do not have sufficient competence. The employers' associations and the chambers reply that they began to train their experts at the beginning of the 1990s.

Most of the conflicts between the governmental and the employers' sides arise over the question of money. In most cases the Ministry of Labour has the final word. Employers consent to this, although they grumble about it. This shows that the employers are conscious of their relative weakness. Nevertheless, in spite of the extreme opinions, vocational education, although it has great problems, is not in crisis. It has become more decentralized, instead of moving in a more centralized, corporate direction, due to the relative

weakness of social partners. In evaluating the role of the councils, social partners agree that they are important forums for dialogue, even if they do not have rights for decision making.

6. Conclusion

The question is, what is the tendency in social partnership in Hungary, how does it work, and why? The structure of labour relations tends to be a two-level model, where there is collective bargaining at the enterprise level, parallel with intensive nationwide consultation between employers, employees and the government. So the beginning of the 1990s can be characterized with the coexistence of a mushrooming tripartite and a slowly developing bipartite system. Hungary voted for the tripartite system in 1988, establishing the tripartite CIR. It was established to manage the wage system from a central into a liberal one.

However, Hungarian social partnership in its present state is by no means a ripe bureaucratic corporatism; rather, it is a network of several levels of dialogue. This network is loose and incomplete. Participants of the dialogue can often neither rely on democratically agreed mutual concepts nor on extensive expert background. The latter is only available to the state administration. Social partnership in Hungarian vocational training policy can also be described as a similar network of dialogue rather than a corporate decision process on an equitable basis. There has only been a narrow field where real mutual decisions were made distribution of funds.

This loose method of operation has also produced certain results. Important interests could be publicly articulated through social dialogue, and concepts and counter-concepts could be discussed thoroughly. Representatives of organizations gained certain experience in discussion and their professional

expertise improved dramatically. Their arguments could influence decisions at least on an informal basis.

Currently we can observe both trends in establishing a corporate bureaucracy and the preservation of the system of social dialogue in Hungarian social partnership policy. The decision-making competence of economic chambers will be defined by legislation, their administration will be established and, simultaneously, decision-making competence will be withdrawn from the National Training Council. The new National VET Council will be given consulting functions, which means that it will transform from a corporate-like decision-making body into a forum for dialogue. This way, the current Hungarian system is composed of an emerging centrally bureaucratic framework regulation (under ministerial and chamber leadership complete with social dialogue) and a real operational market regulation (private owners on the liberal post-secondary training market).

So, even with the deficiencies, social partnership in Hungary can be evaluated positively. There are further reasons why social partnership works:

◆ *External reasons*

Much stress is put upon Hungary to live up to the expectations of international organizations. The World Bank and the ILO played significant, though not always direct, roles in creating the framework for the social partnership. The wish ‘to join an integrated Europe’ could also have been an engine for this process. But these conditions could not have been enough in themselves for an effective and legitimate operating of social partnership. Other internal reasons played a significant role.

◆ *Internal reasons*

Social partnership was not unknown in Hungary, however it was very formal. Hungary, unlike the other Central-European countries, has been changing permanently and smoothly, avoiding big shocks. It is true for the labour market institutions, as well. A lot of changes in the labour market have preceded the transition period and thus they are connected to the socialist government of the late 1980s.

The fact that Hungary and Hungarian politicians are striving to avoid big shocks is put down to the effects of 1956. According to the well-known Hungarian economist, János Kornai, the shock of the 1956 revolution in Hungary had affected deeply Hungarian political life. That is why, even in the beginning of the 1990s, political and economic life was characterized by the ‘two steps ahead, one step back’ process (*gradualism*). This deeply rooted fear of social turbulence could be one reason why social partnership seems to have worked better as a system in Hungary than in the other neighbouring countries.

The partners were interested in maintaining this institution. The state wants to legitimate its decisions through this body and is striving to show a good image to Europe. The employers are interested to have an organ where they can influence decisions affecting the labour market. The employees are very much interested in pursuing wage bargaining. It was the partners’ voluntary agreement and not a legal act that created the tripartite organ of social partners (CIR). This strengthens the symbolic role of tripartism.

What are the new tendencies in TVET and social partnership? The training system is going to be divided into two fields: into a school-based dual system for the occupational labour market, and into firm-based special courses for the internal labour market. The first one is much easier to investigate, but we have little information on the second. As a matter of fact, due to

privatization, the role of the public or state sphere is diminishing, and social partnership is still weak. Furthermore, municipalities maintaining schools are important actors. Therefore, the efforts to create a five-partite institution in the TVET system seem to be reasonable; however, it goes far beyond the framework of tripartism. Increasing emphasis is put on adult education and training, lifelong learning, and on-the-job learning. The traditional and centralized system of tripartite social partnership in the TVET system is developing into a five-partite, decentralized new form. However, many problems remain.

Issues concerning vocational training policy (centralisation of funds, official quality control of owners, new definition of decision rights, definition of categories of professional profiles, etc.) basically revolve around the dilemma of how regulation mechanisms can be decentralized and, at the same time, the concurrent nature and security of the system can be secured.

Therefore, in Hungary social partnership is the result of a combination of external, internal, personal and historical factors. In the transition from a planned system to a market economy it represents a strategy to share power with the social partners in order to avoid shocks.

Resulting from this national process, social partnership in TVET does not follow the classical form of tripartism. The fact that the relevant actors – chambers, municipalities – are involved in decision-making, and that local decisions are made at the local level, is a kind of guarantee that social dialogue will continue as a key mode of regulating VET.

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Chapter III
From linkages to partnership: the Indian dilemma
Mahes C. Verma

Introduction

This case study on partnership in the Indian Technical and Vocational Education and Training System (TVET system) is based on the situation prevailing in India until the end of the Eighth Plan period, i.e. until 1996-97. It examines the current system in depth and focuses on the legislative framework, areas of partnership noted so far, incentives available for encouraging partnership and problems faced therein.

The general objective of the current study is to learn from the complex system of TVET prevailing in a major federal country for possible application to other developing countries, all of which are moving towards a market-oriented economy. Another related objective is to check how the concept of partnership has evolved in a country with a long tradition of economic planning, which has implemented already eight Five-Year Plans since independence.

1. Background

1.1 Socio-economic background

India is the second most populous country in the world, second only to China. Its current population is estimated to be over 920 million. The annual growth rate of population has been around 2.1 per cent, while that of the labour force has been almost 2.5 per cent. The proportion of population living in the rural areas has been steadily declining, but it is still over 75 per

cent. The literacy rate, estimated on the basis of population aged seven years and above, crossed 50 per cent for the first time in the 1991 census and was estimated to be over 52 per cent. The corresponding figure for the 1981 census was only around 44 per cent, indicating a major change in this variable over the last decade.

In terms of educational composition of population, the numbers of persons with 7 to 11 years of schooling went up steeply from 33.0 million in 1971 to 92.8 million in 1991. This is the minimum base-level education required for entry into technical training or education. The economic development of the country in general and the process of industrialization in particular over the last four decades has brought about a sea of change in the education scenario. The comprehensive economic reforms initiated in 1991 have intensified the pace of change in practically all sectors of the economy, with concurrent impacts on manpower needs to fill the wide variety of positions in different sectors. The need for introduction of new technologies to keep pace with the rest of the world, to try to become industrially competitive and secure higher productivity in general (features of the global economy) are now being accepted as urgent for the Indian economy as well. Although the centrally initiated reviews of reforms did not specifically refer to changes in the education and training system, the need to globalize the Indian economy and follow a market-oriented pattern of development, itself implied considerable changes in the orientation of the educators/trainers. Technical and Vocational Education and Training (TVET) has therefore become an essential means for upgrading the Indian economy and, to that extent, has drawn the attention of the industrialists, entrepreneurs and even foreign investors.

