



G20-OECD-EC Conference on Quality Apprenticeships for Giving Youth a Better Start in the Labour Market

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BACKGROUND PAPER PREPARED BY THE OECD



EXECUTIVE SUMMARY

Setting the scene

In the context of high rates of youth unemployment and underemployment, giving youth a better start in the labour market is a key priority for countries. Consequently, at the G20 Ministerial Meeting in May 2012 in Guadalajara, it was agreed that a comprehensive strategy is needed to boost youth employment, and that quality apprenticeships, in particular, have an important role to play in promoting a smooth transition from school to productive employment. Well-designed apprenticeship systems can promote skills acquisition, facilitate the transition from school to work, improve employment opportunities and reduce school drop-out rates.

Therefore, building upon the work of the G20 Task Force for Employment and by the European Commission, OECD and ILO, a key objective of this one-day conference is to provide an opportunity for a mutual sharing of good practice in fostering the better insertion of youth into the labour market through the development of quality apprenticeships. A second key objective is to foster a greater commitment by all stakeholders to take action to introduce or strengthen apprenticeship initiatives.

Key issues: Can stronger apprenticeships systems do much to help improve job prospects for youth? What other measures are required? What other benefits, besides smoother transitions for youth, should be considered in the promotion of better apprenticeship systems?

Ensuring access to high-quality programmes

Giving better access to quality apprenticeships to those who would benefit most remains a key challenge for many countries. Apprenticeship systems often impose eligibility restrictions in terms of age or educational qualifications which may exclude disadvantaged youth and individuals with prior work experience. Disadvantaged youth face a number of additional barriers: they are more difficult to reach; they are often less prepared, face problems to relocate when necessary and lack the basic skills needed to succeed; and they may also face competition from more skilled youth and reluctance by employers to take them on. In addition, the programmes offered to them may not meet the minimum quality standards offered to other youth, notably in terms of certification and quality of tutors.

Key issues: How to reach the most disadvantaged/disengaged youth? How to prepare them for apprenticeship and reduce dropout rates? How to convince employers to take them on? How to ensure the same quality standards as for other youth?



Making apprenticeships more valuable to youth

Another key issue for many countries is the need to improve the recognition and value of apprenticeships as an attractive career choice for youth. In many countries, Vocational Education and Training (VET) courses, including apprenticeships, are often seen as a poor second-class choice relative to continuing on in more general academic studies, even if this form of learning may subsequently lead to good labour market opportunities. Apprenticeships may also be seen as a trap, notably when there are not enough bridges down the road to higher-level education programmes or when they do not lead to a formal qualification or certification. Interest in undertaking an apprenticeship may be limited if programmes are only offered in a narrow range of occupations and do not cover expanding employment sectors. The willingness of youth to undertake an apprenticeship will also be low if the training is of poor quality, working conditions and pay are not competitive and the programme does not lead to the acquisitions of skills that are valued by employers.

Key issues: How to improve the image of apprenticeship relative to more general academic studies? How to improve the effectiveness of bridges to higher-level education programmes? How to extend apprenticeships programmes to high value added sectors and to occupations that are likely to be of interest to both men and women? How to ensure high-quality standards of training and certification?

Making apprenticeships more attractive to employers

The engagement of employers is a crucial element for the success of an apprenticeship system. Apprenticeships cannot expand and become a recognised pathway from school to work without the strong involvement of employers. In many countries, the main challenge is not necessarily in the provision of quality training facilities but to obtain sufficient apprenticeship places with employers. For employers, the key barriers to taking on apprenticeships include: a fixed length of training (often too long and with rigid start- and end-dates) that does not take into account the actual progress of apprentices in obtaining the required competences; off-the-job training that is ill-adapted to the needs of employers; and high effective wage and non-wage costs associated with taking on apprentices, despite the fact that financial incentives are usually in place to reduce these costs. Effective partnerships between employers and trade unions are also another key element of successful apprenticeship schemes.

Key issues: What are the key barriers preventing employers from taking on apprentices? How to improve the flexibility of programmes while maintaining high standards of training? How to ensure a fair sharing of apprenticeship costs? How to strengthen the links between employers and the education and training system? How to foster more effective cooperation between the social partners?



QUALITY APPRENTICESHIPS FOR GIVING YOUTH A BETTER START IN THE LABOUR MARKET: BACKGROUND PAPER

Introduction

In the context of high rates of youth unemployment and underemployment, giving youth a better start in the labour market is a top priority for all countries. In the report on *G20 Strategies on Youth Employment* prepared by the G20 Task Force for Employment, quality apprenticeships were put forward as one of the key policy tools to promote better school-to-work transitions. Consequently, the G20 Ministers in May 2012 in Guadalajara committed to “promote, and when necessary, strengthen quality apprenticeship systems that ensure high level of instruction and adequate remuneration and avoid taking advantage of lower salaries”.

Building upon the work of the G20 Task Force for Employment and by the European Commission, ILO and OECD, the primary objective of this one-day conference is to identify how apprenticeship programmes can be developed and strengthened to improve labour-market outcomes for youth. The conference will provide an opportunity for a mutual sharing of good practice. It will also seek to foster a greater commitment by the key stakeholders to take action to introduce or strengthen apprenticeship initiatives and to take stock of the progress achieved.

