

UEAPME Paper

The Contribution of Crafts and SMEs to apprenticeships

Introduction

For more than a decade UEAPME has been committed to promoting more and better apprenticeships for the benefit of the economy and the society and more specifically for Craft companies and SMEs, as well as young people in Europe. Against this background UEAPME welcomes the new focus on apprenticeships at European level, and in particular the launch of a “European Alliance for Apprenticeships” aimed at contributing to tackle youth unemployment.

I. Apprenticeship definition, value and rationale

UEAPME key criteria for apprenticeships¹:

UEAPME considers the following as the key characteristics of apprenticeships:

- it concerns Initial Vocational Education and Training (IVET);
- it is an alternate training scheme in which training takes place at the workplace, as well as in school;
- the enterprise plays an active role in the content and design of the training programme, but has not necessarily a contractual link with the apprentice;

On account of this apprenticeships must be clearly distinguished from traineeships.

Value of apprenticeships

Apprenticeship models and work-based learning systems have proven to be among the most valuable education and training forms for gaining knowledge, skills and competences required on the labour market. It is therefore a good way to tackle the high youth unemployment in Europe by improving matching of skills offer and demand, and better filling medium and highly-qualified jobs. As recently confirmed by OECD statistics, apprenticeships and programmes at ISCED level 3 with a high share of work-based learning content (above 25%), have demonstrated better outcomes compared to more school-based learning, resulting in higher youth employability².

To be successful apprenticeships should not be limited to theoretical agreements, but firmly integrated in EU training policy priorities. In this respect, a better recognition of the principle of “parity of esteem” between higher education and higher VET is essential. According to the Europe 2020 Strategy objective 40% of young people should have a tertiary level higher education qualification or equivalent.

However, all too often statisticians and policy-makers resort to “higher education” as measured by the International standard classification of education (ISCED), which does not take into account the different types and profiles of qualifications and thus impedes taking a more balanced and realistic view of what makes an individual highly-qualified. In future a link to the national qualification frameworks should allow a more nuanced analysis.

¹ See apprenticeship definition, DG EAC Working Group report on “Mobility for Apprentices” (2010)

² See OECD statistics on share of work-based learning “Education at a Glance” (2011)

Rationale and role of Crafts companies and SMEs in apprenticeships and work-based learning

Firmly anchored locally, Crafts and SMEs are key providers of apprenticeships and work-based learning placements. Acting as socially responsible actors they strongly contribute to territorial economic and social cohesion and despite the crisis, they are still the main source of job creation in Europe. Between 2002 and 2010, 85% of new jobs stemmed from SMEs.

Small companies are ready to engage in apprenticeship training if it is shaped according to their needs. This means a certain level of “co-ownership” and involvement of the company in determining the skills content.

Chambers of crafts and chambers of commerce and industry acting as intermediary bodies play a crucial role in supporting small businesses in the governance and functioning of apprenticeship systems according to the national specificities. Responsibilities include the registration of apprenticeship contracts, supervision of company-based training, assessment of suitability of training firms and arranging final exams.

Where the support of these intermediary bodies exists, it also eases adaptation to new technological developments, the rapid introduction of innovative practices and leads to higher competitiveness. At the same time the capacity to expand the company's market shares, including exploring new markets is boosted.

In countries with a strong tradition and cultural value of vocational training, the transmission of know-how, mentoring and training on the job via apprenticeships contribute to a greater identification with the company, trade and sector. In most cases this leads to the apprentice being hired by the company at the end of the training period. It is thus an effective means of overcoming the scarcity of skilled labour and the skills mismatch, by also facilitating to some extent workforce recruitment and retention difficulties in SMEs.

II. Key conditions for SMEs and challenges

Key conditions

Apprenticeships require time and a medium-term commitment from companies without an evident quick win in the first instance. Since apprenticeships take place in the real economy and cannot be steered by ministry decrees, a sound business case and a promising perspective for return on investment is needed.

The return on investment for the company taking on an apprentice varies considerably according to occupational profile and sector. Initially the costs largely outweigh, therefore other initiatives are needed to convince companies to engage in apprenticeships. Having said that, hiring skilled workers from the outside can potentially be more costly due to efforts needed to familiarise and train the person in the company.

Another prerequisite for employers is the availability of young people equipped with adequate basic skills. Ensuring a good level of basic skills should be the main task of primary and secondary school systems. Employers should not be expected to compensate for the failure of schools resulting in insufficient reading, writing and numerical abilities of young people. The responsibility lies with Member States to ensure effective education systems and coaching to improve the individual performance of youngsters as necessary.

Furthermore, sound framework conditions concerning the institutional and legal framework regulating apprenticeships have proven to be vital in those Member States with a successful and strong apprenticeship tradition.

