



CNFPA



OBSERVATORUL NAȚIONAL ROMÂN

ENHANCING SECTORAL COMMITTEES

**Qualifications and continuing vocational
training - CVT organisation and financing**

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2005**

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WHY IS CVT IMPORTANT?

EUROPE IS CHANGING

In 2010, in advanced society, occupations will require:

- almost 50% - higher education
- almost 40% - secondary education
- only 10-15% - low skills
- about 80% - ICT skills

Change has become a core concept in today's working life

- New Technologies
- ICT
- New Ways of Working
- SMEs
- Competition
- Environment
- Innovation
- Quality Assurance
- Ageing Work Force

And Romania is changing even more

- EU entrance
- Globalised competition
- Further sectoral restructuring and privatisation
- Increasing requirements related to quality
- The Rural Challenge
- Migration
- Bridging the skills gap with EU
- Privatisation
- Foreign investments
- Increasing salaries



PRESENT SITUATION of CVT IN ROMANIA

Continuing vocational training in enterprises is still weak. The results of the Eurostat survey in 2000 on continuing vocational training (CVTS2)¹, showed that only 11% of all the enterprises had assured continuing vocational training for their employees, Romania being thus placed far below all the other countries included in this study.²

Participation rate in CVT in Romania is far lower than in Czeck Republic (69%), Slovenia (48%), Hungary (37%) and even in Bulgaria, situated second last (28%). In Member States of EU, over 70% of the enterprises assure continuing vocational training for their employees, except for Spain (36%) and Portugal (22%). In Romania, participation rate to training within enterprinses offering courses³ was only 20% (for men and women), under the average of the participant countries (30%) and far beyond the average of the Member States. To note that average number of hours spent in training by each participant (42 hours) was the highest among all the countries included in the survey.

Reduced investments in VCT → **Low participation**

Another indicator of participation at CVT is AMIGO (Ancheta privind Forța de Muncă în Gospodării - Labour survey within households), that mentions the weigh of the active population that participated or participates to training within the last three months from the date of the survey. Also in this case, the corresponding figures for Romania are very low.

Tabel 7. Rata de participare la educație și formare (25-64 ani)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--------------|------------|----------|------------|------------|------------|------------|---------------|
| UK | m | m | 19,2 | 21,1 | 21,7 | 22,3 | 21,3 |
| EU-15 | 5,8 | m | 8,2 | 8,5 | 8,4 | 8,5 | 9,6[b] |
| Spania | 4,5 | 4,3 | 5,1 | 5,1 | 4,9 | 5 | 5,8 |
| Polonia | m | m | m | m | 4,8 | 4,3 | 5,0[p] |
| Ungaria | 2,9 | 3,3 | 2,9 | 3,1 | 3,0 | 3,3 | 6,0[b] |
| România | 0,9 | 1,0 | 0,8 | 0,9 | 1,1 | 1,1 | 1,3 |

Sursa: Europa Website (indicatori structurali)

[m] Date lipsă

[b] intrerupere in serie

[p] Date provizor

The most recent report of the National Employment Agency (NAE) shows that only 2,5% of the unemployed participated to vocational training during 2002.

These data point out a trend towards widening discrepancies between the competencies of the Romanian labour force and those in the rest of the Europe.

Another study realised by the Romanian National Observatory in 100 companies, situated in the North Est Development Region and in Bucharest, showed that in Romania, in 2004, only 10% of the employees of the investigated companies had ICT skills (the need estimated at EU level for 2010 being of 80%).

¹Eurostat, Statistics in Focus, Theme 3 2/2002.

²Main results CVTS2: CZ 69%, EE 63%, LV 53%, SI 48%, LT 43%, PL 39%, HU 37%, BG 28%, RO 11% și DK 96%, S 91%, NL 88%, FIN 82%, IRL 79%, DE 75%, A 72%, LUX 71%, B 70%, E 36%, P 22%.

³Vocational training courses were defined as activities organised outside the workplace (e.g., in a vocational training centre or a school) having as only purpose the (vocational) training of participants by trainers/tutors/lectors.