1.2 Education background

We should consider four levels of technical and vocational training for India, namely, graduate/postgraduate courses at the engineering/technological

institutions, diploma courses in the polytechnics, vocational education courses at the 11th-12th years of schooling (general) and vocational courses at the Industrial Training Institutes (ITIs) (Post 8th, 10th or 12th class) etc. In the New Education Policy formulated in 1986; in the Programme of Action revised in 1992; and in another Programme of Action drawn up by the Ministry of Labour in January 1995 for horizontal co-operation among Third World countries, it has been repeatedly laid down that the education and training infrastructure has to be strengthened, education technologies used, productivity improved and human capital developed to cope with the vast changes that have occurred. However, the Ministry of Labour, at the lower end, and the Department of Education in the Ministry of HRD (Human Resource Development) at the upper end, operate the two major components of the system almost independently. The vocational training institutes, such as ITIs, have necessarily to use the products of school education since entry to ITIs requires minimum qualifications of class 8 passed for a few courses and 10 or 12 years of successful education for the rest. To this extent, the vocational training system is linked to the school education part of the education system.

It is difficult to say whether the lower-end training sub-system or the higher-end technical education sub-system would better take into account the newer market realities. The past criticism about degree-level or postgraduate engineers/technologists was always that they were not the 'doers' and that their learning was not relevant to the then existing production system. In other words, it was felt that the higher-level engineers/technologists were more theoretical than practical and contributed little to the production process of product quality upgrading. Although the Eighth Plan does not say so in so many words, the drafters of the Plan were aware of the changes in the market place and therefore renewed their call for better interaction with industry. This included linkages between major industrial houses and all large projects to persuade them to include Human Resource Development (HRD) as part of project cost (Eighth Plan, para. 11.5.26).

Since a detailed description of the structure of the TVET system will, in itself, amount to another study, we can only emphasize the important management pattern of the system here. For example, the training sub-system evolved out of the Second World War efforts under British rule outside the education system and continues to be guided by the independent Ministry of Labour at the centre. The education sub-system evolved to include vocational elements after the Kothari Commission (1964-1966) recommended 10 + 2 level. Other committees also contributed to the evolution of the technical education sub-system, including the innovation of community polytechnics.

However, essentially both the sub-systems are now managed by the state governments, state-level universities or state-level boards of education or training, with only a limited number of higher education or training institutions run by the central government directly. That the central government ministries of labour or HRD (Department of Education) still retain significant influence/control is partly a reflection of the financial weakness of state governments and partly their relative lack of interest in HRD issues, which yield benefits in the long term as compared to others of short-term/immediate gains.

1.3 Policy background

The earlier Five-Year Plans, right from the Fourth Plan (1969-74) called upon the training institutions to respond to the skilled manpower needs of industry by involving them in curricula design, provision of facilities from the industry and generally taking their advice through various committees. The Sixth Plan went farthest in this regard, demanding total linkage of the ITIs with industry. In practice, however, there had been no significant change in the situation until the onset of the current economic reforms. There has been little change in the objectives of the training sub-system between different five-year plans. The implications of market-oriented development of the economy, need for international competitiveness and general opening up, are

only recently being understood. Perhaps, because industry was working in a protected environment and was able to sell whatever products or services it produced in such a market, it did not really need many innovations and R&D or even absorption of foreign technology through the process of collaboration. Now that industrial licensing has been largely abolished, industry is examining various options of competing against other producers to attract customers and, to that extent, it has started feeling the need for upgrading the quality of its products or services. This process of awakening cannot be considered as old as July 1991, when the reforms started, but should be dated to 1993, when industry came out of recession and started noticing the newer and harder realities in the market place.

The Eighth five-year Plan (1992-1997) visualized that in the context of new industrial policy/economic reforms, there would be greater interaction between TVET and industry and recommended evolution of the strategy for interaction between industry and institutions, e.g. apprenticeship, consultancy, sponsored research, continuing education programmes for industry personnel, exchange of faculty with the industrial personnel, as well as involvement of industry in curricula development, etc. It recommended the model developed out of the Jawaharlal Nehru Technical University, Hyderabad and visualized a Bureau for Industry Consultancy and Research and Development (BICARD) in universities/technological institutes of higher education, etc. At the lower end of the TVET system, it recommended re-orientation of skills to suit labour market demands and upgrading of artisan skills, promotion of self-employment and general reform of the training system in line with economic reforms. The Eighth Plan is just over, but the United Front government at the centre made no drastic changes in the last year of the Plan to affect the basic strategies laid down in the Plan.

1.4 Concept of partnership

The idea of partnership has certainly evolved in India, which has had a long tradition of socio-economic planning ever since the first Five-Year Plan was launched in April 1951. By now eight plans have already been implemented, interspersed with some annual plans during certain periods of economic and political instability, e.g. 1966-69; 1978-80 and 1990-91. With the onset of major economic reforms in July 1991 and consensus on reduction of the role of governments in general, the informed public now expects the most powerful (so far) partner, viz. the government, to honestly share responsibilities at all levels of economic activity and not merely pay lip service to the needs, wishes and demands of other partners, namely, employers, local bodies, community, training providers, parents, students and even trade unions. In that sense, partnership now implies significant shares for these non-government economic actors in practically all aspects of the education/training system right from the drafting of the curriculum to the actual running of institutions imparting such education or training.

The idea of stakeholders' participation has hardly been recorded in any National Plan document so far. The changing role of the state in TVET has not yet been discussed in the open and the basic reluctance of educators to be guided by the market is yet to be overcome. Nowhere do the policy documents mention the possibilities of the TVET system being more demand-driven or controlled by non-state (government) partners such as employers, their representative bodies, employees, students, parents, local bodies or community groups, who are the other stakeholders in the delivery of TVET.

The concept of partnership in the TVET system is somewhat new, unless one is willing to accept the idea of 'linkages' in policy documents as partnership. Careful examination of both the policies and the practices clearly establishes the fact that the Indian educators or trainers have not yet been ready for the major change in the paradigm about responsibility for the system.

They do not trust other partners, mentioned above, to any significant extent, though they are willing to admit the need for changes in the system to respond to the need for globalization of the Indian economy. The current policy documents nowhere lay down the need for formal, well-defined 'partnership' as such, as distinct from the need for linkages and better interaction. However, this will be discussed in greater detail in subsequent sections.

2. Legislative and institutional framework

2.1 National-level framework

As indicated above, various components of TVET are regulated by different wings of the government, central or state level. The upper end of the system lies in the mandate of the Department of Education in the Ministry of HRD, Government of India, where the policy-making body is called the Central Advisory Board of Education. This Board consists of the Central Minister of Education as chairman, with the state Ministers of Education, the Planning Commission and some experts as other members, and is not a statutory body. However, since its Constitution dates back to the British period and has retained its respect all along, its authority is the highest. In addition, the degree and postgraduate levels of technical education are now also controlled through the All India Council of Technical Education (AICTE) which has received a statutory status recently as a result of the policy recommendation made in the National Policy on Education 1986. The AICTE also regulated diploma-level education provided through polytechnics, etc.

