



VETInnovate

Transformation of VET Centres to become
regional leaders of inclusive, sustainable
and digital skills ecosystems

PILLAR 4:

**Capacity within an organisation - Building
resources, people, recognition and incentives**



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Executive Summary

Strengthening organisational capacity is a fundamental prerequisite for VET institutions that aspire to play a more active role in regional skills ecosystems. As economies continue to evolve under the influence of digital transformation, the green transition, and rapidly changing labour market demands, vocational education and training providers must continuously adapt their internal structures, resources, and strategic approaches in order to remain relevant and effective.

The Capacity Assessment Framework presented in this pillar offers VET centres a practical instrument for evaluating their readiness for transformation and guiding their institutional development.

By examining organisational capacity across the five key dimensions—resources, human capital, recognition and incentives, organisational culture, and sustainability—VET institutions are encouraged to reflect critically on their current practices and identify areas that require further strengthening.

The complementary 10-KPI assessment model provides a structured and measurable way to track progress, helping institutions move from fragmented or reactive approaches toward more systematic and strategic management practices. Together, these tools enable evidence-based decision-making and support continuous institutional improvement.



1. Introduction

Vocational Education and Training (VET) systems across Europe are undergoing a profound transformation driven by rapid technological development, the transition to a green economy, and the growing demand for inclusive, flexible, and future-oriented learning pathways. In this context, VET institutions are increasingly expected to move beyond their traditional role as providers of vocational qualifications and become active contributors to regional innovation and skills ecosystems.

Despite these evolving expectations, many VET centres continue to face structural and organisational challenges that limit their ability to fully respond to emerging economic and societal needs. These challenges include limited institutional capacity for innovation, insufficient collaboration with industry and regional stakeholders, underdeveloped mechanisms for continuous improvement, and a lack of structured tools for assessing institutional readiness for transformation. As a result, there is a growing need for practical frameworks that can support VET institutions in evaluating their capacities, identifying development priorities, and planning sustainable organisational transformation.

The VETInnovate project addresses this need by adapting and further developing the well-established HEInnovate self-assessment framework, originally designed for higher education institutions, to reflect the specific realities and operational contexts of VET providers. As an Erasmus+ cooperation project, VETInnovate supports the transformation of VET centres into regional leaders of inclusive, digital, and sustainable skills ecosystems through the development of a tailored self-assessment and institutional development framework.

The project responds to key European priorities related to digital transformation, the green transition, social inclusion, innovation, and lifelong learning. Through the development of eight thematic pillars, VETInnovate supports institutions in strengthening organisational capacity, improving stakeholder cooperation, fostering innovation, and aligning education and training provision with rapidly evolving labour market demands.

The eight pillars address the following thematic areas:

1. Digital assistive technologies for people with disabilities and neurodivergent individuals in VET
2. Digital transformation and digital skills
3. Leadership and management skills
4. Capacity within an organisation: Building resources, people, recognition and incentives
5. Ecosystems and networks in VET through public-private partnerships
6. Supporting and preparing VET learners for the digital skills transition
7. Internationalisation of VET institutions and learner mobility
8. Building green skills in manufacturing, automotive, robotics, and energy sectors



Within this framework, particular attention is given to the organisational capacity of VET institutions. Building strong internal capacity—including human resources, institutional structures, incentives, recognition systems, and sustainable operational models—is essential for enabling innovation, resilience, and effective collaboration with external stakeholders. Without adequate internal resources and supportive organisational environments, VET institutions may struggle to implement transformational changes or sustain long-term development initiatives.

This booklet, developed under Pillar 4, provides VET institutions with a practical framework for assessing and strengthening organisational capacity in order to support their transformation into inclusive, digital, and sustainable skills ecosystem leaders. It offers strategic guidance, assessment tools, and practical recommendations that support institutional reflection, continuous improvement, and long-term organisational development.