This note sets out the key issues regarding apprenticeships, as a background for the discussions that will take place at the conference. Mirroring the conference programme, it focuses on those features and policy measures that can help broaden access to apprenticeships and make them more attractive for both youth and employers. It doing so, it also identifies some good country practices in designing and implementing apprenticeship systems, drawing on the answers to the apprenticeship questionnaire that countries provided as background information for the conference as well as on the extensive work carried out at the OECD and by other international organisations on policies to promote better job prospects for young people.

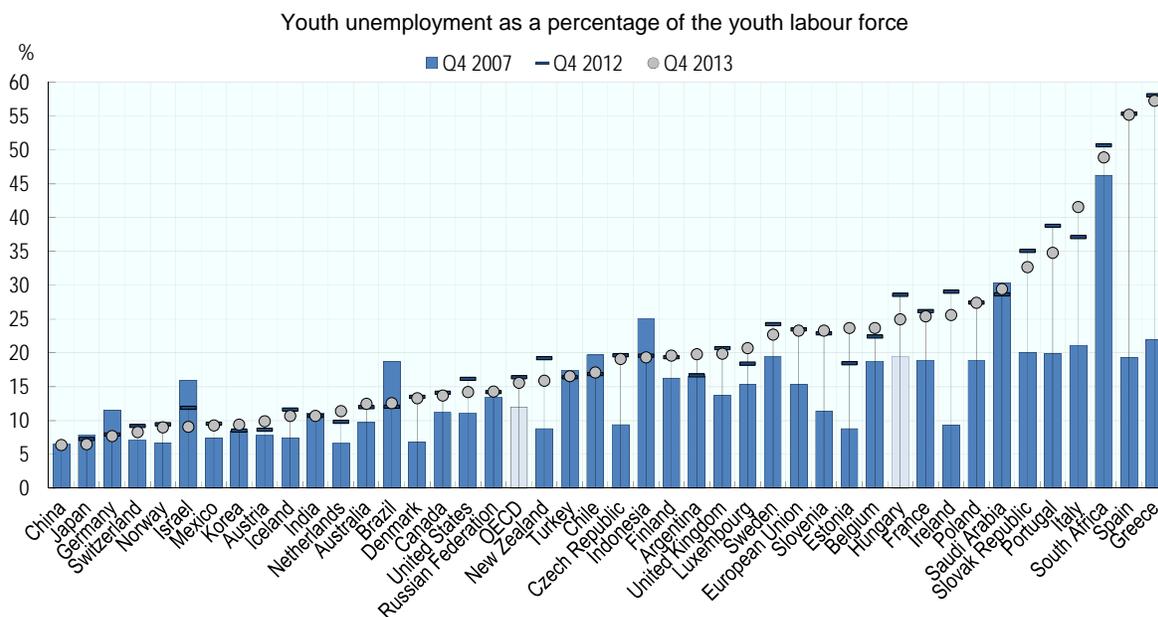
Setting the scene

Giving youth better job prospects is a key policy priority in all countries

Giving youth a better start in the labour market is a key policy priority in all countries. This is not only vital for improving the well-being of youth and fostering greater social

cohesion but also for boosting potential economic growth and limiting future social expenditures, especially in the context of rapid population ageing in many countries. It is also a major challenge as the global economic and financial crisis has left a legacy of stubbornly high rates of youth unemployment in many countries (Figure 1).

Figure 1. Youth unemployment remains high in many countries



a) The data for Q4 2007 refer to 2007 for China; 2007/08 for India; Q3 2007 for Indonesia and Saudi Arabia; Q2 2007 for Switzerland; and Q1 2008 for South Africa.

b) The data for Q4 2013 refer to 2010 for China; 2011/12 for India; Q2 2013 for Argentina; and Q3 2013 for the Russian Federation and Saudi Arabia.

Source: OECD Short-Term Labour Market Statistics Database and the ILO's online database, ILOSTAT.

Even in countries where youth unemployment remains low, many youth face poor employment prospects. They may experience a succession of fixed-term jobs interspersed by spells of unemployment or hold informal jobs with little social protection. They may also face a high risk of underemployment.

Apprenticeships are effective policy tools when they are of high quality

By equipping youth with the skills they need in the labour market, quality apprenticeships can be an effective way of improving employment opportunities for youth and promote a smoother transition from school to formal sector employment. In the first instance, they can provide a learning pathway for youth at risk of dropping out early from initial education. This is particularly important as the lack of a secondary qualification is strongly associated across countries with poor labour market performance. By combining work and study, apprenticeship programmes can help attract and retain youth who have become disaffected with classroom-based schooling and are better suited to learning on the



job. In addition, apprenticeships provide a good mix of basic competences and job-specific skills, they usually allow participants to earn a wage while studying, and they offer valuable work experience.

These positive effects have revived interest in apprenticeship training. In many countries until recently, governments had shifted their focus away from apprenticeship training to focus on raising university enrolment. This trend has since changed, with an increasing emphasis on strengthening Vocational Education and Training (VET) and apprenticeship programmes in particular. Several countries have turned to the positive experience of Germany – a country with a long tradition of apprenticeship training – as an inspiration to revive existing apprenticeship systems or develop new ones. One such country is Korea, which, in January 2014, began a dual system inspired by the German, British and Australian apprenticeship systems. Also, China is accelerating the development of a modern vocational education system that better integrates the worlds of education and work.