Recent studies explain low participation in CVT⁴

Reasons mentioned by employers to explain the lack of training activities

| Motives | %% |
|---|------|
| Numerically, labour force is stationary or in regression | 18,0 |
| There is no local offer for vocational training adequate for the needs of the company | 16,0 |
| Lack of interest from the company's staff | 6,0 |
| Company's activity does not involve a too high level of competences | 16,0 |
| The probability that employees trained in different CVT programmes may leave the firm | 20,0 |
| The firm is recruiting only staff already experienced / specialised | 32,0 |
| There is no possibility to replace the personnel during the training period | 16,0 |
| There is no possibility to replace the employees that might be internal trainers | 12,0 |

While almost all investigates companies accept the idea of the need to adapt to changes of the business environments, most of them speak less about *success and more about survival* on the market. Almost 90% of the employers orient their activitz onlz toward the internal market, where the presence of the foreign companies is, for the moment, relatively modest.

There are elements that may bring a change of attitude towards CVT

In the context of a high rising pace of economic development, generally, the awareness of the importance of the quality of the labour force's skills rise, especially when the competitive environment is enhanced.

Reasons mentioned by employers to explain why they have organised/facilitated training activities

| Reasons |
|--|
| Lack of well qualified labour force, according to jobs descriptions |
| Necessity to raise the general competence level of employees |
| Necessity to adapt to requirements of the competitive system |
| Desire to improve quality, to raise productivity and profit of the company |
| Necessity to adapt to requirements of the new economical environment |
| Promoting team work |
| Stimulating motivation of employees in their own vocational training and development |

To be noted that, on the background of the economic growth of the last years, in Romania about 80% of the companies report a positive development trend and declare, at the same time, their interest in raising quality of their products and services, as a necessity to adapt to the requirements of the new economic environment.

Sectors may have an important role in accelerating these trends

Why?

Information is more thorough about sectors than about companies

Sectors are competing for competent employees

How?

Sharing the information about the needs of a certain sector

Sharing resources

⁴JIGĂU, Mihaela. Skills audit and training policies in Roamnian Enterprises. București: Observatorul Național Român, 2003.

Characteristics of CVT at sectoral level

The CVT approach at sectoral level means to limit training objectives and contents to the specific needs of a socio-economic sector and presents the following main characteristics :

- Companies, managers and/or employees involved in providing common products and services meet voluntarily to approach common preoccupations related to human resources development and identify solutions.
- A strategic management framework is utilised in order to identify current and future requirements for human resource development, that should allow the sector to become more competitive.
- Social partners may build a permanent structure that should work on the problematique of human resource development at sectoral level, by investigating the way in which longlife training is perceived, developed and provided, as well as by analysing the way in which employees comply with international quality requirements.

Arguments in favor of CVT approach at sectoral level

- The sectoral approach allows a clearer focus, based on a better understanding of the training needs, that are related to the characteristics of the sector.
- The organisational context and the history of the relationships between social partners can be better considered.
- Building partnerships at sectoral level can be facilitated by the existence of organisational cultures that tend to be more similar within a sector.
- Actions may be more effective and efficient, as a result of channelling resources towards solving hot problems.

Main advantages of the approach of CVT development at sectoral level

- Attracting employers to finance vocational training, adapted to changes intervened within the sector.
- Raising employers involvement in the definition and the implementation of a long term training plan.
- Concentrating resources on training priorities identified at the level of the sector.
- Assuring portability of the competences acquired by employees.

CVT FINANCING - GENERAL PRINCIPLES

Funding must be based on interests
What does everyone want?

| | |
|-----------------------------|---|
| ENTERPRISES : | Productivity Competitiveness Image |
| INDIVIDUALS : | Mobility Career development, Personal development, Competitiveness on labour market Image |
| GOVERNMENTS : | Growth Inclusion Participation Development Image |
| TRAINING PROVIDERS : | Business Image |

At sectoral level :

SECTORS

Competitions between sectors /
Image

EMPLOYERS

Competent workforce

TRADE UNIONS

Qualified workforce

What happens in Europe?

Financing principles applied at EU level:

- Ensuring genuine access to lifelong learning for all requires both an increased level of investment and a fair sharing of costs between all those that benefit
- Encourage employers and individuals to critically increase investment in improving the skills of the labour force – both areas where investment is significantly lower than our competitors – the US, Japan, Canada etc.
- Public investment needs to concentrate on ensuring that those people most in need of help (and the least likely to receive it) get proper access – namely the low skilled, disadvantaged groups, and people working in small firms.