2. The Strategic Framework: Five Dimensions of Capacity

For VET institutions to successfully position themselves as drivers of regional skills ecosystems, organisational capacity must be developed in a comprehensive and strategic manner. Institutional transformation cannot rely solely on new technologies or isolated initiatives; instead, it requires a holistic approach that integrates infrastructure, people, organisational culture, and sustainable management practices. The capacity of an institution is therefore shaped by several interrelated factors that collectively determine its ability to innovate, respond to labour market demands, and deliver high-quality education and training.

Within the VETInnovate framework, organisational capacity is structured around five key dimensions. These dimensions represent the fundamental building blocks that enable VET centres to operate effectively in an environment characterised by rapid technological change, evolving skills requirements, and growing expectations for social inclusion and sustainability. When developed in a balanced and coordinated way, these dimensions strengthen institutional resilience, improve operational efficiency, and support continuous innovation in vocational education and training.

Dimension	Core Description	Practical VET Example
Resources	Physical and digital infrastructure and technology	Digital labs, VR simulators, green equipment
Human Capital	Skills, competencies, and development of the workforce	CPD programmes, industry placements
Recognition & Incentives	Structured systems to motivate and retain talent	Bonuses, awards, career progression pathways
Organisational Culture	The shared institutional mindset and values	Inclusive, innovation-driven, agile culture
Sustainability	Triple-bottom-line operational and financial viability	Financial resilience, green campus, social inclusion

2.1. Dimension 1: Resources – The Physical and Digital Infrastructure

The first dimension, **Resources**, refers to the physical, digital, and technological infrastructure that supports teaching, learning, and institutional management. Modern VET centres require access to up-to-date equipment and learning environments that reflect current industry standards. This includes specialised workshops, digital laboratories, advanced manufacturing equipment, simulation



technologies, and emerging training tools such as virtual or augmented reality systems. In addition, digital learning platforms and data management systems are increasingly essential for delivering flexible training programmes and monitoring learning outcomes. Investing in modern infrastructure ensures that learners develop skills that are directly relevant to the labour market while enabling institutions to deliver innovative training approaches.

High-performing VET centres must prioritise investment in modern workshops that are precisely aligned with current and future labor market demands. This modernization is not merely a technical upgrade but a strategic alignment with the European Commission's mandate for **Inclusive, Digital, and Green** transitions.

To meet these standards, centres must adopt:

- **Simulation Technologies:** VR (Virtual Reality) and AR (Augmented Reality) tools to enhance technical training.
- **Digital Platforms:** Robust environments for seamless learning management and data-driven instruction.
- **Hybrid Teaching Tools:** Infrastructure that ensures accessibility and flexibility for diverse learner groups.
- **Green Infrastructure:** Energy-efficient facilities and sustainable equipment that transform the campus into a "living lab" for the green transition.

A hallmark of institutional excellence is the shift from reactive, project-based purchasing to proactive modernization. Excellence requires **long-term modernization roadmaps** that include fixed renewal cycles and equipment strategies validated by industry partners to prevent technological obsolescence.

2.2. Dimension 2: Human Capital – Empowering the Workforce

The second dimension, **Human Capital**, focuses on the competencies, expertise, and professional development of the people working within the institution. Teachers, trainers, administrative staff, and institutional leaders all play a critical role in the transformation of VET centres. Continuous professional development (CPD) is therefore essential for ensuring that staff remain up to date with technological advancements, industry trends, and new pedagogical approaches. Effective institutions actively invest in staff training, encourage collaboration with industry partners, and support opportunities such as internships or placements within companies. By strengthening human capital, VET centres can improve the quality of teaching and ensure that training programmes remain aligned with real-world skills needs.