Current and future challenges

SMEs and in particular micro companies with fewer employees have limited resources and cannot, or at least not to the same extent as larger organisations, take advantage of economies of scale.

This has practical implications on the daily business. When the apprentice attends VET-school the company has to readapt its work schedules, a more difficult task in a small company with fewer people and less numerical flexibility. In addition, in a micro company the entrepreneur holds many responsibilities and may not always be an expert for human resources management and training, which makes reconciling long-term strategic skills planning with immediate daily business concerns more complex.

At the same time only companies with well-qualified and well-trained workers and with the right knowledge, skills and competences will be able to stay abreast of new developments and innovate in an increasingly globalised world.

III. The way forward: 8 recommendations for more and better apprenticeships in Crafts and SMEs

EU policy framework

The Copenhagen process on enhanced cooperation on VET has been a milestone since 2002. The latest Bruges Communiqué reaffirms the commitment of Member States and social partners, to make European VET systems more attractive, relevant, career-oriented, innovative, accessible and flexible and to contribute to excellence and equity in lifelong learning up to 2020.

The European Semester aimed at improving economic governance and competitiveness in Europe has pointed to shortcomings regarding VET, including apprenticeships in around 2/3 of Member States through the country specific recommendation for 2013. It shows the importance of better linking economic, labour market and education and training policies.

The European Alliance for Apprenticeships

As a signatory party of the joint declaration UEAPME endorses the objectives of the European Alliance for Apprenticeships to promote the quality and supply of apprenticeships and to change mindsets towards apprenticeship-type training and work-based learning.

As part of our commitments to contribute to the follow-up of the Alliance, UEAPME is working on how to enhance the attractiveness of apprenticeships for companies to engage in training. Based on current good practices of our national member associations, UEAPME proposes **8 recommendations** for promoting more and better apprenticeships in SMEs and Crafts:

1. Establishing the right institutional setting

At national, regional and local level it is essential to establish the right setting for encouraging and supporting SMEs in the provision of apprenticeships. In particular the institutions closely linked to the businesses, such as social partners' organisations, sectoral or branch organisations, chambers of skilled crafts or commerce and professional bodies play a key role at system level in the governance and success of well-functioning apprenticeship systems.

A legal framework for apprenticeships informing on the respective rights and obligations of employers and apprentices helps to provide clear rules and certainty for both sides. Moreover, uncertainties linked to frequent policy changes with regard to rapidly changing education laws or access to public funds bears the risk of companies disengaging in apprenticeships. Therefore introducing or changing legislation should involve social partners, in order to ensure consistency.

2. Setting-up strong partnerships

Effective and successful VET systems are based on strong cooperation between relevant stakeholders, comprising public authorities, social partners, VET providers and research institutions. In particular social partners' role in governance contributes to an effective management. It is important to have those partnerships in place on a national scale and notably at regional and local level, since this is where the majority of SMEs are developing their business.

- Inter-company training

If an SME wants to engage in apprenticeships but cannot cover all training components of a specific occupational profile, due to the lack of equipment or for other reasons, forming a training alliance with one or more other companies can be a means of covering all skills and competences of the occupational profile.

The creation of this type of networks at cross-sectoral or sectoral level should be encouraged as long as all participating companies commit to the same objectives and are genuinely able to benefit from it. A good example stems from Austria.

*In Austria, **training alliances** are actively supported by the Federal Chamber of Economics, WKÖ. These mainly involve complementary training measures conducted either in another company by mutual exchange or one-sided sending of apprentices to a company or suitable educational institution. Economic Chambers at regional level often in cooperation with the provincial government or the Chamber of Labour have set-up special entities in order to facilitate the formation of training alliances by providing information on possible partner enterprises, educational institutions and for finding suitable apprentices. They also advise on the prevailing legal obligations concerning training contracts, subsidies, conditions of employment and training requirements for a certain occupational profile. www.wko.at*

- Vocational training and technology centers

Moreover, alongside companies and VET-schools, vocational training and technology centres exist in several European countries, including Germany, and can be a successful means of assisting SMEs in apprenticeships.

*In Turkey, TESK, the Turkish Federation of Craftsmen provided financial support for the establishment of "**Vocational Training and Technology Centers**" set-up by law No. 3308. The objectives are to support notably small companies with apprenticeships by helping to overcome any lack of training capacity, for instance for specialised training for certain products or services. They equally ensure the professional development of Craftsmen, SMEs and their workers with updated technologies and facilitate technology transfer. www.tesk.org.tr*

Partnerships can also contribute to the improved recognition, value and quality of national apprenticeship qualifications.

*In Poland, the Polish Craft Association has been working closely with other national social partners, research institutes and government. As a result of such cooperation, including with the Leonardo National Agency, the Polish craft diplomas can be supported with a **Europass supplement** from 2013. www.zrp.pl*

3. Promoting a training culture

Fostering a training culture should encourage companies to engage in apprenticeships. For Member States without such a tradition a sound analysis of potential barriers for SMEs and young people to engage in training can give a clearer overview of the shortcomings.