European experiences - France

Agreements for vocational training development in France

These agreements were conceived in order to support enterprises **to adapt to structural changes by developing the competences** and by **implementing news organisational models**. They suppose granting enterprises governmental **subventions** for vocational training, based on **an agreement** that they engage in **raising training activities**.

An agreement may be **cofinanced** by **regional administration** poate and may recieve supplementary funding from the **European Social Fund**. Finances are meant especcially to **SMEs** under 250 employees. The agreements are signed between the **Ministry of Labour** and the national representatives of **employers at sectoral level** and include the following aspects: eligibility criteria, main trends, priorities and objectives of vocational training, proceedings to implement the national sectoral agreement. **national sectoral commitees**, created especially for that purpose.

Operating mode of the financing scheme based on agreements for vocational training development

Each agreement mentions precisely **the annual amount available from the ministry** for implementing projects of vocational training development. **Any enterprinse under the sectoral agreement**, following stipulations of usual collective bargaining, **may ask for support** in order to implement a vocational training project.

The enterprise must have **a continuing vocational training plan** over a period of 2 to 5 years. The obtained funds may be utilised only **to cover training costs over the minimal compulsory level** (0.25% of the salaries fund for enterprises under 10 employees and 1.5% for enterprises over 10 employees). The enterprise must prove **a raise of the training activities** expressed in **amounts allocated** to vocational training in the last 3 years (1 year for under 50 employees). Subvention may cover up to **70%** (for enterprises under 500 employees) or up to **50%** (for enterprises over 500 employees) out of **direct training costs**.

There are no limits regarding the total number of employees participating in training course, but each trainee must participate **minimum to 39 hours** of training. **The content** of the training is left to the enterprise's decision, but it must contribute to its strategic development, according to the **multiannual training plan**.





Enterprises may participate only **once** to such a financing scheme. **Yearly**, enterprises compile a **report** on the realised training activities, the related costs and the number of employees participating.

Among the main results mentioned by enterprises in food industry (Loire region) participating in this financing scheme:

- Obtaining an average subvention of **50%** of the total training costs.
- Stimulating enterprises **to further invest in vocational training**.
- **2/3** of the enterprises mentioned **raise of turnover** and **of employment level**.
- Proofs were given on **raise of productivity** and improvement of **products' quality**.
- **Other benefits** were also identified, as **improvement of the climate and of the working conditions** or **improvement of the communication** within the organisation.

Enterprises in food industry participating to the presented financing scheme expressed also a series of difficulties in its operating mode:

- Enterprises that did not apply considered the process to obtain the subvention **too complicated** or reported **inadequate relationships** with the sectoral body.
- Financial proceedings seemed sometimes **too complicated** and **long**.
- Authorities responsible for financial transfers should be **closer** to participants.
- Some enterprises could not maintain the **planned pace** of the training activities.
- There were **inconsistencies between training results and objectives** (e.g. Many enterprises had as main objective **to improve staff quality and its qualifications**, and the activities were focused more on organisational aspects, such as **improvement of communication**).

The Netherlands

Vocational training, research and development funds (O+O)

Vocational training, research and development funds (O+O) are funds constituted based on the collective bargaining at sectoral level, **commonly administrated** (both from the point of view of the collection and of the distribution) by representative bodies at sectoral level. The contribution of the enterprises may vary from sector to sector between 0.1% and 0.95% from the salary funds, some sectors, such as information processing and the economic-administrative sector being financed **through Governmental scholarships**.

Distribution mechanisms of the funds are **demand oriented**, and **funds are transferred to enterprises**, not to vocational training providers. They include:

- **Allocation of “collective training days”** to a sector, out of which enterprises receive a number of training days, in function of the number of employees, and decide on the way that their employees will benefit from them.
- **Allocation of “individual training days”** to employees, as payment of the period when they are out for training. Usually, 1 to 2 days/year are allocated, that can be used as the employees want to.
- **Subvention of training programmes**, based on the **vocational training plans** having been submitted by enterprises, the subvention covering a part of the direct costs involved by the vocational training (e.g., 50% within the metal sector).

The example of the metal sector

Based on the collective bargaining between social partners in the metal sector, it was agreed to allocate for the “O+O” fund 0.55% out of the salary funds, in order to cover training periods. The resulted fund is available to all enterprises, but targets especially SMEs. They submit to the fund management body a grant application and the continuing vocational training plan, in which the needed training programmes are emphasised. The training plan must be submitted in maximum 2 months after its approval by the labour council of the enterprise.

