

**GAN**  
**SKILLS FOR BUSINESS**  
**JOBS FOR YOUTH**



## Closing the policy gap on apprenticeships

Summary of the GAN-MEDEF Workshop

30 October 2014

Paris

## I. Introduction

- Countries with the lowest levels of youth unemployment including Austria, Germany, the Netherlands and Switzerland, have strong apprenticeship heritages and frameworks. Quality apprenticeships play a key role in bringing young people into the labour force and ensuring the availability of workers equipped with the skills businesses need. Specifically, quality apprenticeships are an effective policy tool to:
  - **promote** the acquisition of skills in line with labour market needs, thereby reducing the skills gap;
  - **facilitate** the transition from school to work;
  - **improve** employment opportunities for youth.
- Against this background, MEDEF and the Global Apprenticeships Network (GAN) organised a workshop on 30 October 2014 at MEDEF premises in Paris to discuss the challenges to policy development on apprenticeships and to examine ways to overcome obstacles. Case studies on legislative frameworks in France, Spain, Switzerland, Turkey, and the UK were discussed and best practices to promote apprenticeships and other forms of work-readiness programmes despite unsatisfactory legislative frameworks were showcased.
- The objective of the workshop was not to advocate for a harmonised one-size-fits-all VET-scheme but to identify successful elements of VET-systems, initiatives and reforms which can assist participants in improving their own national systems.
- Representatives from Adecco, BIAC, BUSINESSEUROPE, CBI, CEOE, GAN, IOE, KOF, MEDEF, Randstad, Schneider Electric, Telefónica, TISK, USCIB, the European Commission, the OECD and the ILO participated.
- The following report is an executive summary of the outcomes of the main meeting discussions. It is intended to be used as a starting point for the GAN and the IOE, along with its member federations, to further engage on enabling environments for quality apprenticeships.

## II. Country Examples - Legislative frameworks

### France

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#### Background

- Youth unemployment in France is 22.5%, slightly above the EU average of 22.2%.
- The percentage of boys and girls in upper secondary education enrolled in the vocational stream in 2012 was 48.6%, below the EU average of 55.7%.
- Apprenticeships exist in all areas of business (industry, construction, services and trade), but only 15% of the youth population is trained via an apprenticeship.

#### How does the VET-system work?

- Apprenticeships are part of the national educational system and business is not adequately involved in the VET-system because education is seen as a matter for the State. The result is that public authorities control the three key parts of the system: *curriculum design, opening of apprenticeship centres and funding*.
  - **Curriculum.** The Ministry of Education designs it and whilst business federations are consulted, they do not determine the content. As a result, diploma content does not match the skills required by business in most cases.
  - **Opening centres.** Requests to open or close a training centre are first examined by the Ministry of Education and then subject to approval by local authorities. This system carries the risk of basing the decision to open or close a training centre on irrational considerations.
  - **Funding.** The French VET-system is publicly funded system so companies do not control apprenticeship financing directly.

#### Recent developments

- Apprenticeship financing has recently changed in France and it has now become less attractive for companies to offer apprenticeships. As an immediate result, the number of apprentices dropped by a dramatic 8% in 2013; the biggest drop ever registered. Consequently, companies which hired new apprentices from January 2014 onwards are being offered new financial incentives.

## General observations

- Companies should be much more involved in the curriculum design to ensure training meets business needs. The current system does not respond to the needs of companies and public authorities are attempting to promote apprenticeships with financial incentives despite all the inconveniences for companies. Companies should be given more freedom to manage apprenticeship tax funds, to allow them to invest in training centres and use the funds according to the skills they need.
- Businesses face obstacles in opening apprenticeship centres because of the tendency of public authorities to protect academic or public professional schools. Businesses and sectors should be free to determine their dual-training policies and to open training centres as needed. The government would then remain free to provide any financial support. Freedom and accountability should be two interconnected pillars.
- Apprenticeships are still viewed as a second rate option when compared to the purely academic route despite the fact that evaluations have consistently shown that workplace training always result in better outcomes when entering the labour market. Students should be provided with better information and guidance and given a systematic choice between academic and vocational pathways.