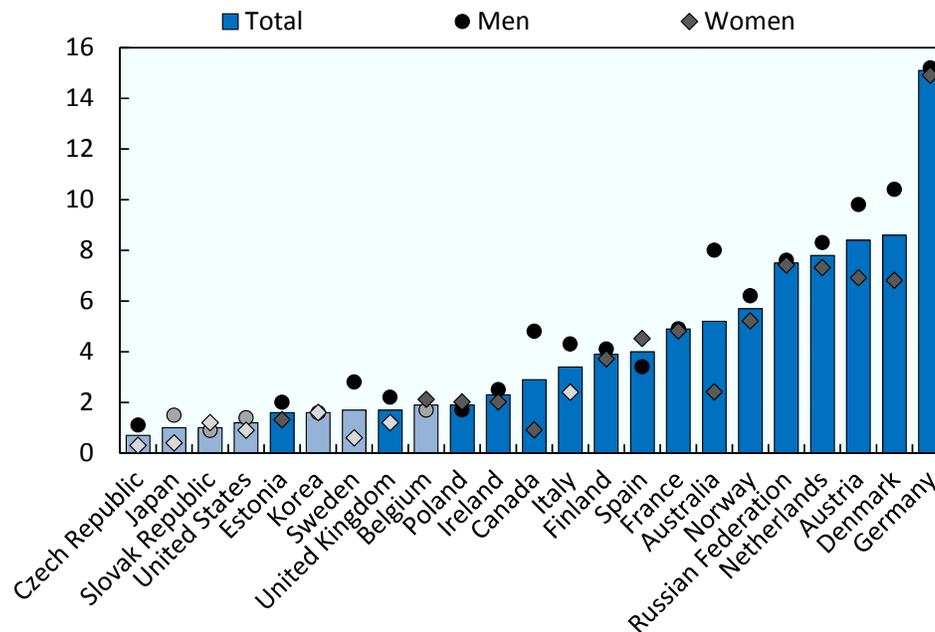
The setup, operation and scale of apprenticeship programmes varies considerably across countries

A wide range of programmes that can be broadly categorised as apprenticeship schemes exist around the world from informal apprenticeships (which may be family-based) that are common in Africa and South-Asia to the well-structured formal schemes of the so-called apprenticeship-countries (Austria, Germany and Switzerland). There are also a number of programmes that, while not formally referred to as apprenticeship schemes, offer young people a combination of training and work experience. The main focus of this background paper, as well as the conference, is on formal apprenticeship schemes. However, some work-experience or workplace-training schemes are also cited where they involve: i) some form of certified on-the-job training of at least a few months; and ii) substantial numbers of young people. Despite considerable heterogeneity across countries in the way apprenticeships programmes are set up and operate, these programmes tend to share a number of features, such as the direct involvement of the apprentice in the production process and the provision of some form of training by the employer.

However, despite their potential benefits, there is considerable variation across countries in the scale of apprenticeship programmes (Figure 2). For example, over 8% of youth aged 16-29 are apprentices in Austria, Germany and the Netherlands, whereas apprenticeships are much less common in Korea, Japan and the United States.

Figure 2. Participation in apprenticeship programmes varies substantially across countries

Percent of youth aged 16-29 who are apprentices, 2012^{a,b}



a) The estimates are shown in a lighter colour for each country where they are based on less than 30 observations for the total and less than 15 observations by gender. These estimates should be interpreted with caution.

b) The results for Belgium and United Kingdom refer to, respectively, Flanders and England and Northern Ireland. The data for the Russian Federation are preliminary and exclude the population of the Moscow municipal area.

Source: OECD Survey of Adult Skills (PIAAC), 2012.

The success of apprenticeship programmes – notably, their value to youth and their attractiveness to employers – lies in their quality and that they are appropriately adapted to individual and local specificities. The OECD Note On ‘Quality Apprenticeships’ prepared for the G20 Task Force On Employment of 26 September 2012, outlines how high-quality apprenticeships share several attributes, notably they:

- Are not limited to specific age groups.
- Facilitate participation by disadvantaged youth.
- Include a strong training component.
- Provide training that is not too narrowly focused.
- Cover multiple sectors and occupations and encourage the participation of women.
- Involve an equitable sharing of their costs among employers, the public authorities and apprentices.
- Operate according to competence-based completion rather than time-based completion.
- Require good governance to prevent misuse as a form of cheap labour.
- Are jointly managed by the social partners and relevant institutions.
- Are certified and well integrated with the formal schooling system.



However, implementing effective quality apprenticeship programmes that are attractive for both employers and workers can be difficult for a variety of reasons. Many countries have found ways to overcome these challenges.

Ensuring access to high-quality programmes

Access to apprenticeships is sometimes restricted on the basis of age, required educational qualifications or to youth entering directly from the education system. Apprenticeships may also be limited to traditional sectors such as construction and manufacturing, or to a very narrow range of occupations in the service sector. In such situations, they risk excluding vulnerable youth and individuals with previous work experience. It may also make apprenticeships less appealing to women. In fact, in most countries young men are more likely to be apprentices than young women, with a particularly large gender gap in Australia, Austria, Canada and Denmark (Figure 2). These restrictions may also mean that apprenticeships do not cover the most innovative occupations and sectors in the economy that face skill shortages.