The state governments have a concurrent responsibility with the Central Ministry of HRD (Department of Education) in the field of diploma, degree, and postgraduate education but they have full responsibility for vocational education below class 12, i.e. at the level of 10 + 2. There is as yet no statutory body for regulating vocational education at the national level, but

the central government plays a supporting role through technical advice and financial backing, a part of which is provided through the National Council of Education Research and Training (NCERT). The National Policy on Education 1986 has visualized a Joint Council for Vocational Education (JCVE) at the Central Department of Education to be the Apex Body for policy planning and co-ordination of vocational education at the national level. The centrally sponsored scheme on Vocational Education, started in 1987, laid down its structure under the chairmanship of the Education Minister, Government of India, and this has since been established. Some standing committees were also established, but at the state level; about half the states have so far established the counterpart state councils. The NCERT has also set up the Central Institute of Vocational Education at Bhopal as the technical wing for the Central Department of Education.

In the area of vocational training at the national level, the co-ordinating Ministry is the Central Ministry of Labour and Employment. This Ministry had traditionally controlled vocational training started during the British period, but after independence two bodies were set up – one under the Apprentices Act, 1961, and the other by a resolution of the government called the National Council for Vocational Training (NCVT). The Central Apprenticeship Council (CAC) advises the central government on all administrative and technical matters and consists of representatives of central ministries, the Planning Commission, the state government, employers in the public and private sector, workers' organizations and some experts. This Council lays down standards of training in trades under the Apprentices Act and conditions of engagement of apprentices. To begin with, this Council catered to the graduates of the vocational training system only, but in 1973 this was amended to include graduates of polytechnics and engineering/technological institutions. Very recently (1983), the graduates of the vocational stream under secondary schools 10 + 2 were also covered under this Council. Thus, out of the various bodies mentioned so far, this is the only one which straddles the entire spectrum of education and training.

The AICTE is a new statutory authority for plan formulation and maintenance of standards, accreditation, funding of priority areas, monitoring and evaluation, maintaining parity or certification and awards and ensuring co-ordinated/integrated development of technical/management education. Another committee has also been set up to carry out monitoring and periodic evaluation of the technical education sub-system. The National Policy on Education 1986, after recommending the statutory form of AICTE, had recommended that commercialization of technical and professional education should be curbed in the interest of maintaining standards, etc. The policy document also recommended an alternative system for involving private and voluntary effort in technical and professional education, in conformity with accepted norms and goals. The Programme of Action 1992, under the policy, suggested steps for encouraging and promoting private initiative, and support and participation in the technical education sub-system, without spelling out details of how it would be achieved. This document recommended greater autonomy to individual institutions and greater involvement of the state governments in this sub-system. It also suggested multiple usage of infrastructural facilities of such institutions, such as conducting part-time courses, continuing education programmes, consultancy and testing services. As regards industry/institute interaction, the Programme of Action 1992 under the National Policy on Education 1986, recommended formal linkages in terms of curriculum development, resource sharing, joint research projects, apprenticeship training, exchange of faculty and experts on a mutual basis, consultancy and contract research, continuing education programmes, sandwich/co-operative programmes and adjunct professorships. However, no details were spelt out in the Programme of Action as to these linkages, which have been mentioned, in any case, in the Five-Year Plan documents for a long time. For example, it has nowhere been indicated as to how and why industry will be brought into the picture, whether students and their parents will have a say in the management of the sub-system or initiation of new courses and whether industry associations will also have a similar say.

In other words, the roles of different stakeholders have nowhere been indicated even in documents of the education sub-system.

The vocational training sub-system or the apprenticeship programmes, as regulated by the NCVT or the CAC respectively, also do not lay down any specific role for the students, their parents, industry associations, local community or employees, etc. These stakeholders are, however, represented in the NCVT and, to that extent, it could be theoretically correct to claim that their views are heard. However, in practice, the bureaucratic structure of NCVT does not really allow for any real partnership with the other stakeholders and, in any case, the membership strength is heavily loaded against organizations/groups outside the government. Coming back to the Constitution of the CAC, it may be theoretically claimed that employers in the public and private sectors, workers' organizations and the experts are represented, but this is also a bureaucratic body where membership is dominated by government nominees and the concept of partnership was hardly ever implemented. Compared to the NCVT, however, this Council (CAC) may be closer to the world of work than other similar bodies/committees/councils.

2.2 State-level institutions

At the state government level, the two sub-systems have set up their own organizations such as directorates of technical education or directorates of vocational education or training. In a few states the two streams have been combined and called the Directorate of Technical Education and Training, as in the national capital territory of Delhi. In some states, however, the training sub-system is regulated by the directorates of industry. However, in terms of standard-setting and examinations, each state now has a Board of Secondary Education which covers the vocational education sub-system. The other sub-system of diploma-level technical education is controlled at the state level through state Boards of Technical Education, which lay down

standards and also conduct examinations. However, degree/postgraduate-level education is regulated by universities in terms of standard setting and examinations.

The Directorates of Training or Directorates of Industry, as the case may be, regulate administratively vocational training, which is provided largely in institutions called Industrial Training Institutes (ITIs). Each state also has a State Council of Vocational Training (SCVT) which is an expert advisory board, to carry out training policy laid down by NCVT, based on the Central Ministry of Labour. Similarly, each state also has a State Apprentices Council to advise in matters relating to implementation of the Apprentices Act. Since the Apprentices Act is a Central Act, the state councils do remain answerable to the Central Council, much more so than what happens in the corresponding sub-system of vocational education at 10 + 2 level, mentioned in the previous paragraph. Further, since the training sub-system was started in the British period and was always in the concurrent list of the Indian Constitution, unlike school education which was brought into the list later on by a constitutional amendment (1968), the SCVT is also answerable to the NCVT, much more so than in the case of the education system. In addition, the NCVT arranges trade tests and lays down the proficiency level for the award of national trade tests of the Council; it arranges for expansion of training institutions, accords recognition to training institutions for granting of the national Trade test and recommends additional training facilities, where necessary. On the other hand, the state boards of secondary or technical education are statutory bodies set up at the state level through Acts of local legislature and therefore are not directly answerable to the Central Department of Education, so far as vocational education at 10 + 2 level or diploma-level education are concerned.

2.3 Participation at state level

Although the implementation role of the state government was mentioned earlier, it may be useful to look at state-level bodies and examine carefully if the concept of partnership was or is present in any of them. Taking the Secondary Board of Education first, it is more or less clear that this Board has no partnership possibility at present with the private sector, employers, students, parents or the community. Since it is mainly a standard-setting and examination body, one can perhaps understand this, even in regard to the vocational education stream at 10 + 2. However, at the non-statutory level, especially at the district level of implementation of vocational education programmes, there is greater linkage between the institutions and the district-level vocational education body, on the one side, and local industry, community, parents, employers, or students, on the other. This has not been, however, formalized and no particular responsibility has been shared by the education authorities with the rest. The reason for better linkages lies in the fact that the vocational education stream is relatively new, had been initially unpopular with people/organizations outside the education sub-system, and the education authorities often needed the support of local community/industry for getting part-time teachers, equipment and training facilities. In fact, the shortage of trained teachers and equipment is the single largest bottleneck for vocational education at 10 + 2 level and the education authorities accepted the advice and support from outside, more or less out of initial compulsion. The relative role of these outside agents/stakeholders does vary from state to state and even varies district to district and it will not be fair to generalize any particular pattern of partnership which has come to stay in the vocational education programmes.