Based on these documents, SMEs may receive reduction up to 50% of the direct costs of the vocational training, as subvention. In case of involvement of certain groups (women, persons over 40 years, persons without a lwy vocational education degree), these subventions may be higher.

In order to benefit from subventions offered based on “O+O” funds, enterprises in the metal sector must fulfill the following eligibility criteria:

- Training activities must comply with the policy of the enterprise on organisation and human resources.
- The training plan must adress specific target groups.
- Details are presented about the interest of the employees related to continuing training.

Even if there is no systematic evaluation of the results obtained, between 1987-1997 the number of training days raised from 1199 to 66592. In 1997, 30% of the enterprises had a structured vocational training policy, manifested through: participation of employees in training, awareness of the company's training needs by employers, acknowledgement of the training offer by employers, formalisation of training through development of a training plan at company level.



Possible development models "STRIKING DEALS" project

This project is based on the wish of the Dutch government to support reform of VET systems in Central and Eastern Europe, as well as on the intention of Dutch trade unions to cooperate in order to strengthen the role of trade unions in new and future Member States of EU, by their actual involvement in vocational education and training.

The project "Striking deals" aims at the establishment of a bipartite sectoral VET system for labour force in the machinery building branch, having as pilot sub-sectors the shipyards and aeronautics industry.

General data

Coordination: Human European Consultancy.

Partners: FNV/FNV Bondgenoten (NL), MEDOSZ (HU), CNSLR-Frăția and BNS (RO)

Period: Jun 2003 - July 2006.

Financing: Dutch Government's MATRA Programme for Eastern Europe

Objectives:

- Realising a bipartite expertise centre for vocational training, managed by employers and training unions of the respective activity sector;
- Introducing provisions or annexes in the collective bargaining, on the establishment, operation and financing of the bipartite expertise centre, at branch level (and/or activity sector) and at unit level.

Where is it currently?

In Romania, the project is in the 4th phase of establishment of the expertise centres. Until now it could be introduced in the collective bargaining for the machinery building branch an article stipulating regulation on the establishment and operation of an expertise center in vocational training with bipartite management at branch level (under implementation)

The centre in the shipyard subsector was established and the one in aviation is undergoing.

General scheme for CVT financing in Romania

Direct financing - actual CVT financing (O.G. 129/2000, republished):

- employers' own funds
 - Commercial societies, national companies, autonomous national administrations, may cover staff training costs
 - Institutions financed from extrabudgetary sources finance training from this income
 - Institutions financed from the national budget finance training according to their own budget
- the budget of unemployment insurances
- sponsorships, donations, external sources
- fees from trainees

Indirect financing - fiscal facilities

- employers: deduction of expenses encountered for staff training
- training providers: exemption from VAT payment
- employees: training leaves, payed or not payed

Among external sources available:

- European Commission's programmes for vocational training and adult education (Leonardo da Vinci programme, Youth for Europe programme, Grundtvig component of the Socrates programme);
- Programmes having specific components for vocational training (Sapard component 4.1. , Phare Human Resource Development Component);
- Preadhesion programmes for preparation of accession of Romania to EU structural funds and to European Social Fund.

The launch of call for offers for the Phare Programme - Human Resource Development Component: in May; details may be obtained from European Integration Ministry, www.mie.ro

To identify other sources, see also www.finantare.ro.

Elements to be considered when such projects are realised:

- approval decision is taken at the development regions level
- cooperation between social partners is welcome
- partnerships between enterprises and vocational training are encouraged
- a direct contribution is necessary (usually from 25% to 50% of the budget)



CVT Financing through NAE

Vocational training may be financed from the budget of the unemployment security, for job seekers as well as for other categories stipulated by the law.

The groups benefiting free of charge from vocational training are :

- a. Unemployed receiving or not the employment benefit
- b. Persons that could not find employment after graduating an education institution or after military service;
- c. Individuals under refugee status or under another international protection form, according to the law;
- d. Persons that could not find employment after detention or repatriation
- e. Persons in detention;
- F. Individuals back to work after child raising leave
- G. Persons back to work after military service
- H. Persons back to work or to recuperation of work capacity after invalidity retirement;
- I. Persons running work activities in rural environment.