Transformation is fundamentally driven by people. Research from Cedefop¹ confirms that teacher upskilling is one of the single strongest predictors of VET system performance. To maintain a competitive edge, institutional capacity-building must address five critical demands:

1. **Continuous Professional Development (CPD):** Systematic training that evolves with industry trends.
2. **Digital Pedagogy Mastery:** Moving beyond basic tool usage to advanced digital instruction.
3. **Green Skills Integration:** Embedding environmental sustainability across all curricula.
4. **Industry Immersion:** Ensuring staff remain technically relevant through direct private-sector engagement.
5. **International Mobility:** Leveraging cross-border exchanges to import global best practices.

The Strategic Mechanism of Industry Placements Industry immersion is the critical mechanism by which "Green skills" and "Digital pedagogy" are validated against real-world standards. By placing educators in high-tech industry environments, VET centres ensure their staff do not just teach theory, but master the current technical standards and workplace innovations that define the modern economy.

2.3. Dimension 3: Recognition and Incentives – Sustaining Motivation

The third dimension, **Recognition and Incentives**, addresses the mechanisms that motivate staff, reward innovation, and support professional growth within the organisation. Institutional transformation requires active engagement from employees, which is more likely to occur when staff contributions are recognised and supported. Structured incentive systems may include performance-based rewards, professional recognition programmes, career progression opportunities, or institutional awards for innovative teaching practices. Such systems help create an environment where staff feel valued and motivated to contribute to the strategic development of the institution.

Relying solely on the intrinsic motivation of staff is a high-risk strategy that often leads to "transformation fatigue." To sustain long-term momentum, VET centres

¹ <https://www.cedefop.europa.eu/en/projects/teachers-and-trainers-professional-development#:~:text=Cedefop%20tools%20for%20VET%20practitioners,training%20and%20the%20labour%20market.>



must institutionalize reward systems that acknowledge the extra effort required for excellence.

Financial Incentives

- **Financial Bonuses:** Specific rewards tied to successful project acquisition, industry consultancy, and institutional growth.
- **Career Progression Pathways:** Clear, merit-based advancement opportunities that reward innovation and leadership.

Public Recognition Mechanisms

- **Teaching Innovation Awards:** Formal, high-profile internal awards for creative pedagogical excellence.
- **Structured Reward Systems:** A transparent framework that links performance metrics to tangible professional benefits.
- **Public Recognition:** Utilizing institutional and regional platforms to celebrate staff achievements, enhancing professional status.

2.4. Dimension 4: Organisational Culture – The Institutional Mindset

The fourth dimension, **Organisational Culture**, refers to the shared values, attitudes, and behaviours that shape how the institution operates. A strong organisational culture supports collaboration, openness to change, and continuous improvement. For VET institutions seeking to become leaders in inclusive, digital, and green skills ecosystems, fostering an innovation-oriented culture is particularly important. This involves promoting interdisciplinary cooperation, encouraging experimentation with new teaching methods, supporting inclusive learning environments, and maintaining strong partnerships with industry and community stakeholders. An agile and forward-looking culture allows institutions to adapt more effectively to new challenges and opportunities.

While infrastructure is visible, culture is the "invisible but decisive" factor that determines whether innovation flourishes or withers. A culture of excellence is a strategic mandate for institutional agility.

Indicators of a High-Capacity Culture:

- **Transparent Leadership:** Strategy and decision-making are clearly communicated.
- **Participatory Decision-Making:** Staff at all levels have a voice in the centre's direction.
- **Inclusion and Diversity:** A culture that reflects and serves a modern, diverse society.
- **Openness to Experimentation:** A "safe-to-fail" environment that encourages pilot projects.
- **Cross-Departmental Collaboration:** Breaking down barriers so everyone works together.



A growth mindset requires a culture that mandates collaboration. By breaking down internal departmental barriers, VET centres create the integrated, agile responses necessary to meet complex regional challenges.

