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Ukrainian trade schools are still coming to terms with their loss of prestige as they try to supply new workers to fast-changing markets.

LVIV, Ukraine | Once the backbone of the Ukrainian educational system, trade schools turned out steelworkers, cooks, mechanics, welders, and bus conductors to fill waiting jobs in the centralized economy. In the Soviet period, a skilled factory worker could earn more than a university-trained engineer.

When the USSR's collapse sent the economy into free fall, the reliable, cold-tempered link between schools, industry, and the huge Soviet market snapped. Vocational schools lost so much prestige that in the early 1990s primary-school teachers started threatening slow pupils with, "Study hard or else you'll end up in trade school!"

But as a result, skilled workers drifted into other jobs or joblessness, especially in the less industrialized west of the country. The shortfall continues to this day, and the shortage of old hands to teach their skills in the shrinking number of trade schools is even more critical. Foreign and homegrown companies in some cases are stepping in to fill the gap, but there is a danger that foreign investors who view the country as a source of comparatively cheap workers will ignore its potential for high-value industrial and technical products and services.

THE FALL AND RISE OF THE WEST

After several years of promising results, Ukraine's economy has pulled itself out of the abyss. Employers are looking to hire construction workers, welders, metal workers, and mechanics, but blue-collar workers are hard to find, especially in the western regions that saw many workers leave for seasonal or permanent jobs in Central and Western Europe and Russia.

"Skilled craftsmen like these need to practice all the time," says Pavlo Khobzey, head of the education and science department for the Lviv regional administration. "Many could not keep up their skills during the period of economic stagnation. That's why we don't have any welders of the highest qualification in our trade schools. There are professionals in the regions, but they are very welcome in industry and will never agree to teach for the money we can give them."

In Soviet times vocational education and industry were linked in a human production

line. Factories supplied schools with instruments, tools, and most important of all, skilled masters to teach those who would eventually take their places. Factories also paid these masters teaching salaries. When manufacturing crumpled at the turn of the 1980s and 1990s, many trade schools lost this essential support. The share of all pupils attending trade and other vocational schools fell from 30 percent in the Soviet period to 13 percent today.

Khobzey outlines the three biggest problems facing vocational education in western Ukraine: lack of teachers and masters, curriculums lagging behind European standards, and poor conditions at schools. "Schools just can't buy modern equipment," he says.

But foreign companies can. Two firms going this route are two German construction industry leaders, Henkel and Knauf.

"They simply provided trade school students with their materials and technologies," says Myroslav Soroka, Khobzey's deputy for vocational education.

The companies donated paints, stucco, and other products to Lviv construction students.

"Students can not only get training, they can also renovate classrooms. It was clever of Henkel and Knauf: these students will certainly choose such materials after getting jobs in the construction industry," Soroka says.

Some trade schools are doing well without outside help. Soroka proudly describes the Higher Professional School for Restaurant Business and Tourism in Lviv and its "virtual training" model where students develop business plans, hire employees, and run a computer-generated company. "Students get all the modern skills necessary for their jobs," he says. "The level of this school impresses our partners from abroad."

Soroka admits this case is not typical: unlike other trades, cooks, confectioners, waiters, and bartenders are now welcomed on the regional labor market.

"The market demands professionals in services and tourism, and this is also the state strategy for the region: Lviv and the area as a draw for tourism and recreation," Khobzey says.

LOW-COST LABOR

In this case, the market and the authorities are thinking alike. But this may be an isolated case. What more often attracts foreign investors to western Ukraine is low-cost labor just across the European Union border, rather than the skilled workforce. Foreign-owned corporations such as KWL typically recruit local people for simple assembly-line work.

The German-headquartered manufacturer of electrical cables supplies Volkswagen and other customers from its Lviv plant – cables previously made at the company's Czech subsidiary until rising local wages sent the company looking for a lower-cost production site in 2004. Wages are now on the rise in Ukraine as well, but the plant's proximity to EU customers still argues in favor of staying put instead of relocating to even cheaper Asian labor markets.

"Good eyesight and medical permission to stand all day are our main demands," says Ihor Prokopchuk, managing director of KWL's Lviv plant. Before cables began coming off the line in Lviv, the company sent 20 skilled workers for training in the Czech Republic. Today new workers are trained on the job, standing at the production line. It usually takes three months for a new hire to get up to speed and begin earning full salary. Workers at the plant make average or above-average wages for Lviv: 150 euros or more a month.

KWL is also looking to the city's trade schools for new blood, offering internships on the cable assembly line to students. But as Prokopchuk admits, many young people "don't have the patience for this kind of work – they look for better opportunities."

Those opportunities are far more available to university graduates, which is why one high-tech company is investing heavily in training potential employees.

SoftServe, one of the largest software developers in Eastern Europe, last year launched "SoftServe University," a training center for up to 50 university students at its Lviv headquarters. The training is free of charge.

Founded in 1993, SoftServe employs more than 700 people in Ukraine and the United States and is the biggest outsourcing software company in Ukraine, but it's not the only one in Lviv. The city is home to some 10 IT firms with up to 200 employees, dozens of smaller operations, and hundreds of freelance programmers.

The comparatively cheap and well educated labor force provides a global advantage for SoftServe and its competitor IT outsourcing companies in Lviv. Wages in the city and Ukraine are rising though, and wages in the high-tech industry are competitive: young professionals at SoftServe can earn double the salary of an assembly-line worker.

Ukraine has recorded average economic growth of 7.4 percent annually since 2000, and average salaries the past two years have soared by over 20 percent annually.

HIGH-TECH VINEYARDS

The company's vice president for human resources smiles as he replies to a question about the competition from Asian labor.

"We won't compete with them in areas where they are stronger – in making easier processes bigger and faster," Ihor Pasemko says. SoftServe fills a market niche at the high end of the IT industry. "That's why we recruit people with higher education: otherwise we would lose the competition with China."

Soviet planners singled out the Lviv region as an electronics center, primarily for military customers. Pasemko believes that the region retains its good reputation in this field despite a decade of brain drain. "Continuity is what is important for our success," he says. "Grapes grow both in Spain and India. But have you ever heard about Indian wine?"

Trade schools and universities face global reforms. Higher education is already moving to harmonize programs and degree requirements with European Union standards, with vocational schools next in line to follow suit. Another challenge for

educators is the population implosion: the under-15 population has fallen steadily since 1990. In 2005, according to UNESCO, the number of secondary-school students was 85 percent of the 1999 level.

More than 100,000 students attend 50 institutions of higher education and 60 trade schools in Lviv and the surrounding region, making the city a leading educational and research center in Ukraine. Regional authorities' strategy for the coming years is to attract more foreign students who will pay more than local students and spread the reputation of the area's schools.

"We can deliver knowledge, but it's not enough. Professors' and teachers' English, dormitory facilities, must be improved if we really want to compete on the global level," Khobzey says.

The current crop of just a few hundred foreign students, mostly from the Middle East and East Asia, came to Lviv for medical and higher technical studies, not to polish a manual trade. Still, with vocational training that is in far better shape than in some other ex-Soviet countries, Ukraine's industrial future will take its chances.