In addition, awards for companies engaging in training contribute to enhancing mutual learning for innovative approaches in apprenticeship training. Company awards should take into account the company size and therefore be organised according to different categories, e.g. small, medium-sized or large enterprises.

4. Tailored advice and support for SMEs: making apprenticeships more attractive

Individual advice and support for a small company to set-up and/or strengthen the provision of apprenticeships is crucial. Professional business organisations and crafts chambers can usefully support SMEs in shaping curriculum design or seeking flexible arrangements between schools and companies to meet specific demands.

Measures should be put in place to facilitate the matching of potential apprentices and SMEs interested in training apprentices. In some countries intermediary bodies, including Public Employment Services are engaging to this end.

In France, the Chamber of Trades and Crafts, APCMA, ensures the organisation of apprenticeships at national and regional level by delivering services directly to the crafts enterprises. Measures involve preparing and registering the apprenticeship contract, supporting the recruitment of apprentices and organising the relations with the training centres. In 2009, the Permanent Assembly of the Chambers of Trades and Crafts put in place together with the Minister in charge of apprenticeships a **network on «Developers of Apprenticeships»** to encourage enterprises to provide apprenticeships. These “developers” assist the enterprise to better understand the value of apprenticeships, to explain the administrative formalities, to put them in touch with apprenticeship applicants and to deliver training. A **traineeship to discover trades** allows youths aged 14+ to spend one week in an enterprise. The Trades and Crafts Chambers are responsible for these traineeships when they occur in a crafts enterprise, taking care of organising the traineeship, informing on rights and responsibilities of the different parties and insurance questions. A convention is signed between the enterprise, chamber and the young person (the parents). www.apcma.fr

In France, CGPME, the Confederation of SMEs, mandated its intermediary body AGEFA-PME, to support the provision of apprenticeships in small enterprises. A **web-service portal** provides a broad range of services for small enterprises, including up-to-date information on apprenticeship tax credit and regional aids, a national database on potential apprentices to facilitate recruitment and a competence-based search engine on qualifications and training centres. A **methodological toolbox** for apprentices and tutors equips young persons with strong basic skills to allow a successful integration into a small business. The tool advises on applying for apprenticeship positions, teaches interview training and soft skills to prepare young people for the business world, as well as facilitating the understanding of SME values, that is versatility, autonomy and creativity. As a result young people are more motivated, more likely to complete an apprenticeship and more productive. <http://www.agefa.org/>

In Germany, the German Confederations of Skilled Crafts, ZDH, leads on the implementation of the project „**Tailormade matching of apprentices**“ notably in Chambers of skilled crafts, co-financed by the ESF. The focus lies on facilitating matching of apprentices in SMEs to secure future demands for skilled labour, strengthen SME’s competitiveness, as well as reduce mismatches and drop-out. The matching is carried out by consultants with activities spanning from advice to company owners, screening application documents of apprentices, conducting job interviews to establish a short-list of suitable applicants to match a training place, in addition to interview training for apprentices. Since 2007 the „Match-makers“ have conducted 160.000 counselling sessions with companies, around 51.000 job interviews with young people, providing as a result around 32.000 apprenticeship places (statistics: 12/2010). www.zdh.de

In Switzerland, a project of the Swiss Trade Association of SMEs (SGV) together with the Swiss Conference of Cantonal Ministers of Education and the Education Ministry examines the **necessary school competence profiles for IVET** („Schulische Anforderungsprofile für die berufliche Grundbildung“). The aims are twofold: 1. to give enterprises engaging in apprenticeships and looking for candidates information on the minimum-type of school competence profiles necessary to start an apprenticeship; 2. to identify competences that should be acquired by school pupils before starting an apprenticeship in a specific occupation and to inform youths, parents and teachers accordingly. Thereby it should also contribute to creating a bridge between school and the world of work, supporting the career choice of young people and avoiding apprenticeship drop-out. Results will be available in spring 2014. www.sgv-usam.ch

Furthermore, in many countries in Europe apprenticeships and vocational training suffer from a negative perception and a weak image, particularly among young people, parents and society. Measures should focus on enabling informed choices for young people through effective career orientation, emphasising the high employability linked to apprenticeships and work-based learning. It also requires easing permeability between different education and training systems and notably from apprenticeships to tertiary level education.

Skills competitions for apprentices like Euroskills or Worldskills are a highly useful means to foster excellency in VET for the best performers. To ensure a broader engagement of apprentices these competitions should be translated into smaller competitions at national, regional or sectoral level.