2.5. Dimension 5: Sustainability – Triple-Bottom-Line Resilience

Finally, the fifth dimension, **Sustainability**, focuses on the long-term viability of institutional operations across economic, environmental, and social dimensions. VET centres must ensure financial resilience while also integrating environmentally responsible practices and promoting social inclusion. Examples include developing energy-efficient campuses, incorporating green technologies into training programmes, ensuring equal access to education for diverse learner groups, and building long-term partnerships with regional stakeholders. By embedding sustainability principles into their operations, VET institutions can contribute not only to economic development but also to broader societal goals.

Sustainability is the measure of an institution's long-term viability. It must be addressed through a triple-bottom-line approach:

- **Financial Sustainability:** Achieving resilience through the diversification of funding. This involves a deliberate strategy to participate in EU projects and industry partnerships to reduce dependency on volatile, single-source government grants.
- **Environmental Sustainability:** Reducing the institutional footprint through energy monitoring, green campus initiatives, and sustainable procurement policies.
- **Social Sustainability:** Hard-coding excellence into the community through robust inclusion policies, gender equality measures, and accessibility strategies.

A truly **Resilient VET Centre** is one that is **strategically funded**. This means treating external projects and industry revenue not as “bonuses,” but as a core strategy to decouple the institution from grant-dependency and ensure operational continuity.

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Together, these five dimensions provide a structured framework for assessing and strengthening organisational capacity within VET institutions. By systematically evaluating each dimension, institutions can identify areas for improvement, design targeted development strategies, and enhance their ability to lead regional skills ecosystems that support inclusive, digital, and green transitions.

3. Capacity Assessment Methodology

In order to effectively strengthen organisational capacity, VET institutions must first develop a clear understanding of their current performance and institutional readiness for transformation. The Capacity Assessment Methodology developed within the VETInnovate framework provides a structured approach for evaluating the internal strengths and development needs of VET centres. By applying a systematic assessment process, institutions are able to identify gaps, prioritise strategic improvements, and monitor their progress over time.

The methodology is based on a Key Performance Indicator (KPI) framework designed to measure the core elements of institutional capacity described in the five strategic dimensions: resources, human capital, recognition and incentives, organisational culture, and sustainability. These indicators provide measurable criteria that allow institutions to objectively assess their internal capabilities and determine how effectively they support innovation, collaboration, and sustainable development within vocational education and training.

The framework consists of ten key indicators, each addressing a specific aspect of institutional performance. Together, these indicators create a comprehensive overview of how well a VET centre is equipped to deliver high-quality training, respond to emerging labour market needs, and position itself as an active contributor to regional skills ecosystems.

	Key Performance Indicator	Score (1–5)	Strategic Rationale / Note
1	Resource Availability		Adequacy of workshops to meet current curriculum needs.
2	Digital Infrastructure		Quality of platforms and simulation tools (VR/AR).
3	Staff Training Participation		Engagement in CPD, green skills, and digital pedagogy.
4	Recognition Systems		Effectiveness of formal awards and public acknowledgment.
5	Incentives for Collaboration		Mechanisms that reward cross-departmental initiatives.
6	Staff Retention Rate		Ability to keep top-tier talent through career pathways.
7	Organisational Culture Index		Measured level of transparency and participatory leadership.
8	Sustainability Measures		Progress on green campus and social inclusion metrics.
9	Financial Resilience		Percentage of funding from non-grant/diversified sources.



10	Performance Monitoring	Sophistication of data usage to drive institutional growth.
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Score Interpretation Guide:

1 (Initial): Not yet developed / informal. Limited organisational capacity exists; processes are informal, inconsistently applied, and not yet strategically coordinated.

2 (Emerging): First limited actions. Fragmented capacity; reactive approach to transformation.

3 (Developing): Partially structured. Systematic approaches are being institutionalized.

4 (Advanced): Well established and monitored. Strong, integrated capacity with consistent excellence.

5 (Transformational): Fully embedded and strategic. Best-in-class; the centre defines regional and international standards.