The case of polytechnic education providing diploma-level education, which is the next higher level, is different in this regard, though in some of the states the same directorate regulates both vocational education and polytechnic education. This is mainly because polytechnic education is

controlled by the AICTE, on the one side, and the state government on the other. The Programme of Action 1992 under the National Policy did suggest steps to make such courses flexible, modular and credit-based, with provisions for multi-point entry, but do not spell out the idea of partnership, except in the case of what are called community polytechnics. There are currently over 159 (Eighth Plan) community polytechnics in the country especially for the benefit of the rural youth and women and the Programme of Action 1992 recommended further steps to improve their scope, coverage and activities. It also recommended establishing village extension centres. It promised to encourage group entrepreneurship for revival and promotion of rural crafts through community participation, as well as an Apex Co-ordinating Council at the national level. Apparently, the AICTE and Department of Education are not really keen to take the community polytechnics, meant for the benefit of the rural people and women, out of the central government/AICTE and to that extent, it is difficult to say whether local stakeholders would ever get a meaningful role in the design of curricula, running of courses, or utilization of the facilities.

The linkages of higher-level technical institutions or degree/postgraduate education with industry, have already been covered earlier. The amount of centralization which has taken place for so long in this area appears to be unreal in a federal country like India. The local universities do certainly affiliate the engineering college/technological institute, but the courses are designed via the AICTE though the examinations are conducted by the universities. Certifications or degrees would be naturally given through the local university, but it has no real role and, in any case, Indian public universities do not share their authority with the private sector in any way. It needs to be mentioned here that there are no private universities in India so far and whatever private engineering institutions exist, they are under the control of the AICTE, like other public institutions.

As regards the vocational training institutions, the state-level councils for training or apprenticeship do have representatives from outside the government, such as employers and industry organizations, but the concept of a partnership is nowhere laid down. The five-year plans, indicating close linkage as the desirable goal, always expected the state governments to somehow involve the private sector in this regard, though perhaps not the parents, students or workers. In practice, the state-level councils for vocational training or apprenticeship are as bureaucratic and as dominated by government nominees as at the national level. However, there are local committees at the individual ITI level consisting of the principal, local industry representatives, local employment officer, etc., which are supposed to assess the needs of the industries in the region served by the institute and suggest measures to adapt training programmes to suit local needs. Proposals for trades to be taught at the institution are recommended by such committees to the state councils and the authority to start new trades and issue certificates rests with the state councils, if the training programme in such trades is to last for not more than five years. The authority of the state council is lost if the training programme is to last over five years, in which case, it is referred to the NCVT, along with results of area-wise and industry-wise surveys of employment potential for the proposed trades and information on matters such as equipment availability, collaboration from industry, etc. Detailed checking, however, found that such local institute-level committees do not seem to be active in most places, but a committee is active in the national capital territory of Delhi. In this case, suggestions made for new courses were accepted by the government of Delhi.

3. Areas of partnership

In terms of the legal or institutional framework, currently there is not much which can be considered real partnership among different stakeholders. We have also seen that the system developed in independent India had

provisions for a lot of consultation through committees where non-state partners could give their views and sometimes even head sub-committees. This process of dialogue through committees could be considered as a 'soft' partnership structure, which could perhaps evolve later on into formal partnership. We have also noticed that at the local-area level, where 10 + 2 vocational schools or ITIs operate, the principals of institutions have to keep very close liaison with local industrialists, employers and others who could help in the process of making the courses useful, attractive, relevant and sometimes even captive for the benefit of some of those economic agents. Since no documents of the government, either at the state or the central levels, mention this kind of liaison as policy-induced, it is difficult to consider such relationships as formal partnerships of various stakeholders. However, since the relationships have proved useful in practice and in some cases unavoidable, we might as well consider them as a form of informal or soft partnership and examine the same in some detail.

The areas of partnership under consideration could involve different levels, starting with policy formulation and moving on to administration/financing of the system, curriculum development, certification, delivery, evaluation, etc. In each of these areas of partnership, we can also look at the level of participation – deep, wide ranging, shallow or superficial. To begin with, the issue of policy formulation has not attracted much attention of the policy makers in regard to technical education (degree or postgraduate or polytechnic education). This is because the National Planning Commission has evolved a method of involving different stakeholders of the economy through the process of the setting up of a working group. For example, the eighth plan working group on technical/management education, from polytechnic level to postgraduate level, was set up with the Director of the Indian Institute of Sciences, Bangalore, as the chairman. It included a large number of educators, but also the resident director of a Tata company, the Pharmacy Council of India, the Council of Architecture, the Chairman of ICI, India, as well as some representatives of educational societies. Such

non-officials constituted only around one-third or less of the total number of members. We cannot quote similar evidence from any policy-making bodies for vocational education or vocational training, although we have already indicated the existence of several national or state-level councils for the purpose. This is perhaps because the National Planning Commission has not been setting up any working groups for these two lower levels of education/training for some time.

3.1 Management and financing

The education and training system of India is almost entirely in the hands of the government, though a large number of private engineering colleges, many polytechnics, some vocational schools and many ITIs also exist side by side. The Government of India, as well as state governments, run a system of grants-in-aid through which even private institutions receive grants mostly for maintenance, i.e. for staff expenditure and so on. At the level of degree/postgraduate institutions, however, some states were quite liberal in permitting new institutions to come up and affiliate themselves with existing public universities within the state, e.g. the states of Maharashtra, Karnataka, Andhra Pradesh and Tamilnadu. Such institutions did not take and/or receive government grants at the time of setting up and evolved a pattern of receiving donations from students called the 'capitation fee' system. These engineering colleges satisfied a lot of social demand which was not fulfilled through the public-sector institutions and therefore they retained considerable independence in their management and finance until the Supreme Court gave a ruling about five years ago under which half the seats in such colleges were also reserved for meritorious candidates, without payment of a capitation fee. After considerable litigation, the Supreme Court also laid down procedures for filling in these seats through the method of common entrance examinations or percentage of marks. Therefore, such institutions have lost some autonomy in their administration and finance and the technical

control of the state government or state universities over them has become more prominent than before.

In the case of secondary schools, practically all the states ran the system of 'aided' schools for many years. Under this system the management was all private, as also were capital facilities, including land, buildings and equipment. However, the state government accepted responsibility for long-term funding of teaching cadres employed by the private management for ensuring standardization of teacher qualification and standards and developed a mechanism for reimbursing/paying up to or around 95 per cent share of cost of staff salaries each quarter. Some of these secondary schools now have a vocational stream as well and therefore the private-sector owner of the schools runs the vocational courses in 'partnership' with the state government through its various education/training officers. Similarly, some states also evolved a pattern of private ITIs, where the state government found some money as grants but no single pattern exists in the country, unlike secondary schools where the normal pattern is of 95 per cent cost-sharing. Therefore, the privately owned ITIs certainly displayed a type of partnership where the SCVT or local directorate of training gives them basic policy guidance but administration and finance rest with the private owner. Within this general pattern, however, there are some interesting cases, such as food crafts institutes or tourism-related institutes, which get their policy guidance and even some grants from the tourism ministries, central or state level. These specialized institutes have their own consultation framework where the hotel owners, travel agents and other employers in the tourism sector participate and give their advice in the matter of curriculum, teaching, apprenticeship, examinations and so on. In a highly diversified economy such as that in India, there are many other institutes of this kind, some of which do not even follow the ITI pattern of two years of teaching and training, e.g. carpet training institutes, handicrafts training centres, handloom training organizations, various health-related institutions for training of nurses, auxiliary nurses, technicians of various kinds, physiotherapists and so on, which are

owned and controlled by the state departments of health in most cases, but some are privately owned by hospitals outside the government. The system of administration/financing of these specialized training institutions is bound to be different from the general run of vocational schools/training institutes of this kind.