5. Resources and financial incentives

At European level the ESF is one of the main sources available to contribute to setting-up or reforming apprenticeship type schemes. It should be more widely used as seed funding for work-based learning and apprenticeship focusing on the needs of SMEs. Most recently, the Youth Employment Initiative adopted at the European Council in February and reinforced by the European Council in June 2013 is an important financial support. It ought to be made quickly available to the Member States so that setting-up a “Youth Guarantee” can start in practice and particularly since one of the four measures aims at promoting apprenticeships.

At national level incentives such as tax credits, grants, lower social security contributions or even exemptions, as is the case in France for micro companies, play a useful role notably in more difficult economic times.

However, beyond providing an initial impetus, more permanent structural factors are indispensable to encourage sustainable systems. In order to mobilise resources joint cooperation as part of companies’ activities and through intermediate bodies should be facilitated or alternatively a fund solution might be a viable option.

*In Poland, in 2009 the Polish Crafts Association (ZRP) set-up an **Education and Training** fund to help implement the VET modernisation agenda driven by the government. This fund enables to adapt craftsmen’s skills and their learning pathways to the requirements the labour market. More specifically it is used for the creation of examination standards for journeymen and craftmaster titles, to develop examination tasks and assessment criteria for craft professions, as well as to conduct analysis and research on the dual system. Staff from the craft chambers responsible for education and training equally benefit from training through the fund and the quality of the system is thus continuously improved. www.zrp.pl*

*In Italy, the ESF is co-financing the “**AMVA programme**” (“Apprendistato e Mestieri a Vocazione Artigianale”) to support apprenticeship schemes in crafts and trades and facilitate the occupational integration of young people in the labour market. This initiative, strongly welcomed by Confartigianato, the Italian Confederation of Crafts and SMEs, includes financial incentives to companies providing young people with apprenticeship contracts to obtain a qualification and a professional diploma. www.confartigianato.it*

6. Lightening administrative burdens and comprehensible training regulations

Training regulations need to be as accessible and understandable as possible for SMEs, in order to facilitate the organisation and administration of work-based learning and avoid unnecessary administrative burdens and costs.

*In Austria, the Institute for Research on Qualifications and Training of the Austrian Economy, IBW, “translates” the legal apprenticeship training provisions into **guidelines** (“Ausbildungsleitfaden”) on behalf of the Economics Ministry. The guidance is written in a plain language, providing user-friendly information, alongside examples of good practices for companies. The Institute is affiliated to the Federal Chamber of Economics www.ibw.at*

7. Transnational learning mobility

Generic skills obtained through learning mobility within Initial Vocational Education and Training are key components for promoting employability and making apprenticeships and work-based learning more attractive for individuals, but also for SMEs and crafts to improve their competitiveness and gain access to new international markets.

Strengthening the learning mobility of apprentices in qualitative and quantitative terms, requires removing the practical, legal and technical obstacles, in order to attain the benchmark of at least 6% of EU graduates from initial VET having a study or training period abroad.

*At EU level APCMA, the French Trades and Crafts Chambers together with UEAPME and its members engaged in the “**EuroApprenticeship**” platform (2010-2013). The aim is to increase the mobility of apprentices and young people in work-based learning through a web-based platform and a network of dedicated intermediate bodies, in order to make a placement in a company abroad a realistic option. Measures include supporting VET-providers in creating sustainable European partnerships; helping to implement a coherent quality system; proposing appropriate methods and tools for the recognition of mobility periods as a recognised part of the domestic education and training, providing expertise on legal, financial, administrative and other practical issues. www.euroapprenticeship.eu.*

*In Germany, ZDH, the Confederation of Skilled Crafts, has been promoting the “**Training without borders**” initiative, aimed at cross-border mobility of apprentices and young employees through the help of the mobility coaches in Skilled Crafts Chambers. In 2008 the ESF-Directive provided the framework for the funding of 37 mobility coaches in Chambers of Crafts and Industry and a national coordination unit for a 4-year period. Services delivered include: guidance and motivation for businesses, apprentices, trainees, trainers, and young skilled workers for transnational VET mobility; coordinating the partners involved in the mobility, e.g. enterprises, vocational schools, apprentices; supporting planning, organising, implementing, evaluating and invoicing of mobility projects; supporting the creation of international vocational training cooperation; matching and organising the preparatory measures for participants in mobility projects. www.mobilitaetscoach.de/uk.html*

8. Promoting entrepreneurship and transfer of enterprises

Given the lack of job creation in Europe, entrepreneurship should be promoted from an early age at school and within vocational education and training. To this end, the high value of apprenticeships for learning entrepreneurial skills and setting-up a company should be highlighted and mainstreamed.

Moreover, in view of demographic challenges and an ageing workforce, providing apprenticeships in a small company should also in the medium or long-term take into consideration a possible transfer of the enterprise from the manager-owner to a young person.

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