In most countries, apprenticeships are limited to youth aged 15/16 to 24, therefore depriving older workers of a second chance to acquire valuable qualifications after a spell in the labour market or a period of unemployment. However, there are exceptions with some systems not imposing age restrictions at all – notably Australia, Canada, Finland, Germany, New Zealand, Switzerland and the United States – and others relaxing age restrictions for apprenticeships in specific situations: for example, apprentices in sectors facing skill shortages (e.g. Northern Ireland); individuals with disabilities (e.g. Brazil); and older workers albeit with a more restrictive funding schemes (e.g. England).

Quality apprenticeship systems are integrated into formal education at the upper-secondary or tertiary level. Although this has the benefit of aligning programmes to specific qualifications and degrees, it may restrict coverage to individuals who have already attained the required educational level. This may be an attractive policy inasmuch it ensures a certain skill level among participants. It does, however, exclude the most vulnerable youth, and those that are most likely to benefit from apprenticeship programmes. While some countries do not specify any educational requirements to take part in apprenticeship programmes, others relax this requirement but still ensure a high skill level among participants by either substituting labour market experience for educational requirements (e.g. England and Ireland) or by offering the alternative path of pre-apprenticeship courses (e.g. Germany – see Box 1– Northern Ireland and the United States).

Alternatively, in order to promote participation among vulnerable youth, additional subsidies are offered to employers hiring workers from vulnerable groups (e.g. Australia). Although not strictly apprenticeship systems, Argentina and the United States have set up programmes to train disadvantaged youth and enhance their employability of disadvantaged youth; Mexico and Turkey have also promoted training programmes for the unemployed (see Box 2).



Box 1. Pre-apprenticeship programmes for disadvantaged youth in Germany

In Germany pre-vocational training measures have been offered since the 1990s to socially disadvantaged young people with learning disabilities and unsuccessful applicants for a training place. The aim is to give them within 10 to 11 months, including internships in companies, an introduction into various occupational fields, to teach the curriculum of the first year of vocational training and, since January 2009, as a second chance for a qualification, prepare them to return to the education system to pass the lower secondary school-leaving examination. In 2009, approximately 17 000 young people participated in second-chance courses to pass their school-leaving examination, of whom 7 000 were successful.

Source: OECD and ILO, Giving Youth a Better Start, A policy note for the G20 Meeting of Labour Ministers, 2010 (Box 6, p. 19).

Although in most countries apprenticeships are not – by definition – restricted to particular sectors, in practice many apprenticeship systems concentrate coverage in a group of occupations or a few traditional sectors. In Switzerland, for example, although 250 programmes are available, the 20 most popular programmes account for 60% of the apprenticeships. Some countries take active steps to promote apprenticeships in sectors and occupations facing skills shortages. For example, Australia, Turkey and Northern Ireland use information from skill needs assessments to promote apprenticeships in those occupational and industry sectors in greater demand of skilled labour. Australia does this by directing the funds allocated to training organisations and Northern Ireland by extending the public funds available to apprenticeships in these sectors to not just youth, but candidates of all ages.

In those systems where the responsibility to engage in apprenticeship programmes lies with firms, expanding coverage to more sectors and occupations implies highlighting the benefits of apprenticeships to employers, promoting flexibility among educational and training institutions to cater to a wider range of programmes and aligning the available off-the-job training opportunities with the skills demanded by employers. This can be challenging as the experience of the United States suggests in trying to expand and modernise its Registered Apprenticeships programme (see Box 3). Expanding the sectors and occupations covered by apprenticeships will encourage the participation of women and make apprenticeships systems more inclusive by reducing the over-represented trades where men are the predominant workers.

Making apprenticeships more valuable to youth

Although well-developed apprenticeship programmes may exist in many countries, a bias in favour of academic education discourages students and young workers from following this path. In these countries, all forms of vocational education – including apprenticeships – are perceived as selection-by-failure options, *i.e.* learning pathways suitable for those who fail in an academic-type setting. Moreover, in many countries, apprenticeship programmes do not provide a formal qualification at completion, making them less valuable for workers who would like to move to different sectors or occupations and who would, thus, benefit from having the content of their training officially recognised.



Box 2. Supporting disadvantaged youth or the unemployed through training in Argentina, Mexico, Turkey and the United States

In many cases, non-apprenticeship work and training programmes can complement apprenticeship programmes. In systems with high barriers to entry to apprenticeship programmes, they can ease the transition from school to work to youth that fails to meet the requirements for apprenticeships. This will likely benefit more vulnerable youth and those with low qualifications. These programmes can offer an alternative transition to work to apprentices who do not complete the programme – especially relevant in countries with high non-completion rates – or fail to secure a job during the apprenticeship – especially relevant in countries with relatively low employability after completion of apprenticeship programmes. They offer an alternative path to those who fail to meet requirements for apprenticeship eligibility, as is the case in countries with low secondary education completion rates.

A well-known example in the **United States**, the Job Corps programme, is targeted towards youth aged 16-24 from low-income backgrounds who face one or more barriers to employment such as lacking qualifications, a foster child, a teenage parent or a homeless youth. Job Corps services are provided at 122 centres nationwide, where most participants reside in campus-like living quarters. Programme content includes academic education and vocational training aimed at attaining an upper secondary qualification and it is also recognised as a pre-apprenticeship programme, allowing entry to apprenticeships. At the end of the programme, placement services help participants to secure employment. Other key services include health education, health care and counselling. During the programme, youth receive a stipend. Youth who complete vocational training and obtain an upper secondary qualification are eligible for a completion award payment to help with the start-up costs of independent life. The programme, despite its high cost, has been proven to be quite effective.

