



## **Costs and benefits of apprenticeship – A company perspective**

Cedefop workshop, Thessaloniki, 24 to 25 November 2014

### **Background note**

In recent years, there has been renewed interest in 'dual VET' or 'apprenticeship' where classroom instruction is combined with workplace training. The term 'dual VET' may relate to any VET programme in which organisation of the learning process is based on alternation between an educational institution and a training enterprise. The term 'apprenticeship' refers traditionally to arrangements where learners are employees of the training enterprise (rather than 'VET students') and spend most of the training process at the workplace.

Dual VET/apprenticeship is considered an attractive policy option, helping to address challenges of youth unemployment or skills mismatches. Countries with strong VET systems and well-established apprenticeships tend to have lower youth unemployment rates. Evidence shows apprenticeships ease and shorten labour market transitions of young people. Further, apprenticeship has strong potential to equip learners with knowledge, skills and competences that meet employers' needs due to company involvement in learning processes and training provision. Although providing training may be costly to companies (depending on duration and intensity of training, type of skills developed: company-specific versus more general skills, etc.), evidence shows that in a well-functioning apprenticeship system, a large share of training companies can recoup their training investments by end of the training period.

Renewed interest in dual VET/apprenticeship is reflected in the European Union policy agenda. The European Commission's communication 'Rethinking education' highlights VET's and dual systems' importance as a key priority for the EU. The Bruges communiqué calls on participating countries to support development of apprenticeship-type training. The Council recommendation on establishing a youth guarantee invites countries to put in place measures to ensure that young people up to age 25 receive a good quality offer of employment, continued education, apprenticeship or traineeship within four months of leaving school or becoming unemployed. The Council declaration on the European alliance for apprenticeship invites Member States, in cooperation with social partners and stakeholders, to undertake VET system reforms by introducing apprenticeship pathways or improving existing schemes to increase quality and attractiveness of apprenticeship schemes.

Accordingly, several European countries are currently developing or expanding 'dual VET'/apprenticeship (or have expressed their interest to do so).



A precondition for successful development/expansion of dual VET/apprenticeship is willingness of employers to provide training places. A company's decision to involve in apprenticeship depends on estimated costs and benefits of providing such training - the company expects returns on its investment. However, while costs of taking over apprentices might appear more obvious, employers are often not sufficiently aware of the investment benefits, or the conditions required to maximise such benefits during apprenticeships.

To assist companies in their decisions to provide more apprenticeship places, a cost-benefit assessment tool could be offered to employers to help them to assess returns on their training investments. There are examples of such evaluation tools, albeit some were tested only on a small scale.

A cost-benefit assessment tool for companies - applied on a wider scale - could support in particular countries which expressed interest in applying cost-benefit analysis to help convince employers to train apprentices. Outcomes of the tool's application could also indicate more clearly if certain (financial) incentives are needed to encourage companies to train.

Discussions during the workshop will inform Cedefop's decision to investigate different methods/tools for measuring costs and benefits of apprenticeship at company level and test their application in different European contexts (countries/sectors). The workshop objectives are to:

- review theoretical and methodological approaches for studying costs and benefits of apprenticeship at company level;
- assess tools developed to calculate costs and benefits of (apprenticeship) training focusing on tools designed for individual use by employers;
- discuss results of application of such tools in practice and feedback received from employers;
- evaluate feasibility of devising a cost-benefit tool to be applied on a wider scale for European companies as an incentive to take on apprentices.