## Spain

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### Background

- Spain is experiencing dramatically high youth unemployment rates (54% in 2014).
- The percentage of boys and girls in upper secondary education enrolled in the vocational stream in 2012 was 48.8%, below the EU average of 55.7%.

### How does the VET-system work?

- The Spanish Vocational Education and Training (VET) system is implemented by regional “Comunidades Autónomas”, whilst the Ministry of Education has general oversight in terms of coordination. There is a distinction between an:
  - Initial VET within the education system, including internships (“prácticas en empresa”) where no employment relationship exists between the employer and the pupil, but a training plan is agreed on between the school and the tutor in the enterprise. This type of VET falls under the responsibility of education authorities.
  - The “employment-oriented” vocational training, which is managed by the labour administration and public employment service (for employed and unemployed people).
- In the context of initial VET, some regional level initiatives have been launched over the past few years:
  - In 2011, the region of Madrid launched a dual training project for two qualifications (aero-mechanics and computer programming) which required 2/3 of the total training time to take place in a company to obtain the qualifications. Companies actively participated in the organisation of the training programme.
  - Following a regional resolution adopted in May 2012, a dual initial VET is being developed in Catalonia in collaboration with companies which have signed cooperation agreements.
- In the context of employment-oriented vocational training, young workers can sign a “training and learning contract” for one to three years to obtain professional qualifications through a combination of paid work and vocational training in a training center. These workers are covered by the general labour legislation. Some regional initiatives support this type of work based training system:

- In the Basque country, a new program targets unskilled people under the age of 30. It is financed by the regional public employment service, which gives 2,000 euros per participant per year to encourage employers to offer such contracts.
- In employment-oriented vocational training, social partners are represented on the National VET council (“Consejo general de formacion profesional”) and consult with the national educational authorities regarding VET qualifications. Prior to 2012 this council did not play a major role.

## Recent developments

- A Royal Decree on dual vocational training was passed in November 2012. It “*establishes the basis for the progressive implementation of a dual training system in Spain, understood as actions and training initiatives which aim to qualify workers professionally by combining on-the-job training with classroom learning*”. The goals of the reform are to increase the participation of enterprises in vocational training and bring the VET system in line with labour market needs.
- In the decree however, modalities of training do not necessarily include the combination of work experience with training in a formal educational institution. The decree sets a new “training contract” which targets 16 and 25 year olds without qualifications. The contract duration is between one to three years and enterprises which offer such contracts must sign an agreement with a training centre approved by the national employment system.
- Workers can also receive this training at the workplace if the company has the facilities and personnel. A tutor must be assigned to the individual. In exchange, they get reductions in social security contributions. Apprentices must spend 75 % of their time in the company (25% off the job training).

## General observations

- **The regulatory environment:** The November 2012 Decree sets a very general framework and the training system is managed by the regions to a large extent. A more coherent system through national law is needed to set common provisions on the goals and content of programmes and on the modalities of the apprenticeship system. There is a risk of high heterogeneity in terms of participation, type and quality of training provided, which hinders mobility.
- **The involvement of employers and trade unions:** Social partners have a limited role in the determination of training curricula and in the management of the system. Business enterprises need to be more closely associated in the determination of the training curricula.

- **The status of apprenticeships:** Strong reservations remain about apprenticeships. This may be overcome with the implementation of a strong dialogue between employers, apprentices, teachers, and society as a whole. They need to be made aware of the great advantages apprenticeships can offer and employers' organisations can play a key role in that respect.



## Switzerland

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### Background

- Youth unemployment in 2012 was 8.4%, well below the EU average.
- Vocational education and training (VET) is the most popular form of upper-secondary level education. The percentage of boys and girls in upper secondary education enrolled in the vocational stream in 2012 was 70.9%, well above the EU average of 55.7%.
- VET programmes are an integral part of the education system and are characterised by a high degree of permeability, which means that anyone can build on their existing basic knowledge and skills at any time; acquire advanced professional qualifications; re-train; or, if they pass the University Aptitude test, even study for a degree at a traditional university or, at one of Switzerland's two Federal Institutes of Technology in Lausanne and Zurich (EPFL and ETHZ).