In Latin America the *Joven programme* in **Chile**, combining education, demand-driven job training and internships, was initiated at the beginning of the 1990s in response to the negative impact on young people of the economic downturn of the previous decade. Since then youth employment programmes based on the same model have been introduced, with some variants, in Argentina, Colombia, the Dominican Republic, Haiti, Panama, Paraguay, Peru, Uruguay and Venezuela. All are designed to address constraints faced by poorly educated young people from poor families in entering the labour market. Across the Latin American programmes, their employment impact has been generally positive, especially in improving engagement in formal employment or in employment offering non-wage benefits.

In **Argentina**, in particular, the *Programa Jóvenes con Futuro* (PJcF) consists of both classroom training and a practical internship or on-the-job training during which participants rotate across various positions. On-the-job training accounts for 50% to 80% of the entire programme which last between 3 and 10 months. The programme is targeted mostly to disadvantaged youth. Employers who participate in PJcF are also involved in the design of the curricula with the technical assistance of the Ministry of Labor, Employment and Social Security and they directly provide the training with their own physical, financial and human resources. Employers and the Municipal Offices of Employment jointly advertise the programme and recruit candidates. The PJcF is coordinated by a Joint Executive Committee which includes representatives of the Ministry and of employers and whose main function is to evaluate the projects put forward by new companies intending to participate.

In **Mexico**, the Secretariat of Labour and Social Welfare (STPS) offers the “Scholarships for Training” Program (BÉCATE) to job seekers who need to gain or improve their qualifications or work skills through training. BÉCATE is a flexible program that allows each company to tailor the training program to its job-specific needs. The National Employment Service recruits the most appropriate participants for each training course in order to ensure the best possible outcome for the company and the job seekers. BÉCATE also provides a stipend of one to three times the minimum wage for up to three months, depending on the number of days of training attended by beneficiaries. The support includes accident insurance, transportation aid, training materials and instructors. Training can take place both on-and off-the-job. Being a programme of the National Employment Service, BÉCATE is targeted to job seekers in general and not necessarily to students entering the labour market. Nevertheless, it is aimed at improving skills and employability.

In **Turkey**, the Turkish Employment Agency coordinates the On the Job Training and the Vocational Training Courses in Cooperation with Employers programmes. The former programme subsidises the wages and social contribution of the unemployed and recent graduates to enter a firm and receive training for up to six months. Employers can hire their interns before the end of the programme. The vocational training courses include off-the-job training and are funded from the Employment Insurance Fund.



Box 3. Apprenticeships in high-growth industries in the United States

In the past few years, the United States Office for Apprenticeships has intensified efforts to expand and modernise the Registered Apprenticeships programme. Notably, since 2004, the government has pursued registration of new apprenticeship programmes in high-growth industries such as Health Care, Advanced Manufacturing, Information Technology, Maritime Transportation, Military, Geospatial Technology and Biotechnology. Most of these industries had never used the apprenticeships training model and were given seed capital to develop programmes. In all industries, significant outreach initiatives were put in place. In 2007, 46% of all new registered programmes and 30% of active apprentices were in high-growth industries. However, expansion beyond the traditional trades continues to face a number of challenges: i) in the service sector, apprenticeships are often led by a single employer without union support, as opposed to the model described above which is very prominent in the traditional trades; ii) service industries tend to prefer certification based on competency than on years of apprenticeship participation and this requires considerable efforts in setting competency standards, an activity carried out by unions in the traditional trades; and iii) in the long-standing apprenticeship schemes, employees (not apprentices) and employers pay a small contribution to a training trust fund that can be used to finance apprenticeships but these funds are not available or have only just started to accumulate in some of the new industries.

Source: OECD, Jobs for Youth – United States, 2009 (p. 108).

Offering apprenticeship programmes with a strong training component, providing a training that is not too narrowly focused and one that leads to a recognised qualification or certification and is well integrated with the formal schooling system will enhance the value youth get from apprenticeships. Apprenticeship programmes that are well integrated into the formal education system may simultaneously help reduce drop-out rates (as students have fewer incentives to leave school for paid work) all the while promoting access to better quality jobs. Moreover, programmes with high completion and employability rates and high rates of employability will be more attractive for youth. In many countries this is done by integrating the apprenticeship system with formal schooling, with apprentices receiving formal qualifications (*e.g.* Australia, France, Germany) or a certification for work in a particular trade (*e.g.* Canada).

By the end of their apprenticeship period, apprentices should have acquired relevant skills for durable and productive working careers. In this sense apprenticeships differ substantially from other forms of work-experience schemes, such as internships, that only offer interns the opportunity to see the functioning of a particular occupation or profession in practice. In order to ensure participants develop and maintain the ability to progress in their careers and adapt to change after they have left the programme, training should not focus exclusively on specific job-related skills but also cover broader skills. This is important to ensure participants develop and maintain the ability to progress in their careers and adapt to change after they have left the programme. Thus, ideally, and as a distinctive characteristic of apprenticeships over traineeships or internships, training should take place both on-and off-the-job.

The possibility to transfer skills acquired during an apprenticeship to another firm or even another occupation is a key requirement to make the system effective and attractive to young workers. Employers, however, may have an incentive to provide training that is too



specific to their jobs; hence it is important that the content of the training component of the programme is certified through a system of nationally-recognised qualifications and competencies, as is the case in Japan (Box 4). In the European Union, measures have been put in place to facilitate the mutual recognition and validation of vocational training across European countries (Box 5).