Thus, it appears that in the area of management and financing, the non-government institutions/actors have been playing a dominant role only where they receive no aid/grants from the government, but even then they can run the institutions only in partnership with the government. It is also clear that, due to recent orders from the Supreme Court of India, the privately run institutions for degree/postgraduate courses have lost some control over donations, which can have two consequences: (i) they have to raise the cost of education for others; or (ii) they may have to increase their own contribution (sponsoring agency). In neither case has the government indicated its agreement to share the burden of finance and thus act as a serious partner of the owner. Furthermore, in the government-run institutions in either of the sub-systems of education or training, government is not interested in any serious partnership in this area of management and financing with the private sector or other economic agents (students' contribution to financing by way of course fees is not being treated as a form of partnership).

3.2 Curriculum development and certification

As far as the private education/training institutions are concerned, the development of curricula or certification of skills acquired is done by public-sector agencies which include universities for the higher end of technical education, boards of technical education for diploma level, the boards of secondary education for 10 + 2 vocational courses and the NCVT/SCVTs for the vocational training courses. It has already been noted earlier that the AICTE, at the national level, regulates all curricula at the degree/postgraduate level. It also regulates the process of certification. In this process, the

AICTE certainly takes note of the views of the private sector and educational societies and of course, the faculty, but, as noted elsewhere, other stakeholders, including the community, the students or the parents, have hardly any role to play, even by way of consultation. This is a highly centralized system. At the diploma level of education, general or community polytechnics, there is hardly any real participation of other stakeholders and whatever consultation takes place is through various committees or councils, i.e. more of the 'soft' variety without any decision-making role. This is true even of the privately run institutions.

As regards the certification process, the education sub-system at the various levels of education is entirely dependent on the public sector, either universities (degree or postgraduate level) or boards of technical education (diploma level) which have been set up in each state but which more or less follow the instructions/advice of the AICTE. Therefore, it can be said unambiguously that other stakeholders have no role in this area.

Coming to the vocational education sub-system at 10 + 2 level, the secondary boards of education control both the curricula and certification of such courses. It has been noted elsewhere that these boards obtain advice and support from the national level partly through the technical agency of NCERT. This agency is legally a non-government research body, but almost 100 per cent financed by the Department of Education in the Ministry of HRD. While it has no real authority to impose its curricula or the process of certification on the state governments and state boards of secondary education, in practice its advice is accepted by the state agencies. The chief reasons for this behaviour are the central government grants, since Vocalization of Secondary Education has been a centrally sponsored scheme of the Department of Education and was approved by the Planning Commission in 1987. The NCERT advice is treated as the advice of the central government and to that extent it is considered safe for the state governments to follow it, to be able to claim the grants in time. Further, the NCERT also lays down the

methodology of testing the skills acquired by students through such vocational courses and, in the absence of well-functioning state councils of education, research and training, the state departments again find it safe and convenient to follow the NCERT advice. Very recently, however, the NCERT has set up a fully-fledged institute for vocational courses. It must be admitted that a very large amount of technical work had been performed by the NCERT, but merely toeing its line by state agencies means that they have little role to perform independent of central agencies.

As previously noted, the role of other stakeholders in vocational education courses, like local industry, employers and parents, is generally deeper, in the sense that their voices are heard by the principals of institutions and conveyed to the state headquarters. Such stakeholders may not be able to change the curricula for a course, but experience shows that, as in the case of Delhi, in many states such stakeholders can help in deciding which courses to start in which school and at what time. We would treat this also as being a kind of 'soft' type of partnership. Finally, stakeholders outside the government have been found to lack any influence on the process of certification or examinations to test skills. The state boards of school education consider certification to be within their exclusive domain and they have hardly any participation of non-government nominees excepting educators or education societies.

In the training sub-system, the curriculum development takes place basically through the medium of NCVT, but for new courses, which are not likely to last more than five years, the SCVTs also play an important role. It has been noted that theoretically both NCVT and SCVTs have participation of non-government nominees to the extent of one-third or less. The non-government nominees, who generally exclude students, parents or employees, can suggest inclusion of new courses, the nature of training to be offered, the equipment on which proficiency ought to be acquired and so on, but they have no decision-making role. Such decisions are naturally controlled by the Ministry of Labour at the centre or state level, officers of labour department

and faculty/experts in training from the public sector ITIs. Of course, private ITIs do exist but their curriculum is determined by the same bodies at the national or state level and it is difficult to pinpoint any clear role of stakeholders other than the faculty of various ITIs, including private ITIs in this area of curriculum development or certification. The other stakeholders, including parents, students, industrialists or employees have no contribution to make in this process, even though the principals of ITIs keep close liaison with them at the area level for various reasons.

3.3 Training delivery

In this area there is an obvious difference between privately owned institutions and those in the public sector. As has been noted earlier, in the public sector, with institutions right from the highest postgraduate education to the lowest vocational training, the government does not formally invite non-government agencies to participate in actual delivery of education. The exceptions are the newly established vocational courses under secondary schools and ITIs, in both of which considerable liaison has existed at the area level between those providing the training (schools or ITI) and local industry, employers or parents. This liaison is certainly encouraged or at least tolerated by the state departments of education or training but no instructions have ever existed to give a formal decision-making type of role to such partners in the delivery of education/training.

The other stakeholders, including employees, students, community or small employers, have had little say even at the area level in regard to vocational education or vocational training courses. To that extent, their non-participation is the same as noticed in other levels of education, especially higher levels. Again, the possible exception is that of community polytechnics which exist for the benefit of the rural masses or women. The number of such polytechnics is, however, not large enough to really make a difference

to our general assessment about very shallow participation of other stakeholders in training delivery.

As far as private institutions are concerned, the management body obviously controls the mode of delivery, the type of teaching staff, equipment, on-the-job training and placement in apprenticeship. The state directorates of education/training have the right to inspect institutions at diploma or lower levels and, to that extent, one can say that government departments share the responsibilities of education/training delivery, even in private institutions. However, it will be difficult to claim that this is a formal partnership, since the legislative framework provides for the duty and responsibility of the government department to make such inspections and give corresponding advice. The public sector system, being the more extensive one, the private institutions certainly take advantage of the expertise of trainers/educators working there and they do sometimes assist the private owners in the process of recruitment, selection, training and utilization of staff and equipment. Maybe this is participation in the private education/training system, at the individual level, but such participation can be quite deep and useful for the private-sector providers of education/training. The situation varies from state to state and no general pattern of such participation can really be highlighted here.

