

# The cost-effectiveness of apprenticeships schemes:

## Making the business case for apprenticeships

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## Aim

To explore the business case for apprenticeships by focusing on the cost-effectiveness of apprenticeship schemes in the **ICT, commerce** and **engineering** sectors in 15 target countries

## **Target countries**

Bulgaria; Czech Republic; Estonia; Finland; France; Greece; Hungary; Ireland; Italy; Latvia; Poland; Portugal; Slovakia; Spain; UK

## **Resource countries**

Austria, Denmark, Germany, The Netherlands, Switzerland

## Project partners



## Key messages

- Well-functioning apprenticeship schemes help enterprises meet skills needs and are cost-effective
- A strong regulatory framework is needed, with employers and, where appropriate, social partner involvement in the governance of apprenticeship systems.
- The return on the enterprise's investment in apprenticeships will be reached earlier when schemes are demand-driven and employers can select candidates, contribute to curriculum design, and deliver parts of the training
- For SMEs additional factors weigh in: duration, time spent in the enterprise; retention of apprentices; support by intermediary bodies (in administrative management, training networks, development of titles)

## Key messages (2)

- Employers find apprenticeship schemes effective in meeting their skills needs when rooted in on-the-job training
- At the same time, such employment-led apprenticeship systems can involve higher costs for enterprises
- The level of the wage or compensation needs to be set at a rate that makes it possible for the enterprise to see a return on its investment.

## Recommendations

- Member States in cooperation with employers, VET providers and, where appropriate, social partners need to **design and implement reforms in vocational education and training systems** to make them more responsive to current and future labour market needs.
- Member States should **expand the practice of apprenticeships** beyond secondary VET and introduce apprenticeship/dual learning across all sectors and education pathways, notably higher VET to increase **excellence and attractiveness**
- As part of a renewed EU strategy on flexicurity, the European Commission should set up an **EU system of benchmarking**, which could have particular added value to promote education and training provision (including apprenticeships) that better meets labour market needs

# A EUROPEAN QUALITY FRAMEWORK FOR APPRENTICESHIPS

A EUROPEAN TRADE UNION PROPOSAL







## Towards a Shared Vision of Apprenticeships

### Joint statement of the European social partners

30 May 2016

As part of the EU social dialogue programme of integrated projects 2014-2016 the European social partners have undertaken separate projects on the cost-effectiveness of apprenticeship schemes (employers) and a European quality framework for apprenticeships (trade unions). At the conclusion of these projects the European social partners highlight the following shared views on apprenticeships in the EU.

Member States, with the involvement of social partners, need to develop and adapt VET systems in view of enhancing their effectiveness and quality, improving the employability of workers by notably providing them with key competences and transversal skills.

Apprenticeships are first and foremost a means of training, primarily of the young, that involve a strong work-based component. Apprenticeships can help young people to enter and remain in the labour market, which is especially important in view of high youth unemployment rates in the majority of Member States.

**Quality apprenticeships** not only enhance a person's employability and employment prospects through the acquisition of skills and competencies that are needed on the labour market, they also support personal development and lead to a recognised qualification.

To underpin the provision of a quality apprenticeship a common understanding of the content of learning outcomes should be developed. This requires the involvement of the social partners, training providers and national authorities. This would help to enhance transparency on learning outcomes.

In order to support both the needs of the labour market as well as apprentices, apprenticeship systems need to be governed in a way that ensures enterprises' skills needs are sufficiently taken into account. This calls for an appropriate involvement of social partners, in line with national industrial relations systems and education and training practices, and partnerships with VET providers and public authorities.

Apprenticeship systems require a clear and appropriate regulatory framework at the

**A EUROPEAN  
FRAMEWORK  
FOR APPRENTICESHIPS**  
A EUROPEAN TRADE UNION



# Towards a Shared Vision of Apprenticeships – Joint statement of the European social partners

European social partners highlight the following shared views on apprenticeships in the EU:

- Quality apprenticeships not only enhance a person's **employability** and employment prospects through the acquisition of skills and competencies that are needed on the labour market, they also support **personal development** and lead to a **recognised qualification**.

