Enterprises and Vocational Training
Statements and Comments

Hakan Ercan
Middle East Technical University, Ankara

This ‘Statements and Comments’ paper for the Peer Review on ‘Enterprises and Vocational Training’, to be held in Lisbon, consists of three parts. Part 1 is a brief assessment of the policy context and economic circumstances in Turkey that are relevant to vocational training. Part 2 is a brief assessment of the potential transferability of the Portuguese policies discussed in this Peer Review to Turkey that may address relevant labour market problems. Part 3 notes some important issues relevant to vocational training that is currently debated in Turkey and their future implications.

Note that, Turkey does not have a ‘National Action Plan for Employment’ (NAPE) (this author is currently involved in writing a draft of it), therefore one may not assess the potential contribution of vocational training measures discussed in this Peer Review to the objectives of NAPE.

1. Brief assessment of the labour markets and vocational education in Turkey

1.1 Labour Markets

After a severe crisis in 2001, Turkey has recovered and has registered high growth rates in the past three and a half years. This recovery, however, did not reflect itself in employment creation. Employment level was stagnant throughout 2002-2004 and only recently started a mild upward trend. This is due to heavy private sector investment in machinery and equipment, which has caused private manufacturing industry productivity rates to soar (Ercan, 2005).

Regardless, Turkish labour force participation rates (LFPR) for urban youth, especially for females, are expected to increase in the near future. There are two reasons to justify this statement. The first one is that, Turkey is expected to go through a process of faster urbanization. Turkey has close to one third of its workforce in agriculture. Until recently, agricultural support programs have been a major component of government spending. Because of recent and current IMF sanctioned stabilization programs, however, agricultural subsidies are being phased out. This development should quicken the leisurely pace of rural to urban migration once the stabilization program is over and perceived job prospects in urban areas pick up again, as they are slowly doing now. The second reason for increased LFPR is the increasing education levels. Turkey has legislated compulsory schooling level from five years to eight in 1997. Higher educational attainment levels are well known to be a determinant of increased LFPR for both sexes.

Judging by the present-day trends for employment growth in Turkey, probable job creation rate (which was less than 1% per annum in the past fifteen years; Ercan, 2003) is not expected to match this influx of participants (working age population has increased by 2.2%
Unemployment rates are likely to rise, which have been steadily creeping up (10% overall, 14% urban in 2004).

Based on international experience, it is safe to say that, once up, unemployment is hard to reduce. Turkey is steadily approaching the internationally prevailing unemployment rates of Western Europe and other middle-income countries. Unpaid family worker buffer in agriculture is losing its weight in keeping overall unemployment rate low. As agriculture’s share in employment is gradually diminishing, compulsory schooling level having gone up to eight from five years, and urbanization slowly but surely picking up, unemployment rates, especially for the urban youth, will rise. In another ten-fifteen years, this cohort will be the prime age working population and these high rates will be the overall labor market rates (presently about 16% for young urban males, and over 25% for urban young females).

A vocational education and training (VET) system linked to such labour market needs of creating employment (that is, creating ‘employable’ individuals) and compatible with international standards is therefore essential for the long-term human resources development policies in countries like Turkey where average education levels of the work force are lower than the EU average. These would be the Mediterranean countries from Portugal to Turkey, except France.

1.2 Vocational Education

Turkey has become a candidate country for accession to the EU following the EU Council decision of November 1999; the European Council opened accession negotiations with Turkey on 3 October 2005. Within this mandate, the European Training Foundation (ETF) has produced a review of the vocational education and training system of Turkey, at the end of 1999. This report concluded (as outlined in 2000 EC regular report on Turkey’s progress towards accession) “a clear link between the requirements of the labour market and the skills acquired by the graduates of the vocational schools is needed”. The ETF report focused on three main recommendations for the future development of the system: a) increasing the efficiency of the vocational training provision, b) building the institutional capacity, c) improving the provision of continuing training, in particular, with regards to SMEs. Later reports (Akpinar and Ercan, 2003; Corradini et al., 2004) repeated the recommendations as not much has changed.

The size of the Turkish labour market problems related to its VET system is proportional to its size. Turkey’s population is 72.6 million (median age is 25, December 2004, www.unfpa.org.tr) and its expected years of schooling is only six years (OECD Review of Education, 2005), despite eight years of compulsory education. This is because compulsory education has been increased from five to eight years only in 1997.