3.4 Evaluation

The TVET system has to operate according to defined standards, especially in a country like India where there are no private universities and no mechanisms for private certification. As noticed above, these standards are laid down both for public and private providers, by the government, mostly at the national level, but at lower levels also through the state government. Furthermore, the government maintains, even at the national level, a sufficient amount of controls in practically all the courses, with vocational education at 10 + 2 as the only exception. Thus, it is quite clear that evaluation of the

TVET system in different states is more or less entirely controlled by the central government for all levels other than vocational education. Even for that, the NCERT has been used by the central government to evaluate the state-level sub-systems, at least at the technical level.

As regards the level of participation in this process, it is difficult to cite many examples of private education societies trying to evaluate the functioning of private institutions with reference to the following of standards laid down or effectiveness of teaching/training. The paucity of such mechanisms is largely due to the rather small number of such institutions and the fact that whatever exist are not as old as the public sector institutions. It is also difficult to locate examples of community, the parents' bodies, the associations of employers or students, which may have participated in the process of evaluations of the education/training system. In any case, the legislative framework hardly allows for non-government agencies to participate in this process, with the exception of experts who may be based sometimes in the private sector but most often in the public sector.

It is also necessary to examine whether non-government agencies can or should at least assist in the process of evaluating whether education or training has been delivered 'effectively'. Again, there are not many examples of this kind either. The trade and industry associations have gained some respect from the government only in the last five years after the onset of economic reforms and the process of liberalization. As the prime users of the products of the education/training system, it should be considered within their ambit to comment on the effectiveness of the system. However, except for their participation in various councils and committees, where they can be consulted by the public sector bosses of the education/training system, they have no formal role in this regard. Their participation in the entire process of evaluation, whether for judging adherence to defined standards or effectiveness of education and training provided, has been rather shallow, even in the post-reform period. On the other hand, the CII (Confederation of

India Industries), the FICCI (Federation of Indian Chambers of Commerce and Industry) and PHDCCI (Regional Chamber) have now started telling the government what ought to be done to make the products more useful to them. Since they also provide short-term training of some kind in various industries, mostly to employees, they have started acquiring some experience and expertise in the vocational training field at least, to be able to advise the government seriously for evaluation purposes.

4. Incentives and problems

4.1 Incentives

The Government of India has been trying to piece together new policy initiatives to involve the private sector in the education/training system after the enunciation of economic reforms in 1991. Three years ago, it was decided by the Ministry of Finance, Government of India, to give some tax benefits for investment in private institutions of higher learning. So far, the only taxation benefits a donor receives through investment in the private education system is in the nature of tax-free expenditure on R&D, which need not be performed in an education institution. There are two sections under the Income Tax Act 1961, under which donations given for research purposes can be offset against income, either to the extent of 50 per cent or 100 per cent. Different criteria have been laid down by the Finance Ministry for availing of such benefits. No other incentive for private education institutions was available in independent India until three years ago. A non-resident Indian university, basically for the propagation of new technologies, was the first to seek and obtain the Finance Minister's clearance for this purpose. However, the university has not yet come into existence and it is premature to indicate anything on the basis of its limited experience.

For the purpose of training as such, no taxation or other financial incentives have ever been given, either by the central government or state governments, so far. This is true even for in-plant training or apprenticeship training in the workplace. The state governments have, however, operated non-statutory incentives in the form of subsidized government land for setting up education/training institutions. For example, in the national capital territory of Delhi, land at specified measures of area required for different levels of education was made available at one-tenth of the market value until recently. This land cost has been adjusted for inflation from time to time and the relative cost has varied from place to place within the city. Sometimes the subsidized cost has been as high as one-third of the market value. Similar schemes have been implemented by different state governments or local bodies in various cities. The subsidized land does not, however, come without conditions and, as a rule, the owners/entrepreneurs have to follow the scheme laid down under the Societies Registration Act 1860. The state government or the local body also imposes limits on the society about how much land can be covered or built upon, as well as its agreement to abide by specified government rules and regulations. The experience of operations of private schools and training institutes in Delhi indicates that these conditions are not very onerous or are totally impractical. However, the education/training institutions using such land cannot be profit-making, which is generally expected of all the institutions covered by the Society Registration Act 1860. It is also pertinent to point out here that, by tradition and based on past culture, India does not favour profit-making education/training institutions. These are called 'teaching shops' and are not favoured by the intelligentsia, as well as the government.

Similarly, for a long time the Government of India had also operated a scheme of subsidized paper for education/training purposes and the price charged for this purpose was sometimes 50 per cent of the market value. This scheme has, however, been discontinued as economic liberalization progressed. Further, some state governments exempt educational materials, including equipment from the levy of sales tax, and this practice varies from

state to state. All the above-mentioned exemptions or benefits are equally available to the public sector institutions, though some of them may be able to take advantage of, as an additional benefit, government land almost free.

4.2 Main problems and their causes

One of the important problems in implementing the partnership concept is that the Indian TVET system was almost entirely driven by supply-side considerations. When India became independent in 1947, the number of education/training institutions was very small and many districts were without any such facility. The number of universities and technical colleges was confined to metropolitan areas and only some cities outside the metropolises could boast of a university or engineering institution. The Government of Independent India, at the national, as well as the state government level, therefore decided, as a matter of policy, to expand the system exponentially in all directions and at all levels. UNESCO was also recommending at that time all-round expansion of education/training facilities in the developing countries. This paradigm of unlimited expansion continued in the education/training system all through the 1950s and 1960s, though in the case of technical education, brakes were applied in 1968 and intake capacity of technical education institutions was curtailed by as much as 40 per cent. This was to adjust the then perceived economic needs for technical graduates or diploma holders to the supply side. The brakes were applied from the national level and affected all technical institutions all over the country. When the brakes were released, expansion picked up again and with speed. However, the 1980s also saw very rapid expansion of private technical institutions, since the social demand for an engineering degree or a diploma or even an ITI certificate expanded so rapidly that the public sector expansion could not meet it fully. Therefore, it would be correct to say that the supply side considerations have been the chief determinants of the education and training system in India until the private sector entered in a significant way in the 1980s.

The private sector entry has been most significant in engineering degree education, where the number of such institutions now accounts for about one-third of the total colleges, some of which started as unrecognized colleges and remained unrecognized for a long time. The number of private polytechnics is not as significant. Recent experience shows that the social demand for engineering degrees is now a significant factor for the expansion of technical education at the degree/postgraduate level. Since the demand was generated by the parents, as well as the students, they looked for avenues to raise money for institutions and, in the process, hit upon the idea of the need for partnership with various stakeholders. Therefore, some industries have themselves sponsored new engineering colleges and training institutions though, even in the past, there were engineering institutions run by such industries as the Birla group, Thapar group, the Chhettiars and others. The Government of India had, at that time, been harping on the theme of social conscience, and some of the largest industrial houses considered it a good investment to start engineering institutions and remain in the good books of the bureaucrats who were to give them industrial licences. Now that industrial licensing has been largely abolished, the industrial houses are expected to invest money in engineering institutions or other institutions only if they get some incentives or they find running such an institution to be beneficial for getting precious human resources for the factory floor in their units. With the economic reforms being only five years old, it is too early to say whether incentives would play a greater role in developing partnerships and getting private sector investments or the need for trained human beings for their factories at a site of their choice. It is also pertinent to add here that bureaucratization of the economy has been an extremely important factor and true partnership among different stakeholders does not seem to be possible without de-bureaucratization, as part of the economic liberalization currently taking place.