Box 4. The Japanese Job Cards system for the formal recognition of abilities

The Job Card is a document that records the individual's education, training and employment history, and can be used for further training and job search. The Job Card system covers, among others, participants in the Japanese apprenticeship programme which was introduced in 2008. At the end of their training, participants receive career counseling and, as part of this process, the skills and abilities that they have acquired during their training, including in apprenticeships, are formally and objectively evaluated and recorded in the so-called Job Cards. The Job Cards can then be used for future job seeking activities. The Japanese New Growth Strategy includes a target increase in the number of Job Card holders from about 0.4 million in 2010 to 3 million by 2020.

Sources: Information provided by country authorities as well as drawn from: Duell, N., D. Grubb, S. Singh and P. Tergeist (2010), "Activation Policies in Japan", OECD Social, Employment and Migration Working Papers, No. 113, OECD, Paris.

Box 5. Mutual recognition of qualifications across the European Union

The European Commission developed in 2002 the European Credit System for Vocational Education and Training (ECVET). The system aims to facilitate the validation, recognition and accumulation of work-related skills and knowledge acquired during a stay in another country or in different situations. It should ensure that these experiences contribute to vocational qualifications. Also the European Skills Passport, a portfolio of documents regrouping all the skills acquired by an individual, allows citizens to record all the skills they have acquired, including those learnt during apprenticeships.

Moreover, given that the choice of leaving general education and enrolling in an apprenticeship programme (or a vocational training programme) is sometimes taken quite early, young people should not be locked into pathways from which it is difficult to escape. Therefore, it is important that there are bridges between vocational training and academic studies such that apprentices can return to the regular school track if they decide to pursue further education, as is the case in the Netherlands (Box 6). This requires close collaboration between the education system and labour market policy institutions. Switzerland's apprenticeship system, for example, is integrated with the school system. It begins with the non-binding offer of vocationally-oriented courses during compulsory schooling, it gives a strong focus to basic skills, it grants participants the flexibility to continue towards more demanding training, to change activities during workers' professional lives or to re-enter the system for a new round of training.



Box 6. Transferring across learning tracks in the Netherlands

In the Netherlands, the schooling system is characterised by a high degree of early streaming. More than 60% of young people aged 15 are already attending programmes whose final destination is to a certain extent dependent on the form/track attended, including apprenticeships (*Beroeps-begeleidende Leerweg*). At the same time, however, the different learning routes or tracks – even those a priori leading to rapid insertion into the labour market – are structured in such a way that young people always have the possibility to go up a step within the form/track they have chosen, and reach the equivalent of tertiary level education (ISCED 5 level). They can also enter another form of education than the pre-assigned one. Similarly, those who opted for the apprenticeship route beyond the age of 16, can go to higher/tertiary vocational education (*Hoger Beroeps Onderwijs*). Similar possibilities for upstream transfers exist between higher vocational and university education. According to the Ministry of Education, Culture and Science, up to 29% of the students enrolled in university or non-university tertiary programmes actually follow these routes.

Source: OECD, *Jobs for Youth – The Netherlands*, 2008 (pp. 59-60) and information provided by country authorities.

For youth, apprenticeships may remain unattractive because they receive lower pay than ordinary workers carrying out similar tasks. This is particularly the case in countries where the training component of apprenticeship is of poor quality and is badly monitored. Moreover, in the case of developing countries where apprenticeships are common in the informal sector and in family-run business, apprentices do not benefit from basic social protection (illness or injury). In many countries apprenticeships are not subject to minimum wage regulation but wages are regulated, either by national labour policy or as part of collective bargaining agreements and off-the-job training costs are either shared by the firm and public funds or paid entirely by public funds. In France, for example, apprenticeship wages are not taxable. In only a few countries are apprentices required cover their training costs privately (e.g. Canada, England for apprentices older than 18 years) even though financial aid may be available to some. In most countries, public funds are used to pay for apprentices' basic social protection (e.g. France, Turkey).

Because special training/ apprenticeship wages are justified by the training requirements of apprenticeships, quality apprenticeships require good governance to prevent misuse as a form of cheap labour. For example, in Italy, a reform was introduced in 2012 to strengthen these governance arrangements (Box 7). A formal system of monitoring and enforcement should be put in place to avoid abuses, particularly the misuse of apprentices simply as a form of cheap labour, involving close cooperation between the social partners. These arrangements would include ensuring that there is a minimum pay for apprentices and having external tutors certifying that participants take the required training or conditioning apprenticeships on a prior agreement with an education institution.

Box 7. The 2012 labour market reform in Italy

The abuse of apprenticeships contracts merely as a form of cheap labour has been a constant concern in Italy. The reform introduced in June 2012 addresses this issue mainly through two types of provisions. First, the apprenticeship contract must last a minimum of six months, under the assumption that shorter durations are incompatible with the completion of a meaningful training program. There is also a limit to the maximum duration of apprenticeships (3 years) to avoid that they are kept on even when their training has been completed. Second, employers are allowed to hire apprentices only if they have a record of hiring them. Specifically, they must have hired at least 50% of the apprentices they have successfully trained in the 36 months preceding any new hire.

Source: Information provided by country authorities.