### How does the VET-system work?

- Most VET programmes are of the dual-track variety (i.e. part-time classroom instruction at a VET school combined with a part-time apprenticeship at a host company). There are around 250 such VET programmes to choose from. The least common variety is an entirely school-based VET programme (i.e. full-time classroom instruction, no apprenticeship). Entirely school-based VET programmes are generally offered by trade schools or commercial schools.
- There are different VET programmes:
  - Three or four year VET programmes lead to a Federal VET Diploma which provides learners with the skills needed to carry out a specific occupation and gives open access to tertiary-level B professional education and training (PET).
  - Two year VET programmes lead to a Federal VET Certificate that allows young people with more practical skills to obtain a recognised qualification for a specific occupational profile. Graduates of the two-year VET programme may enrol directly in a three or four year VET programme leading to the Federal VET Diploma.
  - The optional Federal Vocational Baccalaureate (FVB) is available to learners who attend the FVB preparatory course on general education subjects. Generally speaking, FVB holders are entitled to enroll in any of the Swiss universities in applied sciences (UAS) without having to take an entrance examination. FVB holders may also take the University Aptitude Test (UAT) to obtain



the additional qualification needed to enrol in a cantonal university or at one of Switzerland's two federal institutes of technology (ETH in Zurich or EPF in Lausanne).

- The provision of vocational education and training is a mission shared by the Confederation, the cantons and professional organisations.

### General observations

- Strengths of the Swiss VET System:
  - Strongly employer and market driven, leaning on the best-available technology.
  - The tripartite partnership between the Confederation, the cantons and professional organisations works well.
  - National sector organisations set «standards of excellence» in vocational and professional education pathways.
  - Permeability from one pathway to the other in the whole education system – no dead-end education.
  - Quality control is ensured and national assessment procedures are in place.
  - Career guidance and counselling is systematic and professional.
- Weaknesses of the Swiss VET System:
  - Demographic changes with shrinking cohort numbers may sharpen competition between academic and vocational education.
  - Globalisation - the entry of international companies without a training tradition threatens the Swiss dual-track learning arrangements. Moreover, international diploma and degree recognition is a challenge. Curriculum comparisons are needed to address this problem to properly position the Swiss educational degrees internationally.

## Turkey

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### Background

- According to Turkish Statistical Institute (TURKSTAT), there were 2,747 million (9,7%) unemployed people and 857,000 unemployed youth (18,7%) in Turkey in 2013.
- The percentage of boys and girls in upper secondary education enrolled in the vocational stream was 45.6% in 2012, well below the EU average of 55.7%.

### How does the VET-system work?

- All apprenticeship and vocational training administration lies with the Ministry of National Education.
- Since March 2012, compulsory education in Turkey now has three main stages (4 years +4 years +4 years), increasing study time to 12 years. Young people may cross over to vocational education or apprenticeship in the 9th grade after the completion of the second four year stage of compulsory education.
- Apprenticeship training involves practical training provided in enterprises and theoretical instruction is provided in Vocational Training Centres. This training is only available to 14-19 year olds who have not received or did not complete formal education, and to those who completed compulsory education but were not eligible to continue their formal education.
- In this system, students attend theoretical courses at school once a week. The apprenticeship period lasts two to four years. At the end of this period, apprentices are obliged to take a journeyman examination. Those who are successful in this examination receive a Journeyman Certificate.
- Mastership trainings are provided to those with Journeymen Certificates on request. The scope and period of mastership courses are determined by the programmes provided by the Ministry. To take a mastership examination, journeymen must successfully complete the mastership courses as well as work for a certain period determined by the Ministry according to the relevant profession.

