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Apprenticeship training in Spain: a cost-benefit simulation from the perspective of firms

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**GOVERNANCE AND FINANCING OF
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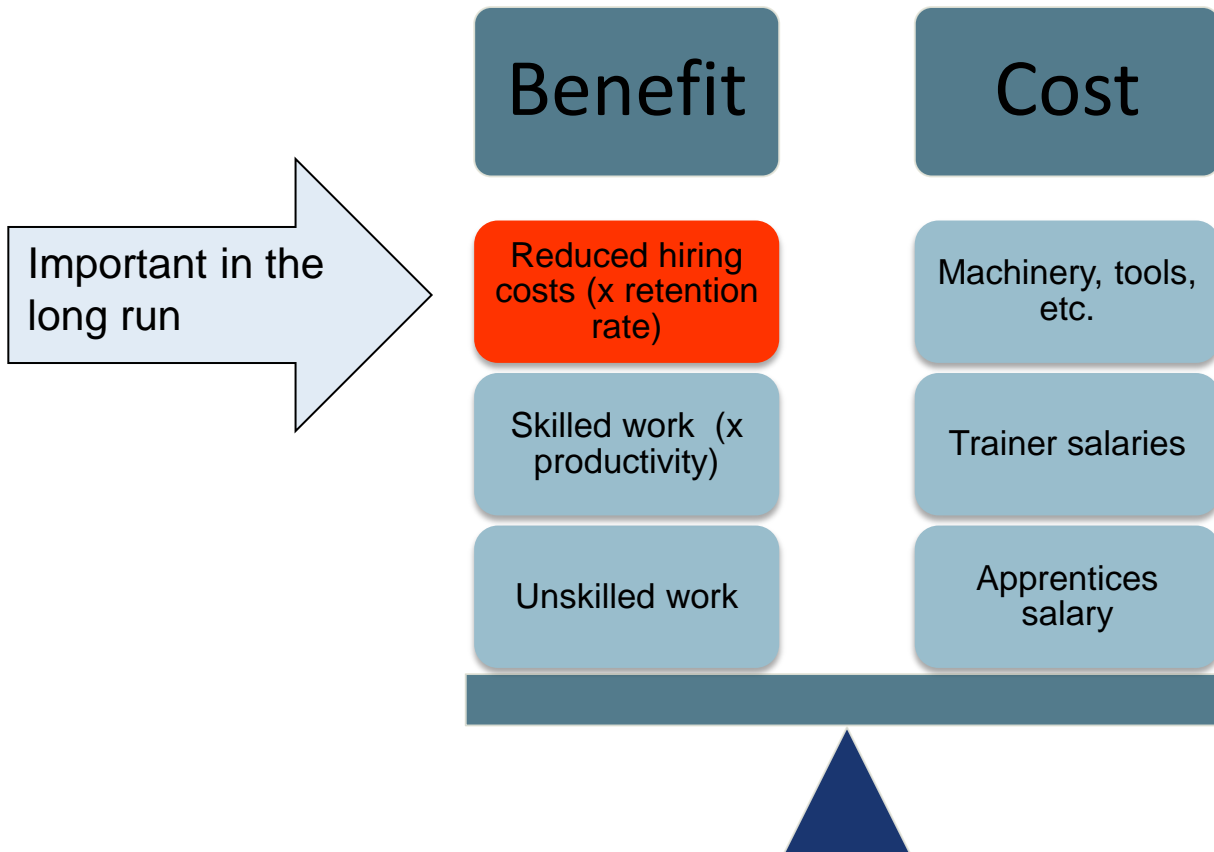
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Cost-Benefit – The augmented model



The case of Spain: Why do we simulate ex ante costs and benefits?

1. **Heterogeneity** of models currently in use in Spain to big to be generalized (external validity).
2. **Companies** engaged today not **representative** for the ones we would like to attract into apprenticeship training (external validity).
3. **Data base** probably to thin to draw conclusions (internal validity).
4. **Current models** of training may not be the ones that promise success in the future.

What are the data sources for the ex ante cost and benefit simulations?

We calculated the costs and benefits for **10 occupations** in 6 different economic sectors, by:

1. Using **Swiss reference data** on the intensity of in-firm training, the productivity of apprentices, etc.
2. Using **Spanish wage data** (relative wages between skilled and unskilled workers, apprentices wages)
3. Using the **Spanish curriculum** for the ten occupations but applying them in a Swiss manner
4. Making estimations on the **saved hiring costs** from employers' workshops.

The three training models

The «Spanish model»



Table 1: Assumptions of the baseline simulation models for net training costs in Spain

Model 1	Model 2	Model 3
Three years of training	Two years of training	Three years of training
1,600 hours formal education in vocational schools	1,000 hours formal education in vocational school	The first two years as for Model 2
Approx. five hours per week of formal training for each apprentice (600 hours in total) + workplace experience	Approx. 600 hours of formal workplace education + workplace experience	In the third year, companies provide formal workplace training similar to a Swiss company in a comparable training occupation (approx. 200 hours on average)
Total amount of formal school and company training: approx. 2,200 hours	Total amount of formal school and company training: approx. 1,600 hours	Total amount of formal school and company training: approx. 1,800 hours



The «Swiss model»



The «augmented model»

Lessons learned: It can work for Spain!

1. There are **always** at least one or two scenarios for every occupation in which training pays off already in the short run.
2. **Very small firms** have more difficulties to break-even but are depending more on it. Collective actions would help to make training more attractive to them.
3. **Three year** programs are necessary.

Cost-benefit analysis in Spain: Context

- I. New dual VET schemes since 2012. “**Pilot trial country**”.

- II. Attracting companies into the new system (**the sine qua non condition**). The key role to play from the cost-benefit analysis side.

Difficulties to attract companies (1)

- I. Lack of knowledge on dual VET schemes. **Lack of guidance to build-up the first** dual VET scheme (specially for SME's).
- II. Culture of training. **Companies focused on “buying”**, in stead of “making”.
- III. School-based vs company-based system.

Difficulties to attract companies (2)

- I. Sectors and companies at risk in the short term can't envisage their needs in the medium and long term.
- II. Other schemes to train are less demanding (active employment policies, internships from academic pathways).

The cost-benefit analysis among companies

Costs

- I. Companies are sensitive to the salary cost of the apprentices.
- II. The need to raise awareness of the quality (and its costs).**
Apprentice in the lifelong learning company policy, tutor costs, disruptive costs among the rest of the employees, use of technology to train and not to produce.
- III. Public budget to support costs that ensure quality?

The cost-benefit analysis among companies

Benefits

- I. Companies are sensitive to the benefits of the apprenticeship schemes.
- II. Data is not available on the evolution of the levels of productivity of skilled work. Moreover, companies can identify the productivity evolution in any occupation.
- III. Companies are sensitive on the moderate use of the non-productive work; nevertheless, the control of the real situation in the companies remains weak.

The cost-benefit analysis among companies

Other remarks

- I. Companies are reluctant to train because of the threat of poaching after the training period (in some sectors).
- II. Balancing costs and benefits during the training period becomes essential, especially for SMEs.



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Thank you for your attention!