Making apprenticeships more attractive to employers

Apprenticeship programmes need the participation of employers. Therefore, making apprenticeships more attractive, or even profitable, to employers is a key requirement to ensure their success. A 2009 study of Switzerland's apprenticeship program, for example, shows how, collectively, apprenticeship programmes are profitable for employers. While employers spent 5.3 billion francs in training their apprentices, the earnings related to production of these apprentices was estimated at 5.8 billion.

A common feature of most apprenticeship programmes is the lower cost of labour compared to the hiring of a regular employee. Normally meant to encourage participation of the employers and to compensate them for the cost of on-the-job training, low labour costs are sometimes achieved by paying apprentices very little which may discourage youth from taking part in the programmes. Quality apprenticeship programmes should thus involve an equitable sharing of costs among employers, the public authorities and apprentices. These costs should be shared in accordance with the private benefits that accrue to employers and apprentices as well as the social benefits more generally. Financial incentives (see Box 8) are often available, both during the apprenticeship (through lower taxes or social security contributions or a direct subsidy to the firm or the apprentice) and at completion if the apprentice is hired (for example, in Spain, employers can count on a reduction in social security contributions if trainees are hired on permanent contracts). Moreover, since there is a tendency for employers to hire skilled youth, differentiation of the subsidies to encourage take up of low-skilled apprentices is important.

Box 8. Sustaining the demand for apprentices in Canada, France, Germany and Russia

In **Canada**, the Apprenticeship Training Tax Credit is a refundable tax credit for companies and businesses employing apprentices in certain skilled trades during the first three years of an apprenticeship programme. The employer can claim up to CAD 5 000 each year to a total of CAD 15 000 per apprentice. There are also Apprenticeship Scholarships and Employer Signing Bonuses. Ontario offers CAD 1 000 scholarships to young people (16-24 years of age) who have dropped out from school but returned to complete upgrading in order to become registered as an apprentice. A CAD 2 000 support per apprentice signing bonus is also available for the employer who supports at-risk youth and provide training.

Different incentives for employers to hire apprentices exist in **France**. There are permanent public subsidies, generally taking the form of various exemptions from employer and employee social security contributions. Since 2005, employers hiring apprentices also benefit from a tax credit, which amounts to 1 600 to 2 200 Euros per apprentice (on a full-year equivalent basis). The higher amount is received when the employer hires a young disabled person or a disadvantaged youth. In order to sustain the demand for apprentices during the crisis, additional grants were introduced in March 2011 (ended June 2012), covering for a period of six months to one year any additional social security and pension contributions due by employers. Finally, the Regional Councils also pay a fixed compensatory allowance for hiring an apprentice, whose level and conditions vary across regions.

In **Germany** a vocational training bonus was introduced in July 2008 (ended in 2010) for companies creating an additional training place for apprentices whose training contract was prematurely terminated on account of the insolvency or closure of the training company. By February 2010, a total of 30 966 bonuses had been granted (including 2 696 insolvency cases). Expenditure increased from EUR 10.5 million in 2008 to EUR 34.3 million in 2009.

In the **Russian Federation**, employers offering apprenticeships are entitled to partial reimbursement of the labour costs associated with both the trainees and the trainer, i.e. the senior employee who is responsible for providing training to the apprentice.

Source: OECD, Jobs for Youth, 2010 (p. 19) and information provided by country authorities.



Despite financial incentives, however, employers are also often reluctant to take on apprentices. In many countries, in fact, the main difficulty in implementing an effective apprenticeship system is the small number of places for apprenticeships that are made available by employers. Especially when other forms of cheap labour are available (internships, temporary or casual jobs) that do not require a direct investment in training by the employer, it can be particularly difficult to generate a sufficient number of apprenticeship places. There may in fact be a difficult trade-off to manage between ensuring that the costs of firms investing in apprenticeships (e.g. in terms of labour costs, compliance costs, etc.) are not too high while ensuring that apprentices face suitable working conditions and acquire appropriate and certified training. For many years, Brazil has relied on a legal requirement for firms to hire apprentices (Box 9).

Box 9. Brazil's legal requirement for firms to hire apprentices

Brazil's apprenticeship programme (*Aprendiz Legal*) is based on the Education Law established in 2000. It requires that mid- and large-sized firms hire a number of apprentices as part of their work force. The required number of apprentices hired should be at least 5% and at most 15% of the firm's workforce (in the calculation of the number of apprentices to be hired, those positions that require a higher-level degree, technical, management and trust positions are excluded).

The length of the programme varies depending by occupation with a maximum duration of 2 years. Training should encompass at least 30% (but not more than 50%) of the duration of the programme. Apprentices are expected to receive a salary above the minimum wage and employers are expected to pay for the apprentice's salary both when in productive duties and off-the-job training. The programme covers youth between the ages 14 and 24 and requires that they be enrolled in school – unless secondary education has been completed. Individuals with a disability are exempt from the age restrictions.

A challenge of such a programme is to ensure that all firms abide by the requirement to participate. Although complete supervision may be expensive and difficult to monitor, the success of the programme is suggested by the fact that the number of apprentices has grown consistently from 57 231 apprentices in 2005 to 335 809 apprentices in 2013. Nevertheless, this remains a small fraction of the youth population. Preliminary results of an evaluation suggest that after two years, 80% of participants receive a formal contract at the end of the apprenticeship.

