Promoting safe working through quality apprenticeship: the challenge of SMEs

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The informal-formal apprenticeship continuum

- Informal apprenticeship - comprises as a minimum a master/apprentice and on-the-job learning
- Semi-formal apprenticeship – comprises in addition and as a minimum an apprentice wage and possibly off-the-job learning
- Formal apprenticeship – comprises in addition a range of requirements on the employer to respect employment law, provide training and facilitate recognised assessment and certification
- Dual system apprenticeship –, provides, in addition for a fixed term of apprenticeship, requires the employer to deliver on-the-job training programme; jointly managed by the social partners
Governance and finance of formal apprenticeship

Convincing employers of the benefits of participating in apprenticeship is the most fundamental requirement of a successful apprenticeship system.

Employers need:

• the right set of incentives to balance costs and benefits;
• young, well-motivated applicants with a good level of general education.
• as little bureaucracy as is compatible with good administration;
• good information and ongoing support from a local organization/college;
The role of government

• Government should **not** micro-manage apprenticeship

• Government should establish a legal framework for apprenticeship including broad standard-setting

• Reflecting the wider welfare benefits of apprenticeship, government should contribute to cost of general education and transferable elements of apprenticeship
Cost-sharing in apprenticeship

• For employers to participate, apprenticeship needs to offer a cost-effective way of developing skilled employees familiar with the firm/organization.

• The young person needs an assurance that acceptance of a (lower) apprentice wage will be compensated by the chance to acquire a recognized occupational qualification and status.

• The way in which apprenticeship is financed will determine whether or not apprenticeship provides the incentives needed to encourage employers and young people to participate.
What role for trade unions?

• Protect the legitimate interests of all employees including apprentices

• Ensure that apprenticeship contract is respected

• Defend general education and transferable skill elements of apprenticeship against employer pressure for more specific skill training
How do employers benefit?

This is what a European Employers’ Association says are the benefits...

• companies have their staff trained according to their skill requirements
• employing apprentices is a good way to find the right staff for a company
• saves on recruitment costs
• former apprentices constitute a “pool” of competences for companies or even for a sector
• apprentices contribute to production
• apprentices contribute to the company with new energy and enthusiasm

http://www.businesseurope.eu/Content/default.asp?pageid=568&docid=29967
How do apprentices benefit?

• Increased employment probabilities following successful completion
• Higher lifetime earnings than for similarly qualified individuals without apprenticeship
• Opportunities for higher level study building on apprenticeship qualification
How society and the economy benefits

• Apprenticeship promotes more efficient skills ‘matching’, reduces inefficiencies in skills training provision
• Apprentices acquire transferable, high value-added skills that promote higher productivity
• Higher productivity benefits society by increasing wealth, some of which can be spent on better social welfare
Informal apprenticeship

• Because it may be entirely unregulated, informal apprenticeship cannot be relied upon to deliver these benefits
• Informal apprenticeship may only deliver firm-specific or product-specific skills
• Without more general skills and technical training firm-specific skills do not promote innovation or sustainable growth
Apprenticeship and safe working

• Young workers are especially vulnerable to work-related accidents (ILO 2011)
• Formal apprenticeship programmes incorporate knowledge about safe working into off-the-job training programmes
• This is necessary but not sufficient for safe working
• Safe working procedures should be reinforced in on-the-job training
Apprenticeship and SMEs

• SMEs constitute around 99% of all firms in OECD countries. Of these, between 80 and 90% are micro-enterprises (1-9 employees)
• If apprenticeship is to be expanded, more SMEs must offer apprenticeships
• But the requirements associated with formal apprenticeship pose barriers to the participation of micro-enterprises
Proportions of firms training apprentices by size, Australia 2011, Germany 2005, Switzerland 2005, UK 2012

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<th>Germany</th>
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Barriers to apprenticeship experienced by SMEs

• Information failure – apprentices not aware of opportunities, firms not aware of benefits
• Skills training requirements in apprenticeship programmes may not be appropriate for business
• Accessing government funding imposes heavy costs in completing required accounting procedures
• Cannot spare staff to train apprentice or release apprentice for off-the-job training
Strategies and policy options for boosting apprenticeships and improving quality

(1) Developed economies

- Training brokers/providers
- Apprentice Training Agencies
- Group Training Associations
- Publicly-funded colleges support small firms
- *Meister* qualification required to start own business in certain occupations. Also qualifies holder to train apprentices
Strategies and policy options for boosting apprenticeships and improving quality

(2) Developing economies

- Minimise costs of conforming to apprenticeship regulations
- Start from existing apprenticeship arrangements
- Ensure that non-firm specific and general education forms part of apprenticeship
- Ensure apprentices learn about safe working and employment rights
- Provide apprentices with recognised certificate of achievement
Policy option for developing economies: require all apprentices to attend off-the-job training

- An off–the-job training requirement fulfilled through attendance at a publicly-funded training facility imposes little bureaucratic cost.
- The marginal cost may be low if facility already established.
- Apprentices would acquire wider better understanding of safe working and employment rights and bring new knowledge and innovation to employing company.