There are two reasons for the compulsory education to have been so short, and still not twelve years. The first one is the high proportion of agricultural employment in Turkey. Currently at one third of total employment, it has been steadily coming down from over 40% since the late 1980’s. Children over the age of twelve in farming families were automatically classified as unpaid family workers in the State Institute of Statistics’ (SIS) Labour Force Survey (LFS) until 2000. For many decades, families and politicians deemed five years of education to be about right in rural areas. Although average urban education levels were higher, compulsory education level remained at five years.
The above attitude has changed at the same time as rural-urban transition speeded up, as the move to eight years of compulsory education attests to, but stopped there. The second reason for the compulsory education level not going up is a peculiar Turkish education institution.

‘Religion’ vocational high schools are part of the Turkish vocational school system. In their inception, these vocational schools were few and they educated the ‘imam’s and orators (‘hatip’s) for the state administered mosque system. Only possible higher education outlets for their graduates were the few faculties of theocracy. Women may not become ‘imam’s in Islam similar to Christianity. Therefore, female enrolment was very limited in these schools (1% in 1975). However, Turkish conservative politicians catered to the needs of their constituency and opened up enrolment to women by granting the right to enter in general colleges after the completion of a religion vocational high school. This has made conservative parents in city periphery and small town settings comfortable to send their daughters to school. In time, female enrolment proportions in these schools reached the same levels as in general high schools (Ercan, 2003). They have practically become general high schools with a strong religion component in their curricula.

Starting with the 1999-2000 school year, however, strongly secular Higher Education Council of Turkey (YÖK), practically finished religion vocational high schools by new regulations regarding the nation-wide university entrance examinations. The new regulations restored the old order and made it next to impossible for all vocational school graduates to further their education in college fields that are unrelated to their vocational high school background. The name religion vocational high school was not mentioned in the regulations but the move was against them. At their peak (during 1996-1997), religion schools had an enrolment of over 68,000 and accounted for 27.5% of the students enrolled in vocational and technical schools. By 2000-2001, the numbers were down to 18,000, around 7% of the total.

Presently, the truly technical vocational education system (TVET) enrolls 36% of secondary education students. This ratio has been constant since 2000. Although development plans drafted in the 1970s and beyond, placed the emphasis on vocational training and envisioned a share of 65% for the vocational and technical component of the secondary school system, this target was not reached.

Current conservative government of Turkey is reluctant to increase the compulsory education level to twelve years. First, the government wants to design a system of college entrance examination that does not penalize vocational (read ‘religion vocational’) school graduates if they choose to enrol in a general program unrelated to their high school vocational degrees. The government and YÖK (which stands for the secular tradition of the republic) are at a standstill on the issue now.

Having noted the above, Turkish vocational and technical education system is strong in organizational infrastructure and regional reach (Akpinar and Ercan, 2003, chapter 3). It is free and lower income families favour the system for their children quickly to acquire marketable skills. A weakness of the system is a lack of strategic planning by responsible authorities, who are resistant to change (Ercan, 2003; Corradini et al., 2004). To our

---

1 The main authority for the Turkish vocational training system is the Ministry of National Education (MoNE) responsible for the training of skilled workers, technicians, apprentices and others in industry, tourism and trade. Within the
knowledge, they do not use any labour market projections or skills needs analysis and reform the curricula accordingly. Transition to work is also problematic; the graduates have a higher proportion of unemployment than the general level (13.5\% vs. 11.4\% for 2002, see Tunali et al., 2004). This reflects that the graduates do not meet the demands of the workplace.

2. Brief assessment of the potential transferability of the Portuguese policies on the role of enterprises in vocational training

Centeno’s (2005) discussion paper reviews policies in the role of enterprises in vocational training in Portugal. These policies are training schemes directed at SME’s (Rede), participation of enterprises in apprenticeship programs, and the promotion of good practice in continuing vocational training provided by enterprises. Similar programs to the first two policies exist in Turkey; the third one definitely piqued interest. This author was interested in how the Portuguese officials implemented this one.

2.1 Potential transferability of Programa Rede: High

European Social Fund (ESF) and Portuguese public funds co-finance all three schemes. In addition to providing necessary funds, the Rede program takes the initiative in convincing the SME’s that they do require consultancy and training despite the fact that most SME’s do not see it that way. There are organisations in Turkey that provide support to SME’s but they do not actively seek out participants. Rather, they accept applications. One should think that the bureaucratic inertia of these organisations must be replaced by a dynamic and nimble way of doing things, easier said than done.