As apprentices are required to remain enrolled in school, this programme may contribute to reducing dropout rates inasmuch apprentices receive a salary, reducing the incentive to enter the labour force without finishing compulsory or secondary schooling.

Source: Information provided by country authorities.

Also, firms may be discouraged to hire apprentices due to rigidities in the duration of the programme or hiring conditions. Quality apprenticeships should operate according to competence-based completion rather than time-based completion, as in Australia (Box 10). Apprentices who acquire the required skills before the normal end of their programmes should be allowed to complete them in advance, subject to some kind of competence assessment. By making the system more flexible for employers, who are not locked in for a fixed number of years, competence-based completion encourages them to offer more apprenticeship places by being more cost-effective.



Box 10. Flexibility of apprenticeships in Australia

As part of Australia's reform of its apprenticeship system, more emphasis was placed on flexibility particularly by supporting competency-based progression through the Accelerated Australian Apprenticeships Program. Competency-based progression is defined as progression through an apprenticeship or a traineeship which is dependent on the satisfactory demonstration of occupational competencies prescribed as part of the qualification, and is not solely tied to a specific duration. The programme is expected to encourage participation in apprenticeships by employers, who have been shown to favour shorter schemes or schemes that allow apprentices to graduate early if they have acquired the key competences required by their trade. The implementation of the Accelerated Australian Apprenticeship is being facilitated through a grants-based program.

Source: OECD and ILO, "Giving Youth a Better Start", a policy note for the G20 Meeting of Labour Ministers, 2011 (Box 4, p. 14) and information provided by country authorities.

Finally, in those countries with strong apprenticeship systems, there is often a close and active involvement of both of the social partners representing employers and the trade unions as is typified by Germany (Box 11). Thus, a challenge for some countries wishing to introduce or strengthen apprenticeship schemes may be to achieve this in the context of a weaker tradition of active and close cooperation between the social partners. Quality apprenticeships work best if they are jointly managed by the social partners and relevant institutions. Representatives of employers and workers should be directly involved in the development, implementation and governance of apprenticeship systems, particularly in the definition of the content of training, together with the relevant training institutions. This is important to make sure that the training content is regularly revised to keep pace with technological and organisational progress. In the United States, for example, the Registered Apprenticeship system is an industry-sponsored system that, in collaboration with the Department of Labor, supports the design and delivery of training to meet the specific needs of employers.

Box 11. Joint management of apprenticeships in Germany

In Germany, the social partners are closely engaged in the development and updating of training plans for each qualification that can be obtained through apprenticeships and/or vocational training. Such training plans regulate the duration of the apprenticeship, describe the profile of the profession, and set out final exam requirements and are formally issued by the Ministry of Economic Affairs and Technology. Apprenticeship salaries are determined through collective wage negotiations. The Economic Chambers are responsible for providing advisory services to participating companies and supervising company-based training. They also register apprenticeship contracts, assess the suitability of training firms and monitor their training, assess the aptitude of VET trainers, provide advice to training firms and apprentices, and organise and carry out the final exams.

The responsibility for funding vocational schools lies with the Länder (mainly teacher salaries) and local authorities (equipment, infrastructure), while companies bear the costs of training in the workplace. In some sectors, there is a general fund to which all companies pay contributions and through which the costs for the apprenticing institution are covered, while in other sectors each company bears its own costs.

In 2004 the Training Pact concluded between the central social partners and the German government committed employers to offering sufficient apprenticeship places to meet demand over the following three years: 60 000 new training places and 30 000 new training firms on average per year, as well as an additional 40 000 places annually for company-based introductory training.

Source: OECD, OECD Reviews of Vocational Education and Training: A Learning for Jobs Review of Germany, 2010 (p. 11).



Other work and training programmes that facilitate the school-to-work transition

As part of the Youth Guarantee, the **European Union**, through the European Social Fund, is helping its member countries establish programmes that help young jobseekers find internships that will give them working experience, practical experience in their field, increase their employability, and create contacts between employers and potential employees. Internships are designed to last between 1 and 4 months. In the Czech Republic this programme, which began in 2014, exists in parallel with their apprenticeship system and funds the intern's salary as well as part of the salary of a mentor the intern will have in the firm. In Hungary, eligible jobseekers find work in small and medium enterprises, receive mentorship inside the firm and their salary and social contributions are subsidised for 9 months. Firms are then required to hire the intern for the equivalent of at least half the internship period.

In **China**, skilled workers' schools, involving comprehensive vocational training, offer long-and short-term training courses. By the end of 2008 there were about 3,075 skilled workers' schools (including 50 technician schools and 485 senior skilled workers' schools) nationwide, with nearly 400 million registered students. After studying and practical training, nearly 95 per cent of students find jobs. On-going programmes seek to promote vocational education among students by providing subsidies to attract them to these programmes where they are required to follow an internship for at least six months.

Capacitación Solidaria has been running in **Brazil** since 1996. It is financed by the state, and funding is granted through competitive bidding to private training institutions and civil society organizations, as well as trade unions. These institutions are required to ensure that training services are linked to work experience and opportunities for internships.

Conclusions

Apprenticeships have a key role to play in facilitating a better insertion of youth into formal employment. However, to successively achieve this, each country's apprenticeship programme should offer quality training in a range of occupations and sectors that make apprenticeships more attractive to young people and where their costs are equitably shared to ensure they are also attractive for employers. They should also be part of a comprehensive package of education and employment policies that tackle more general barriers to youth employment.