A part from these categories, the budget of the unemployment security may also cover up to 50% of the training services costs up to 20% of the hired staff of the economic agents. These vocational training programmes are organised in order to prevent unemployment, and economic agents benefitting from this facility are selected according to the legal terms (see *Ordor of the Labour Minister* no. 406/2004).

Considering the importance of this active measure, for 2005 NAE has allocated to vocational training an amount of **350.582.868 thousand leis** (about 850.000 Euro), which means 3.5 times more than it was spent in 2004.

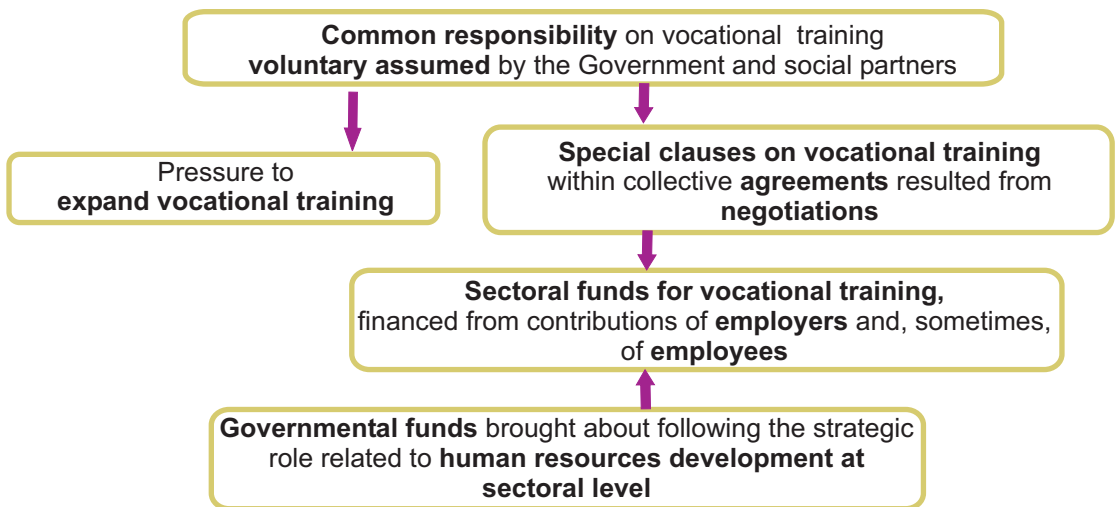
A funding model for Romania?

With involved actors consideration

- Enterprises :** Fund CVT for company development
- Individuals :** Participate to meeting costs for covering individual needs
- RO Government :** Promote CVT through incentives for enterprises and individual professionals
Provide direct support to ensure access of groups at risk
- Social partners :** Promote innovation, channel sector needs through pooling of resources and fund raising
- NGOs :** Promote specific target groups and themes
- EU :** Promote development, reduce differences => ESF, ERDF, Phare, Sapard etc.

Establishing sectoral vocational training funds

O scheme of the process to be followed



Instead of conclusions

Questions that may be answered by sectoral committees in the perspective of a sectoral strategy for CVT development:

- Are the responsibilities/interests for CVT well reflected?
- Have the social partners specific responsibilities?
- How may employers' interests harmonise with trade unions' ones?
- How should raise companies interest in CVT?
- What role should have sectors and sectoral committees?
- May collective bargaining be used to define/negotiate training needs?



USEFUL DEFINITIONS

(available only in Romanian)

Formarea profesională = ansamblul de metode și tehnici prin care se asigură pregătirea necesară dobândirii competențelor profesionale minime pentru obținerea unui loc de muncă sau dezvoltării de noi competențe.

Formarea profesională a adulților (**FPA**) se organizează pentru inițiere, calificare, perfecționare, specializare, recalificare definite astfel:

a) **inițierea** reprezintă dobândirea unor cunoștințe, priceperi și deprinderi minime necesare pentru desfășurarea unei activități;

b) **calificarea** reprezintă ansamblul de competențe profesionale care permit unei persoane să desfășoare activități specifice unei ocupații sau profesii;

c) **perfecționarea** constă în dezvoltarea competențelor profesionale în cadrul aceleiași calificări;

d) **specializarea** este o formă specifică de formare profesională care urmărește obținerea de cunoștințe și deprinderi într-o arie restrânsă din sfera de cuprindere a unei ocupații;

e) **recalificarea** constă în obținerea competențelor specifice unei alte ocupații sau profesii, diferită de cele dobândite anterior.