- Employers must offer training to vocational school students in their enterprises. According to the Vocational Training Act; "*Enterprises employing 10 personnel and more are to provide skills training to vocational school students (including at tertiary education level), at a rate of not less than 5% of the number of their total personnel*".
- Students normally continue their vocational training in the same work place. However, when part of the relevant training programme cannot be performed in the company, the student can, with agreement of the company, complete the missing implementation via an institutional directorate in other companies or in other programmes within the institution.
- Enterprises which provide training for 10 or more students must be set up as "training units". Master instructors or trainers with mastership proficiency in their fields and with training in pedagogy education are appointed to those units.
- Candidate apprentices, current apprentices, and vocational school students are insured by the State while they participate in skill training.
- Payments and increases in payments for candidate apprentices, current apprentices and students undertaking vocational training in companies are determined by the contract drafted between the workplace owner and candidate apprentice; or, in the case of students, between the workplace owner and school directorate. These contracts are based on principles defined by the Ministry. However, formal vocational education students in companies cannot be paid less than 30% of the minimum wage in companies which have 20 or more personnel and no less than 15% in companies with less than 20 personnel. Candidate apprentices and apprentices cannot be paid less than 30% of minimum wage according to his or her age.

## General observations

- The apprenticeship system is not seen as prestigious. The status of apprenticeships needs to be elevated through awareness campaigns raising the importance of apprenticeships, as a stepping stone to employment.
- The design of the vocational education and training system lacks proper employer involvement. Education and business cooperation should be strengthened at a local level to ensure profiles are in line with local business needs.
- In most cases, VET school training programs and enterprises are not integrated and the roles of all parties are not clearly defined.

- Training materials at VET schools are not up to date and must be renewed to adapt to changing industry needs.
- Apprenticeships are costly for employers and official authorities have not developed tools to support and encourage them to take on training activities. The government should offer effective incentives (such as low-interest loans, tax and premium benefits etc.) to employers to increase their number of apprentices and students and improve training quality.
- Innovative solutions such as group apprenticeships should be developed to lower the burden on employers.
- Employers face a huge amount of administrative costs with lengthy procedures when taking on apprentices. The system should be simplified and made enterprise-friendly.



## United Kingdom

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### Background

- Youth unemployment in the United Kingdom is 18.4%, below the EU average.
- The percentage of boys and girls in upper secondary education enrolled in the vocational stream in 2012 was 38.6%, well below the EU average (55.7%).
- In 2008, some 271,000 were undertaking apprenticeships in England; that is, 11 apprentices for every 1000 employed persons. In 2013, this number increased to 495,000.

### Recent developments

- The UK VET system is undergoing a far-reaching and comprehensive reform process. A reform plan was presented in October 2013 to give employers more control over the design of apprenticeships and direct control over funding for the external training of their apprentices to ensure quality and relevance:
  - **Design and organisation of apprenticeships.** Before 2012, apprenticeships were essentially a contract between the government and a training provider and did not often lead to a career. This has started to change with businesses now given more power to demand training in the appropriate skills and qualifications for their apprentices. This system has been trialed in eight sectors: aerospace, automotive, digital industry, electrical engineering, energy, financial services, food industry, and industrial science. Apprenticeships vary substantially by sector but typically involve more time in the workplace than the classroom, with the emphasis on acquiring practical skills.
  - **Financing.** Under the former system, the government funded most or all of the core apprenticeship training. New funding principles have been set up, making apprenticeships a joint investment between the apprentice, the employer and the government, with the costs shared between the three parties. The employer is now the customer and training providers receive their funding via employers, not directly from a public agency, which increases the provider's incentive to respond to business needs. The price for each training will be determined by negotiation between providers and employers. The government will provide additional support for apprenticeships for young people aged 16-17 by contributing to any additional costs employers may have and by providing additional support to smaller businesses.

- **Awareness/Image.** Schools are responsible for providing career guidance and providing information on apprenticeships but the quality of this provision is inconsistent. An innovative way of providing this type of guidance is currently under discussion. Currently, all 17-18 year olds seeking a university place have access to a central portal that contains information on all of the courses available to them. They then apply formally through the portal and receive offers from their selected institutions. The same guidance facility followed by a formal application for a specific type of apprenticeship should be offered. This would be a key tool to encourage schools, parents and young people to consider vocational options and the prospects they offer.



