

# 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

Business Europe, 2012. Creating Opportunities for Youth: How to improve the Quality and Image of Apprenticeships.

<http://www.busesseurope.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

	Australia	Austria	Denmark	Germany	Switz'land	UK
Small	26			17	23	6
Medium	41			48	57	17
Large	68			72	77	39

# 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