4.3 Partnership – how to develop and maintain?

The partnerships attempted in India are basically of the ‘soft’ type, without any formal role in decision-making. As the process of economic reforms proceeded, the local industry, employers and others increasingly accepted the strategic advantages of higher-quality personnel/workers and have therefore been discussing the methodology of developing such partnerships. It is quite clear now, that the problem is not of maintaining the existing levels of ‘soft’ partnership, but how to deepen, widen and strengthen the existing framework.

When the debate for continuing/recurrent education started as a consequence of the 1971-72 UNESCO Commission on Education, a number of European countries set up new legislative mechanisms to collect levies from employers/enterprises for enabling the state to organize such education/training. For example, France laid down a levy of 1.5 per cent on annual turnover of enterprises to be utilized for various components of TVET, and the same pattern was tried by many other countries. Somehow, neither India nor other South-Asian countries went in for a formal levy for this purpose, the chief reason for which was the very low level of employment controlled by the formal, organized sector, i.e. only around 6-10 per cent in any state. Since the Government of India has had difficulties over the last several years in finding budgetary allocation for activities under HRD, the industry associations, employers and parents have all tried to convey in different ways their agreement to share expenditure on TVET. Obviously these stakeholders would not be prepared to put up money without sharing in the management of the system. Therefore, it is now expected that the government will loosen its stranglehold on the committees, councils and other mechanisms in TVET and start sharing responsibility and management with the non-government economic agents. This would hopefully convert the existing forms of ‘soft’ partnership into formal partnership and there are signs of movement in that direction.

A reference to the order of the Supreme Court of India was made earlier and it appears that the courts have also to be educated in the advantages accruing to the system by involving different stakeholders in the management, financing, delivery, curriculum development and other components of the TVET system. It also appears that the negative reactions from the intellectual community and the courts to the entry of the private sector in engineering/technical education, have been mainly due to the existence of fly-by-night operators, sharp practices for realizing financial benefits, and endemic corruption at the political level. Such corruption has even reached decision-making levels in the university system as well as boards of technical education which, under serious pressure from new entrepreneurs, recognize new courses and new institutions in TVET without satisfying the well-laid-out norms on teachers' availability, buildings, equipment, etc. Various observers, therefore, consider it worthwhile to change the existing legislative framework and extend it to the unserved areas, while also laying down in detail the executive, advisory or management roles of the non-government economic agents. Unfortunately, however, no consensus on the changes in the legislative framework has yet been evolved.

4.4 Possible conflicts of interest

The private-sector owners of various institutions have always considered it their right to appoint staff, regulate their service conditions and regulate admissions to courses, on the plea that they are putting up the money. As a reaction, the intellectual community, and even the public at large, has felt like curbing such designs of the private sector, which has support in the public mind in the age-old philosophy of India, separating learning from trade and commerce. Even parents sometimes feel that the private-sector operators should not be allowed to play with norms of recruitment of staff or students, perceiving conflict of interest between the owners and that of the community at large. In any case, the private sector has not yet developed sufficient experience in managing TVET or private universities, whereas in countries

such as the USA, there is a tradition of private institutions dating back over a century. It is not, however, true that all the privately run institutions have played with norms of recruitment of teachers or intake of students, but the perception about private institutions as a shortcut to becoming 'teaching shops' has continued.

The roles of parents and students have also not been properly visualized in India at most levels of education/training. Even when the opinions about students' participation in management were strong in the 1970s, the Indian education/training institutions resisted such calls and tried to avoid any formal decision-making role going to them. For example, even in the city of Delhi, where parent/teacher associations are considered almost compulsory, the teachers do not want to meet any demands in the meetings of such associations. The parents, on the other hand, attend the meetings sporadically and the majority have shown apathy to such associations. This is despite the fact that Delhi's level of education is very high and practically every institution has a large number of educated parents, both male and female. It has been observed that wherever any responsibility has been shared with students or parents, it is in such non-teaching areas as canteens, sports, playgrounds and other extra-curricular activities. There was a perception of such stakeholders developing lobbies or pressure groups which could affect standards of teaching. The teachers and managers of the TVET system have not involved parents and students as a rule, the sole exceptions being vocational education and vocational training. At the area level, the involvement of these stakeholders has not been perceived to be in conflict with the teaching process, but this has been mostly due to the fact that the education/training system needed the assistance of the parents, students and other economic agents because of deficiencies in the system itself, e.g. shortage of teachers, equipment, training methodology, textual materials, etc.

In terms of employers' participation, the education/training system has taken a conservative view and has always felt that the employers should not

determine the contents, the textual material, the teaching/learning methodology, equipment, certification or other processes. The educators or even trainers felt that the potential employers should advise but not control and perceived an inherent conflict of interest in their participation. Again, the exceptions have been mostly at the area level and for the same components mentioned repeatedly, viz. vocational education and vocational training. The sub-system of community polytechnics is also an exception and was designed as a participatory organization right from the beginning. However, even there the contents, the teaching methodology, staff and equipment are all supposed to be controlled by the AICTE. The community polytechnics do provide guidance to potential small-scale employers or women, especially in the rural areas, through the mechanism of extension. At that level there is no conflict of interest perceived by the TVET system with employers, parents or community.

4.5 Problem-solving mechanisms

As regards mechanisms to resolve possible conflicts of interest and to solve other problems of partnership, soft or formal, the governments have set up various councils/committees at the central or state levels, as mentioned earlier. These councils/committees have certainly been formally constituted and their functions fairly well defined. It is a different matter that although other stakeholders are present in these, they have not been installed there in the nature of a formal partnership. We do not find any serious discussion about mechanisms for solving problems among different stakeholders, possibly because the partnerships developed so far are basically of the 'soft' type and other stakeholders have not demanded an equal or higher say in the organization of various components of TVET. To that extent, it is premature to consider real 'conflicts' among different stakeholders and it is the government or government agency which is the final arbitrator and decision-maker, even in regard to the privately run institutions in most areas of partnership, analyzed above.

Assuming the development of more new forms of partnership with the state in the near to medium term, it would also be necessary to examine potentially new mechanisms for problem-solving. The industry associations have tried to learn, especially from the German experience of partnership, and at least in the area of in-service training they have acquired experience. Various committees visualized for fostering industry/institute interaction have already examined such issues as setting up adjunct professorships in institutions and residency for faculty members in industry; consultancy services; continuing education for industrial personnel; sandwich programmes for industrial personnel and apprenticeship training, etc. At the moment, such mechanisms are basically informal but the non-government economic agents continue to accept the primacy of the governments in this area. Therefore, even the apex-level industry associations have not formally demanded special bodies for this purpose where their roles would be defined unambiguously.