### III. Innovative Solutions to overcome barriers to apprenticeships

- What can be done when labour markets are not sufficiently flexible and do not have a strong vocational training culture? Private employment agencies are experts at bringing people into labour market. They deliver innovative work-based training solutions for these challenging environments. For instance:

#### Adecco: Agency Apprenticeship Contracts in France

- In France, 70% of apprentices find a job after their apprenticeship. More than 660,000 young people under the age of 25 search for a job. 50% of workers depending on the support of Adecco France are under the age of 25.
- The Loi Cherpion introduced the Apprenticeship contract in 2011. Since then, Adecco offers Agency Apprenticeship Contracts in France, delivering as the employer the link between the job seeker, the company and the training institution. As Adecco is licensed as a training institution, tailor made work-based training models are developed to fit the needs of the young person and the Company. The goal is to ensure the transition of the young job seeker into permanent employment.

#### GI GROUP: “Young First” and “App To You”

- In Italy, apprenticeships for youth only exist in theory, not in practice. Apprenticeships have a bad reputation in Italian society and are seen as competition by the education system. The only existing work-readiness system is to give young people work experience after high school and university. The GI Group developed training service products for this group.
  - “Young First” is focused on hiring high school or university graduates through internships or apprenticeships contracts.
  - “App To You” is a service that supports corporate clients in dealing with the current complex legislation and helps promote training programs which are at the core of the apprenticeship experience.

### Randstad: Youth@work

- The percentage of unemployed youth in the Netherlands is 15.4%. First launched in 2013, the aim of the Youth@work programme is to bring 10,000 unemployed youth to work within four weeks.
- Employees at Randstad work with a young person to assess their skills and then present them to clients they would be well suited to. Randstad's HR consultants offer advice, tips, and tricks on how to market themselves to employers, helping them to put together a resume that should help them get through to interview stages.
- The programme benefits youth in helping them find work they are trained for. At the same time, employers gain new workers who fit the roles they need.
- 9,829 young people found work through the project.





## IV. Preliminary Conclusions

1. **Put employers in the driver's seat.** Employers must fully engage in VET-systems by becoming deeply involved in setting the curricula, setting up professions and system administration. This close involvement is key to ensure labour force supply meets the demands of business and guarantee a smooth transition from training to work.
2. **Increase permeability/pathways between education systems.** VET should not be seen as dead-end education but as part of a flexible career ladder. Young individuals can start as apprentices and then have the possibility to move on. Greater permeability will improve the reputation of apprenticeships.
3. **Motivate companies to offer apprenticeships.** This is especially necessary in countries with weaker apprenticeship cultures. The drop in apprenticeships in France underlined how extremely sensitive companies were to the removal of financial incentives. The UK example demonstrates that closer involvement in the design, administration and curricula of VET-systems triggers business interest and commitment. Moreover, VET-systems must be sufficiently flexible to incorporate the varying needs of different economic sectors to attract companies.
4. **Avoid regional fragmentation.** A national system/curriculum is needed. It is seen as advantageous to have centralized legislation on VET in Switzerland and the decentralization of the system is regarded as a challenge in Spain.
5. **Commit to long-lasting reforms and avoid piece-meal approaches.** Education reforms need several years to bear fruit and VET reforms are very complex. Therefore, a comprehensive inter-generational approach is needed to have a systemic impact. The UK reforms are seen as a positive example in this regard.
6. **Tackle the mindset.** To attract gifted and talented young people, innovative solutions are needed to improve the perception of VET, along with broader awareness of the opportunities VET paths can lead to. Campaigns are not always successful, but an innovative approach could use new media as a tool to share apprenticeship opportunities and experiences among youth.
7. **Think small first.** The biggest opportunity to increase apprenticeships is by promoting them among small or medium enterprises (SMEs), which are the backbone of most world economies. Costs and bureaucratic burdens must be minimised to make it easier for them to offer apprenticeships.

8. **Build coalitions.** Apprenticeship and work-based training models can only be provided if business, education and training providers, and public employment actors work together. The GAN's mission is to bring stakeholders together at the global and national levels, through GAN National Networks.