Institutions using the framework are encouraged to score each indicator on a five-level scale ranging from 1 (Initial) to 5 (Transformational). This scoring approach enables institutions to benchmark their performance and track improvements over time. Lower scores typically indicate fragmented or reactive practices where institutional processes are not yet fully structured or strategically aligned. Mid-level scores suggest that systematic approaches are being introduced and gradually integrated into institutional operations. Higher scores represent well-developed organisational systems where innovation, collaboration, and continuous improvement are embedded in everyday practices.

The KPI framework also supports evidence-based institutional development. Rather than relying solely on qualitative impressions, the assessment encourages institutions to reflect on concrete evidence such as staff participation in professional development programmes, availability of digital learning infrastructure, implementation of recognition and incentive systems, or progress towards sustainability goals. By analysing these indicators, VET institutions can identify priority areas for improvement and design targeted strategies that strengthen their organisational capacity.

Importantly, the methodology is not intended to function as a one-time evaluation exercise. Instead, it serves as a continuous improvement tool that can be integrated into institutional planning cycles. Regular reassessment allows institutions to measure progress, adjust their strategies, and ensure that organisational development remains aligned with evolving policy priorities, technological change, and labour market demands.

Through the application of this structured assessment framework, VET centres can gain valuable insights into their institutional performance and establish a clear roadmap for strengthening their capacity. Ultimately, the methodology supports VET institutions in their transformation into resilient, innovative, and sustainable organisations capable of leading inclusive, digital, and green skills ecosystems.



4. Practical Implementation for VET Centres

For the capacity assessment framework to generate meaningful results, VET institutions should integrate it into their regular institutional planning and development processes. The purpose of the framework is not only to assess current conditions but also to support strategic transformation by identifying concrete areas for improvement and guiding institutional decision-making.

The implementation process should ideally begin with the establishment of an internal assessment team composed of representatives from different institutional levels. This team may include management staff, teachers and trainers, administrative personnel, and where appropriate, representatives of industry partners or alumni networks. A diverse team ensures that the assessment reflects multiple perspectives and provides a realistic overview of the institution's operational capacity.

Once the team is established, the institution should collect relevant information related to the ten key performance indicators. This may include reviewing internal documentation, analysing infrastructure and equipment availability, evaluating staff development programmes, and examining institutional policies related to recognition, incentives, and sustainability. The goal of this process is to gather reliable evidence that supports the scoring of each KPI within the assessment framework.

After the evaluation phase, institutions should analyse the results in order to identify strengths, development gaps, and priority areas for action. For example, a VET centre may discover that while its physical infrastructure is well developed, staff training opportunities or incentive mechanisms remain limited. Similarly, institutions may find that sustainability initiatives or data-driven management systems require further development. Such insights allow institutions to create targeted improvement plans that strengthen organisational capacity in a balanced and strategic way.

An important aspect of practical implementation is the integration of assessment results into institutional development strategies. Rather than remaining an isolated exercise, the outcomes of the self-assessment should inform strategic planning, investment priorities, and partnership development with industry stakeholders. In this way, the framework becomes a tool for long-term institutional improvement.

Furthermore, VET centres are encouraged to repeat the assessment periodically, ideally on an annual or biannual basis. Regular reassessment allows institutions to monitor their progress, measure the impact of implemented improvements, and adjust their strategies according to evolving educational and labour market needs.



5. Self-Assessment Process (Step-by-Step Guide)

The self-assessment process is designed to be practical, transparent, and accessible for VET institutions of different sizes and organisational structures. By following a structured sequence of steps, institutions can ensure that the assessment is conducted in a consistent and meaningful manner while engaging relevant stakeholders throughout the process.

Step 1: Establish an Assessment Team

The first step involves forming a small internal team responsible for coordinating the assessment process. This team should ideally include representatives of institutional leadership, teaching staff, administrative personnel, and where possible, external stakeholders such as industry partners or alumni. Their role is to ensure that the assessment is conducted objectively and that relevant data is collected from across the organisation.