FPA se organizează în mod distinct pe niveluri de pregătire, profesii, ocupații, meserii și specialități, ținându-se seama de nevoile angajatorilor, de competențele de bază ale adulților, de cerințele posturilor pe care aceștia le ocupă și de posibilitățile lor de promovare sau de încadrare în muncă, precum și de cerințele de pe piața muncii și aspirațiile adulților.

Nivelurile de calificare: având ca referință reglementările elaborate de Biroul Internațional al Muncii (ILO) - ISCO 88 COM, la nivelul Uniunii Europene (Decizia Consiliului 85/368/EEC) au fost definite **cinci niveluri de calificare**, adoptate și de România:

Nivelul 1 = nivel de calificare - **muncitor** - căruia i se asociază competențe profesionale care implică aplicarea cunoștințelor în activitatea profesională, din diverse domenii de activitate, activitate caracterizată prin rutină și sarcini de lucru previzibile

Nivelul 2 = nivel de calificare - **muncitor calificat** - căruia i se asociază competențe profesionale care implică aplicarea cunoștințelor într-o anumită activitate profesională, cu sarcini de lucru nerutiniere, care presupun responsabilitate și munca în echipă

Nivelul 3 = nivel de calificare - **tehnician/maistru** - căruia i se asociază competențe profesionale care implică aplicarea cunoștințelor într-o arie extinsă a activității profesionale, cu sarcini de lucru diverse și complexe, care exclud rutina. Sarcinile de lucru presupun luarea unor decizii, responsabilitate și, uneori, munca în echipă cu atribuții de coordonare

Nivelul 4 = nivel de calificare căruia i se asociază competențe profesionale care implică aplicarea cunoștințelor într-o arie extinsă a activității profesionale, cu sarcini de lucru diverse și complexe, caracterizate printr-un grad semnificativ al responsabilităților personale, al coordonării activității și alocării resurselor necesare desfășurării eficiente a respectivelor activități profesionale

Nivelul 5 = nivel de calificare căruia i se asociază competențe profesionale care implică folosirea cunoștințelor în contexte ale activității profesionale deosebit de diverse, complexe și neprevizibile. Acest nivel se caracterizează prin luarea de decizii în mod independent, responsabilitate personală ridicată, sarcini privind coordonarea activității personalului, alocarea de resurse, activități de analiză, diagnoză, proiectare, planificare, execuție și control.

Notă: Specialiștii UE discută deja o nouă structură posibilă, pe opt niveluri.

Qualification levels and educational levels

Internationally educational levels are used, corresponding to levels of the educational system, defined in the „International Standard Classification of Education (ISCED)”. They do not overlap the qualifications levels, even if the two categories are closely related, as it can be seen in the following.

| Age | Grade/Group | ISCED | Educational form | | | Qualification level | |
|-----|---------------|-------|--|--------------------------------------|------------------------|---------------------|------------------------|
| 19+ | | 6 | University education | | | 5 | |
| | | 5 | | | | 4 | |
| | | 4 | Preuniversity, postsecondary education | Tertiary nonuniversity education | | 3 | |
| 18 | XIII | 3 | | | | 3 | |
| 17 | XII | | Grammar school | Arts, Sports, Technology high school | Technology high school | | Technology high school |
| 16 | XI | | | | | Completion year | 2 |
| 15 | X | 2 | General education | Arts, Sports, Technology Education | Arts and crafts school | | 1 |
| 14 | IX | | | | | | |
| 13 | VIII | 1 | Compulsory education | | | | |
| 12 | VII | | | | | | |
| 11 | VI | | | | | | |
| 10 | V | | | | | | |
| 9 | IV | | | | | | |
| 8 | III | | | | | | |
| 7 | II | | | | | | |
| 6 | I | | | | | | |
| 5 | Big Group | 0 | Preschool education | | | | |
| 4 | Average Group | | | | | | |
| 3 | Small Group | | | | | | |

According to principles of equality of opportunities and of promotion of lifelong learning, access to educational levels is assured both by initial training, and by continuing training, as well as by validation of competences acquired on nonformal and informal ways.