# Towards a Shared Vision of Apprenticeships – Joint statement of the European social partners

- The **status of apprentices** differs from country to country. This means that they **can be an employee** with a work contract; a **student** with a contract with the training provider or have a dual status as an employee and a student. The nature of the relationship is determined in the **context of national industrial relations systems** and education and training practices.
- For each apprenticeship, the **contract** should clearly spell out the **rights and obligations** of the employer and apprentice from a **working conditions and training perspective**, including, where appropriate, the way in which apprenticeships are covered by social protection.

# Towards a Shared Vision of Apprenticeships – Joint statement of the European social partners

- Apprentices should receive **pay or compensation**, according to the level that is applicable in a given **national context**, in line with **national or sectoral minimum requirements or collective agreements**. It is also necessary to ensure an appropriate element of **commitment of the apprentices**, reflecting the benefits apprenticeships bring them in terms of future qualifications and employment opportunities.
- It is important that the wage or compensation that apprentices receive is set at a rate that makes it **cost-effective for an enterprise**

# Towards a Shared Vision of Apprenticeships – Joint statement of the European social partners

- Apprenticeship systems need to be **governed** with the appropriate **involvement of social partners**, in line with national industrial relations systems and education and training practices, and partnerships with **VET providers and public authorities**.
- It is important that the **European Commission** further encourages and facilitates mutual learning and the exchange of practices and ideas between relevant actors to **support Member States and national social partners** in adapting the governance of apprenticeship systems.

# Next steps

- European social partners will “explore the possibility of further joint activities, including with a view to achieving **higher levels of mobility of apprentices across Europe**”.
- **A wider debate, with the European institutions and the Member States.**
  - To discuss the policy priorities for supporting the provision, effectiveness and quality of apprenticeships.
  - To pave the way for a **tripartite opinion of the Advisory Committee on Vocational Training between employers, trade unions and Member States:**
    - provide a clear basis to foster quality and effective apprenticeships in Europe
      - feed into determining the next steps of the European Alliance for Apprenticeships, and would contribute to the associated priorities of the Riga Conclusions.



# Opinion of the ACVT: a shared vision

## 2 December 2016

Opinion of the Advisory Committee on vocational training (ACVT)  
addressed to the European Commission on  
A Shared Vision for Quality and Effective Apprenticeships and Work-based Learning  
2 December 2016

### 1) INTRODUCTION

Apprenticeships and other forms of work-based learning (WBL) are a springboard to jobs and active citizenship; they enhance a person's employability and employment prospects through the acquisition of skills and competences that are needed on the labour markets and support personal development. Member States with well-developed apprenticeship systems as part of vocational education and training, underpinned by supporting factors such as a strong economic and industrial fabric and well-coordinated education and training and labour market structures, are usually characterised by low youth unemployment levels and high economic competitiveness. Shared responsibility is an essential element of apprenticeship and WBL.

In 2012 the Council adopted a Recommendation on establishing a Youth Guarantee<sup>1</sup>, to ensure that all young people up to the age of 25 receive a quality offer of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. As President Juncker noted in his 2016 State of the Union speech, 9 million young people have now received an offer involving one of these four elements. Additionally, the Youth Employment Initiative (YEI), a EUR 6.4 billion financial resource, has provided for the first time ever direct targeted support to young people not in employment, education or training (NEETs) living in regions struggling with high youth unemployment rates.