In several developed countries, however, many such committees have government nominees constituting just below 50 per cent of the membership, while the rest is distributed to non-government agents including individual experts and NGOs. Once the non-government agents would have acquired sufficient authority in India in various components of the TVET in the future, problems of co-ordination, as against control, would come to the surface and would require proper new mechanisms. Some experts have already stated in so many words that the limited success in industry/institution interaction in the past was a consequence of very little felt need or compulsion to interact. One of the experts has suggested designing legal frameworks to assume legal authority for various things such as: (i) making continuing education a right of workers; (ii) making continuing education compulsory for the worker; (iii) making provision of continuing education/training obligatory for employers; (iv) making it obligatory to assign a fixed percentage of the wage-bill for training/re-training; and (v) making the institutions responsible for generating their own resources. Interestingly, even in the March 1995 seminar organized by the Confederation of Indian Industry and the British Council, which was

supported by the AICTE, the experts and the government nominees continued to harp on the same recommendations as were made in the 1970s and 1980s. This is not a very happy augury for us, but there is plenty of evidence from the Indian markets to indicate that the full blast of competition has not yet reached its peak, especially because most consumer goods are still not allowed in. Further, small industry is protected through the mechanism of reservation of almost 800 products and the medium/large sector cannot take over small industries, the present equity being limited to only 24 per cent, which is proposed to be raised to below majority, i.e. 49 per cent level. In the sector of services, the existing protection levels are still very high and a large number of services do not permit direct foreign investments, including education, insurance, civil aviation, shipping, most professional services, and so on. The education economists/other experts are therefore waiting for the markets to be further liberalized before the governments and the private sector are forced to seriously consider and work out details of partnership in the TVET system.

5. Conclusions

5.1 Opinion of various partners

Different partners of the TVET system have expressed different views on its evaluation, which is quite natural. The products of the system have generally been utilized in the modern-sector economy, accounting for about 8 per cent of total employment currently (please see Eighth Five-Year Plan, 1992-97, Planning Commission, Government of India). Looking at the details more carefully, private-sector employment has stagnated at the level of around 8-9 million for some time, amounting to barely 3 per cent of total employment. Public-sector employment has also been growing very slowly over the last five years and accounts for about 5-6 per cent, with the number barely exceeding 18 million (please see Eighth Plan and annual reports of the Ministry of Labour, Government of India). However, the manufacturing sector is

now dominated by private employers, most of whom have started feeling the heat of competition. Public-sector manufacturing is not growing significantly and, in the medium term, it is expected that it will decline considerably relative to the private sector (please see recent economic surveys published annually by the Ministry of Finance, Government of India). Both the public- and private-sector enterprises can participate in an association like the Confederation of India Industry (CII), whose views have been quoted above, but most public enterprises do not participate in the apex chambers of commerce and industry and rather depend on corresponding ministries at the central or state level for giving feedback on the education/training system. The significant difference between the public and private sector lies in bureaucratization of the recruitment process in the public sector as a whole, where paper qualifications are far more important for recruitment than general competence or levels of different skills actually achieved.

In many ways the opinions of the private-sector employers and associations are more representative of the current situation since, as a result of economic reforms, they are much closer to the market. These employers have expressed their opinions about benefits of partnerships repeatedly and more and more forcefully after 1991. The same is not, however, true of the students' bodies or parents. On the other hand, the state governments, which are the most natural partners of the central government, have found their voice and have repeatedly demanded greater autonomy from the centre in practically all matters, including HRD. The three chambers mentioned earlier are quite dissatisfied with the prevailing situation. The CII in fact set up a committee on education in 1994 consisting of private-sector employers, various experts and some public-sector consultants. They also initiated a scheme, namely the 'Integrated Graduate Development Scheme' and also held several workshops for preparing action plans for different levels of education. Other chambers have made other kinds of attempts. However, none of them has attracted much response from the Central Department of Education, except in the form of government nominees participating in the deliberations of the

committees of the chambers from time to time. From this limited experience it is difficult to say if the private sector has formed a good opinion of the concept of partnership.

5.2 Prospects

Prospects for partnership in the near to medium term at the current stage of India's economic development seem to be quite bright, at least from the perspective of non-government economic agents. To what extent the government-owned institutions are interested in partnerships in the various areas such as policy formation, management/financing, curriculum development, certification, training delivery and evaluation/standards implementation, etc. is not very clear at the moment. The policy framework of the Eighth Five-Year Plan and other pronouncements from the Ministries of Education/Labour do not indicate clearly if the legal and institutional framework would be changed to allow a decision-making role and responsibility to non-government agents in such institutions. The Ninth Five-Year Plan (1997-2002) is currently in formulation but the Approach Paper to the Plan has not yet been finalized for discussion with various economic agents. In the absence of clearly stated intentions on the part of the central government/Planning Commission, it would be hazardous to say that government will allow its institutions to share responsibility for the above-mentioned areas with the non-government agents, especially the private industry, students and their parents.

The process of economic reforms is continuing and the government, at the central level, is still committed to further deregulation of the economy and liberalization. However, the programme of the government is silent on issues of partnership in the education/training system.

There has been no real force behind students' participation in the management of the education/training system in general, and the TVET system,

in particular. Prospects for their participation in decision-making seem remote even in 1997, and may be in the medium term as well. The same can be largely said about the parents, but the role of the private sector in the form of fast-growing industry or employers is bound to change pretty soon. Whether the government changes the laws to accommodate the demands of the organized private sector, is not very clear, but in various councils/committees, the government has all the authority to change the composition of membership and bring a much larger number of representatives from the private sector, who will thereafter have a stronger voice.

The position of privately owned institutions, whether at the higher or lower end, has always been different. However, it is also true to say that some of them have not gained, but have lost some authority in recent years, mostly on account of interventions by Higher Courts. Their demands to let them determine the process of students' admission, etc. have not been conceded and, to that extent, many owners of such institutions have been unhappy and have been fighting to regain their lost authority. Interestingly, such institutions have not demanded any real say in the design of course curricula, certification process or evaluation of the system, perhaps because they have been relatively new and have yet to gather more experience of the system. The prospects for private owners to acquire some authority in these technical/academic areas may not be very bright just now, also because of opposition from the intelligentsia, but it is expected that they would gain some influence in these matters in the medium term. This would perhaps entail changes in the composition of various technical committees of the boards of secondary education (SCVTs, NCVT). The same cannot however be said with confidence about their participation at the higher end of AICTE or the universities which award degrees. The Indian universities have been known to be very conservative and, in any case, the only new private university has yet to start functioning. The academic community controlling the universities' technical functions has continued to harbour strong suspicion about the intentions of the private industry/employers, community and even parents,

not to talk of the students. It is not expected that there would be any real change in the situation, at least in public universities in the medium term.

The AICTE, which became a statutory body in 1987, is certainly under pressure to change the composition of its constituent bodies. The policy makers in the Department of Education are sympathetic to the demands of the private sector for closer association in this Council but it is not clear if the AICTE authorities are willing to concede the idea of a formal partnership with private industry/employers. Again, we are talking basically of the public-sector institutions since, in the private engineering/technology institutions, the private sector is already a partner, as detailed above in various sections. However, the academic members of the AICTE will not easily share any responsibility for such areas as curricula, certification or evaluation with the private sector, even in regard to privately owned institutions. As in the case of the lower end of education/training, it is, however, expected that, due to persistent demand of the private owners of such institutions, the government will concede some role to them, even in these technical areas, although the universities affiliating the institutions may dither. It is also expected that the Courts may be persuaded to concede greater authority to the private owners in the process of recruitment of staff or students in various courses, in the medium term. The most important reasons for hope of deeper partnership lie in the fact that the government budgets are insufficient for TVET since the government has accepted greater and almost exclusive responsibility for elementary education. The lack of finances, on the one side, and rising social and economic demands, on the other, will eventually ensure that other stakeholders, especially private industry, would acquire deeper and significant roles in the medium term in all the components of the TVET system.

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