The closest institution that comes to mind in this Peer Review’s context is The Small and Medium Sized Enterprises Support Administration Directorate (KOSGEB) of Turkey, an autonomous entity related to the Ministry of Industry and Trade, that approaches the training problem from an entrepreneurial angle. KOSGEB was established in 1990 to facilitate the speedy adaptation of small and medium-sized enterprises (SMEs) to technological developments, to enhance their competitiveness, and to increase their contribution to the economy. (This statement could very well have been taken out of a Portuguese government document.) Towards this end, KOSGEB organises classroom and laboratory based courses, and short-term on-the-job training on technical, administrative, financial and regulatory topics. It targets individuals who are about to establish, or who have recently established, their own firms. Its technology development centres incubate and encourage the formation of high value-added, technology oriented SMEs.

Unlike the broad-based Programa Rede that provides consultancy and training to SME’s, KOSGEB initiative in Turkey targets a smaller group of SME’s in high value added activities. Regardless, this author thinks that, KOSGEB experience may easily be generalized for a broader coverage with ESF and government support. There has been fifteen years of implementation experience with KOSGEB and a Programa Rede style expansion (or new
institution) seems feasible. Portuguese experience should prove to be valuable in avoiding possible pitfalls.

2.2 Apprenticeship system: Already in place

Potential transferability: Feasible

The second policy under review is the apprenticeship system that provides initial vocational training. The twist is that, the trainees obtain a professional certificate and a school diploma (lower or upper) in the end. Then the student may choose either to continue studies or to participate in the labour force.

This scheme may prove to be favourable to Turkish public opinion. Apprentices are generally regarded as unfortunate youth who had no chance to go to upper school because of family poverty. Now, they may be getting another chance at continuing their studies. With the right champions of the cause, regulating such an institutional arrangement may not be difficult.

Just like Portugal, the apprenticeship system is well established in Turkey. Turkish apprenticeship training involves the theoretical and practical training of youths who work for businesses in order to learn a vocation after completing compulsory education. They must be at least 14 years old. Those under the age of 19 cannot be employed at a workplace without an apprenticeship agreement between the worker and the employer. Between 1997 and 2001, 620,000 young people received training in courses organised by the MoNE. In 2001, there were about 250,000 students in the entire VET system, roughly half of whom were in apprenticeship training (Tunali et al., 2004, Chapter 6 for this and the following paragraph).

Again, just like Portugal, enterprises and social partners are involved in the system. Businesses are responsible for the practical training of candidate apprentices and apprentice students. Those businesses which employ candidate apprentices or apprentice students are legally required to have a Master Trainer, even if they have only one trainee. Moreover, if the business is training 10 or more apprentices (or apprentice students), then it will have to establish a Training Unit for this purpose.

Vocational Training Centres (VTC’s) handle the theoretical training and the part of practical training left incomplete at workplaces of candidate apprentices and apprentices. They are connected to the General Directorate of Apprenticeship and Non-Formal Education of MoNe. Supra Training Centres (STC’s) are similar to VTC’s. These centres are established and run by the Turkish Confederation of Trades and Craftsmen (TESK).

The infrastructure seems to be in place to enhance the professional certification process with a school diploma as well. This policy may well be regulated and implemented in Turkey.

2.3 Potential transferability of continuing vocational training (CVT)

The third part of Centeno’s (2005) review consists of a discussion of continuing vocational training provided by enterprises. Like their Greek or Portuguese counterparts, most Turkish enterprises do not provide any form of training to their workers. One should note that 90% of manufacturing establishments in Turkey are micro-enterprises (having less than ten
workers). These are generally involved in unregistered activities and do not provide any training at all.

Centeno (2005) provides a nice analysis of vocational training in the Portuguese context. Lacking similar micro-survey data for Turkey, this author has benefited from the quantitative discussion. One should ask whether the Ministry of Labour’s survey data attempts to distinguish general and firm-specific training. If it does, then the discussion on who is paying for vocational training would have been richer.

The key questions in the CVT debate have of course been asked by Centeno (2005, p.12): Can the CVT contribute to upgrade the low level of human capital in Portugal; how can it be focused on those with the least qualifications (which happens to be the most inefficient group to target CVT in terms of overall output); and how can the companies be made to provide CVT to their employees? The first two questions being universal problems, this author paid attention to the discussion of the last question in Centeno’s (2005) paper.