Step 2: Collect Institutional Evidence

The assessment team should gather evidence related to the ten key performance indicators. This may include internal reports, staff development records, infrastructure inventories, digital platform usage statistics, sustainability initiatives, and financial data. The objective is to provide a factual basis for evaluating institutional performance rather than relying solely on subjective perceptions.

Step 3: Score the Indicators

Each KPI is evaluated using the five-level scale from 1 (Emerging) to 5 (Leading). The team should discuss the available evidence and assign scores that best reflect the current institutional situation. Open discussion during this stage is important in order to ensure consensus and transparency within the evaluation process.

Step 4: Analyse the Results

After scoring all indicators, the assessment team should review the overall results to identify patterns and key insights. Particular attention should be given to indicators with lower scores, as these often highlight areas where institutional development is needed. At the same time, high-scoring indicators can reveal institutional strengths that may serve as good practices within regional VET ecosystems.

Step 5: Define Improvement Priorities

Based on the assessment results, institutions should identify a set of priority actions aimed at strengthening organisational capacity. These actions may include upgrading infrastructure, expanding staff training programmes, introducing new recognition systems, improving collaboration between departments, or strengthening sustainability policies.

Step 6: Integrate Results into Institutional Planning

Finally, the findings of the self-assessment should be incorporated into the institution's broader strategic planning and development processes. This ensures that the assessment leads to concrete improvements and contributes to the long-term transformation of the institution.

By following this structured self-assessment process, VET institutions can gain a clearer understanding of their internal capacities and develop targeted strategies that support their role as leaders in inclusive, digital, and green skills development.



6. Conclusions and Next Steps

An important benefit of the self-assessment process is the increased awareness among institutional stakeholders of the role that internal capacity plays in achieving long-term educational and organisational goals. When institutional leadership, teachers, administrative staff, and external partners engage collectively in the assessment process, it helps create a culture of transparency, collaboration, and shared responsibility for improvement. Such a culture is essential for institutions that seek to become drivers of inclusive, digital, and green skills ecosystems at the regional level.

Based on the insights generated through the assessment framework, several practical next steps can support the strengthening of organisational capacity within VET institutions. **First**, institutions are encouraged to develop a multi-year infrastructure modernisation roadmap that ensures learning environments remain aligned with technological developments and industry standards. This includes the gradual upgrading of training facilities, digital platforms, and specialised equipment needed for modern vocational education.

Second, strengthening human capital requires deeper cooperation with industry. Introducing mandatory industry placements or professional practice opportunities for teaching staff can significantly improve the relevance of training programmes and ensure that instructors remain up to date with current technologies and workplace practices. Such experiences help bridge the gap between vocational education and the realities of the labour market.

Third, institutions should work toward formalising transparent systems for recognition, incentives, and career progression. Structured reward mechanisms—such as performance-based recognition, teaching innovation awards, or clearly defined promotion pathways—can motivate staff, encourage innovation, and support the long-term retention of skilled professionals within VET institutions.

Furthermore, effective institutional development requires continuous monitoring and evaluation. Establishing **a regular annual KPI monitoring process** allows institutions to systematically review their progress, measure improvements, and adjust their development strategies when necessary. This approach ensures that organisational transformation is guided by reliable data and clear performance indicators.

Finally, long-term institutional sustainability depends on financial resilience. VET institutions are therefore encouraged to develop strategies for financial diversification, including active participation in European programmes, strategic partnerships with industry, and collaborative projects with regional stakeholders. Diversified funding sources can strengthen institutional stability while enabling investments in innovation, infrastructure, and staff development.

By integrating these strategic actions into their institutional planning processes and regularly applying the capacity assessment framework, VET centres can build stronger, more resilient organisations. In doing so, they will be better positioned to support learners, collaborate with industry, and contribute to the development of inclusive, digital, and green skills ecosystems across Europe.



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