In July 2013 the European Alliance for Apprenticeships (EAFA) was launched whereby the European Commission, Member States and the European Social Partners have committed themselves to improving the quality, supply and attractiveness of apprenticeships. EFTA and Candidate countries have also joined the initiative. These concerted actions together with improved macro-economic conditions and structural reforms have contributed to reducing EU youth unemployment by 1.4 million people since the launch of the YEI.<sup>2</sup>

In May 2016, the European Social Partners concluded their respective projects on a proposal for a European quality framework for apprenticeships<sup>3</sup> and on the cost-effectiveness of apprenticeship schemes<sup>4</sup> and agreed on a Joint statement "Towards a Shared Vision of Apprenticeships"<sup>5</sup>. The Joint statement calls for a tripartite opinion of employers, trade unions and Member States, to foster quality and cost-effective apprenticeships in Europe. This will feed into the next steps for the European Alliance for Apprenticeships and contribute to the implementation of the 2015 Riga medium-term deliverable on promoting work-based learning, with special attention to apprenticeships<sup>6</sup>.

The New Skills Agenda for Europe<sup>7</sup> launched by the European Commission on 10 June seeks to ensure that people develop a broad set of skills from early on in life and throughout their life thus enhancing their employability prospects, full participation in society, raising competitiveness and fuelling growth. As underlined in the New Skills Agenda, well-functioning apprenticeships and other forms of work-based learning ease the transition from school to work by enhancing the employability of learners and providing them with the skills needed for the labour market. Apprenticeships provide

<sup>1</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H0426\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H0426(01)&from=EN)

<sup>2</sup> Communication: The Youth Guarantee and Youth Employment Initiative three years on, COM (2016), <http://ec.europa.eu/social/BlobServlet?docId=16236&langId=en>

<sup>3</sup> <https://www.etuc.org/publications/european-quality-framework-apprenticeships#VBku3-nyyor>

<sup>4</sup> <https://www.business-europe.eu/publications/cost-effectiveness-apprenticeship-schemes-making-case-apprenticeships>

<sup>5</sup> This statement is based on two projects conducted by social partners, on "The cost-effectiveness of apprenticeship schemes"<sup>4</sup> (employers), and a "European Quality Framework for Apprenticeships"<sup>3</sup> (trade unions)

<sup>6</sup> [https://www.business-europe.eu/sites/business/files/media/position\\_papers/social\\_apprenticeship\\_joint\\_statement\\_30may.pdf](https://www.business-europe.eu/sites/business/files/media/position_papers/social_apprenticeship_joint_statement_30may.pdf)

<sup>7</sup> [https://ec.europa.eu/education/policy/vocational-policy/doc/2016-new-conclusions\\_en.pdf](https://ec.europa.eu/education/policy/vocational-policy/doc/2016-new-conclusions_en.pdf)

<sup>8</sup> <http://ec.europa.eu/social/BlobServlet?docId=14621&langId=en>

# Opinion of the ACVT

- **Aim:**
  - providing a clear basis to foster quality and effective apprenticeships in Europe
  - feed into determining the next steps of the European Alliance for Apprenticeships, and contribute to the associated priorities of the Riga Conclusions.
- **Recognition of apprenticeship** + WBL as an effective approach for (youth) employment and active citizenship
- Recognition of need to **mobilise actors** for concrete actions at country, regional and local level



# Opinion of the ACVT

**The Advisory Committee on Vocational Training invites Commission and Member States to**

- Further develop the European Alliance for Apprenticeship
- Develop support services for knowledge sharing and cooperation
- Set up demand-driven “National Apprenticeship and WBL Partnerships”
- Further reform apprenticeship systems with appropriate framework, support structures for SMEs, permeable pathways
- Look for approaches to diversify apprenticeship across sectors

# Opinion of the ACVT

## Follow-up:

**“The ACVT invites the Council Presidency and Commission to ensure that the opportunities offered by apprenticeships in reducing youth unemployment are fully taken into account when discussing youth employment policies, including the YEI during the December 2016 European Council.”**

**EC Work Programme 2017: proposal for a quality framework on apprenticeship**



**Thank you for your attention**

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