Initial results so far point to a huge success in number of actives in training vis-a-vis the departure situation in 1999, 28,000, to 236,000 in 2004. A very relevant performance level indeed. CVT activities targeted the improvement of already qualified actives: 227,000, not those with low level of qualifications (3300). In that sense, it may not have addressed the long-term unemployment problem. (Maybe that problem must be addressed by means tested programs, anyway).

Turkey faces the same problem like Portugal that the majority of its SME managers do not recognise the advantages of training, themselves having low levels of human capital. At the moment, this author suggests to observe the successful Portuguese CVT experiment a while longer and implement a Rede-like program in the meantime.

3. Current issues relevant to vocational training in Turkey

Turkey has a mixed blessing: Of its almost 73 million people, 20 million are in the age cohort 0–14 years. According to the State Institute of Statistics (SIS) projections, 50 million people will be in the working age bracket of 15-64 in 2020 (70% of the population). Turkey’s future fortunes will be determined by how well it can utilise this opportunity. Because, if current situation does not improve, Turkish demographics will be a threat, not an opportunity. At the moment, total employment rate is 45% (EU average is 63%) and youth unemployment (15-24 age group) is a whopping 32%.

Turkey shares a key trait with the Portuguese labour market, which exacerbates the above picture. It is in the same league with Malta and Portugal in having the lowest average education level of its work force of the EU and accession countries. Clearly, sustainable growth spurred by sustained productivity increases is not possible with such low levels of human capital. Turkey should address the problem in both the basic education and vocational education fronts. Investment in basic education and increasing compulsory education level must be top priorities in the coming decades.

In addition, Turkey must revamp its vocational training system. Although extensive, the VET system is mostly outmoded and fails to meet the demands of today’s technology (despite the fact
that most micro-enterprises in Turkey are in the low value added, low knowledge intensive, low
salary segment of the industrial life; another trait shared with the Portuguese labour market).

On top of that, Turkey must address the skill deficiencies of its older workers in the context of
lifelong learning. Turkey is lucky for now that, the proportion of long-term unemployed in total
unemployment is low, but this will change. EC institutions have been in Turkey for some years
now, trying to address these problems.

3.1 EC involvement

According to the European Training Foundation’s website (www.etf.eu.int enlargements),
The EC assistance in education goes back to 1996. The EC provided support for the
programmes mentioned below, which started in 2002-2003 and will end in 2007:

1996 - The modernisation of Vocational Education and Training (MVET – 14 M€)
1998 - The strengthening of Vocational Education and Training (SVET – 51 M€)
1999 - Support to basic education (SBEP-100 M€)

In 2002 the EC has provided support to the Turkish Employment Agency (ISKUR) for the
implementation of an “Active labour market strategy” programme of 40 M€, which will end in
early 2006.

Starting with these seed experiences, Turkey will also start utilising EC assistance that are
an order of magnitude over the above numbers.

3.2 Public institution awareness

In December 2003, State Planning Organisation (SPO) prepared the first Preliminary
National Development Plan as a basis for the financial assistance towards economic and
social cohesion to be provided by the EU within the framework of Turkey-EU relations,
during 2004-2006. The Plan identifies 4-development axes towards economic and social
cohesion with the EU:

- Enhancing the competitiveness of the enterprises;
- Developing human resources and increasing employment;
- Improving infrastructure services and environmental protection;
- Reducing the regional development inequalities, ensuring rural development and fight-
ing poverty and income inequality.
- Axis 2 includes the following measures:
- Active labour market policies: Promotion of employment of disadvantaged groups in the
  labour market, employment of young unemployed, adaptation of employees and entre-
preneurs to changing market conditions;
- Reinforcement of the education system: Enhanced links between labour market and
  education, increased use of information and communication technologies in education,
  enhancement of lifelong learning opportunities for adults.
Clearly, there is no shortage of awareness regarding the problems. Corradini et al. (2004, p.10) warns though: “The main barriers to introducing innovation into the system include the following: a certain resistance to change on the part of all parties involved, but in particular on the part of national authorities; insufficient policy-making capacities; …”

Note also that, there is currently limited knowledge and hardly any debate in Turkey about the objectives and targets of the Lisbon employment strategy, much less on the new integrated guidelines. Labour force participation targets of the EU are definitely out of reach in the present situation.

References


