

Financing work-based learning – lessons learned from apprenticeship

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Stefan Thomas, ETF

Work-based learning is...

■ Learning by doing real work

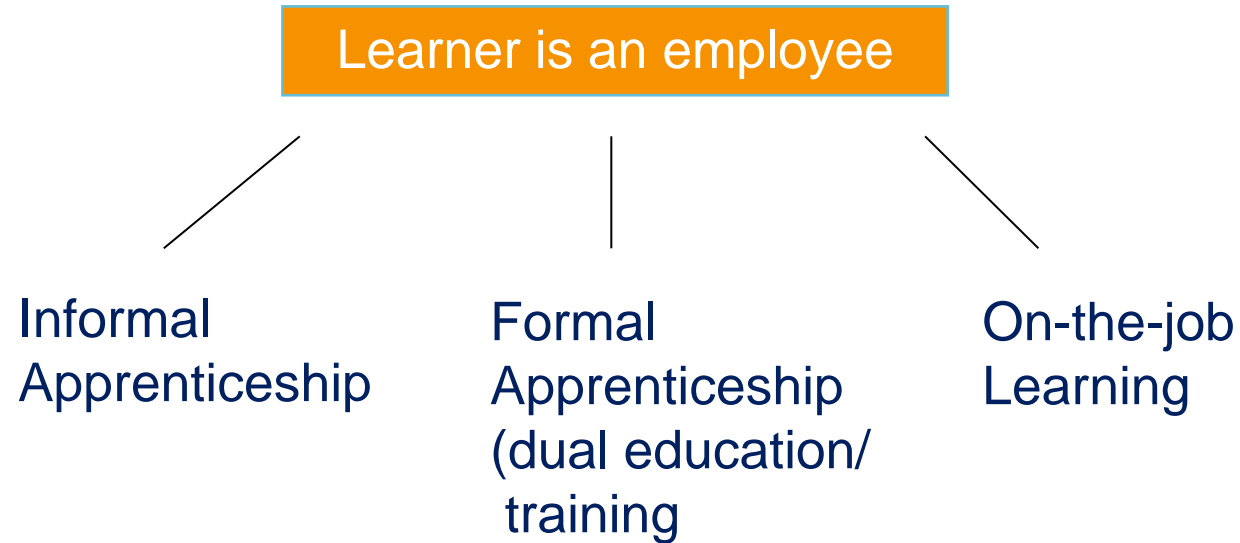
- through production of real goods and services
- whether work is paid or unpaid
- may or may not be combined with school-based learning (classroom or workshop)
- But it usually is

■ Borderline cases:

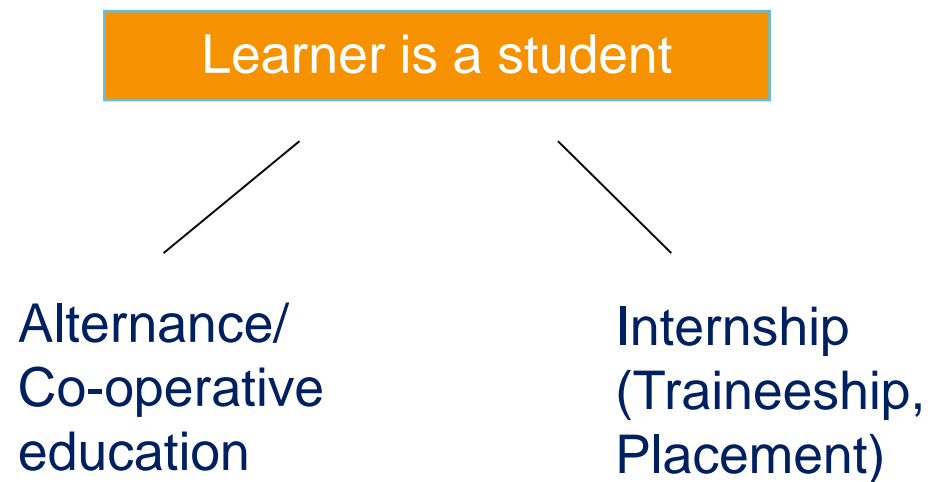
- WBL simulation
- Job shadowing

Classroom-based learning that takes place in an enterprise is not work-based learning!

Types of work-based learning (I)



Types of work-based learning (II)

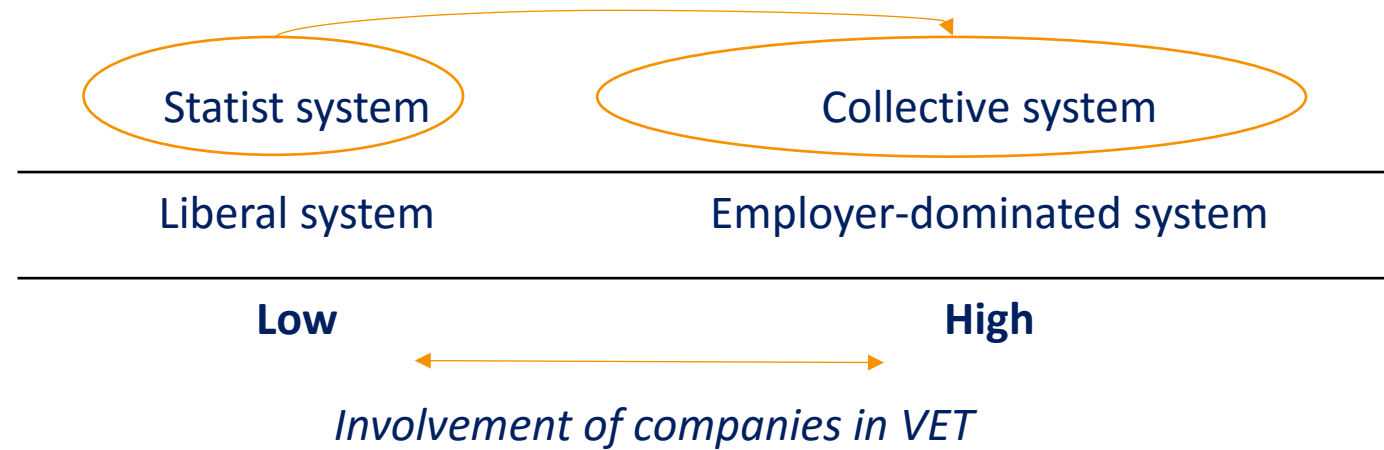


Critical success factors

- Place of work-based learning in the VET system
- Governance structures (roles and responsibilities of key players)
- Training content and learning outcomes
- Cooperation among learning venues
- Participation of and support to companies
- Requirements and support to teachers and in-company trainers
- **Financing and cost-sharing mechanisms**
- Quality assurance
- Working and learning conditions of learners
- Responsiveness to the labour market

The challenge

Public commitment to VET



Source: Busemeyer, Trampusch

What does financing refer to?

Direct costs: e.g. wages, training equipment, school fees

Foregone income: e.g. Tax reductions, training wages

Who pays for what

How funds are raised and distributed

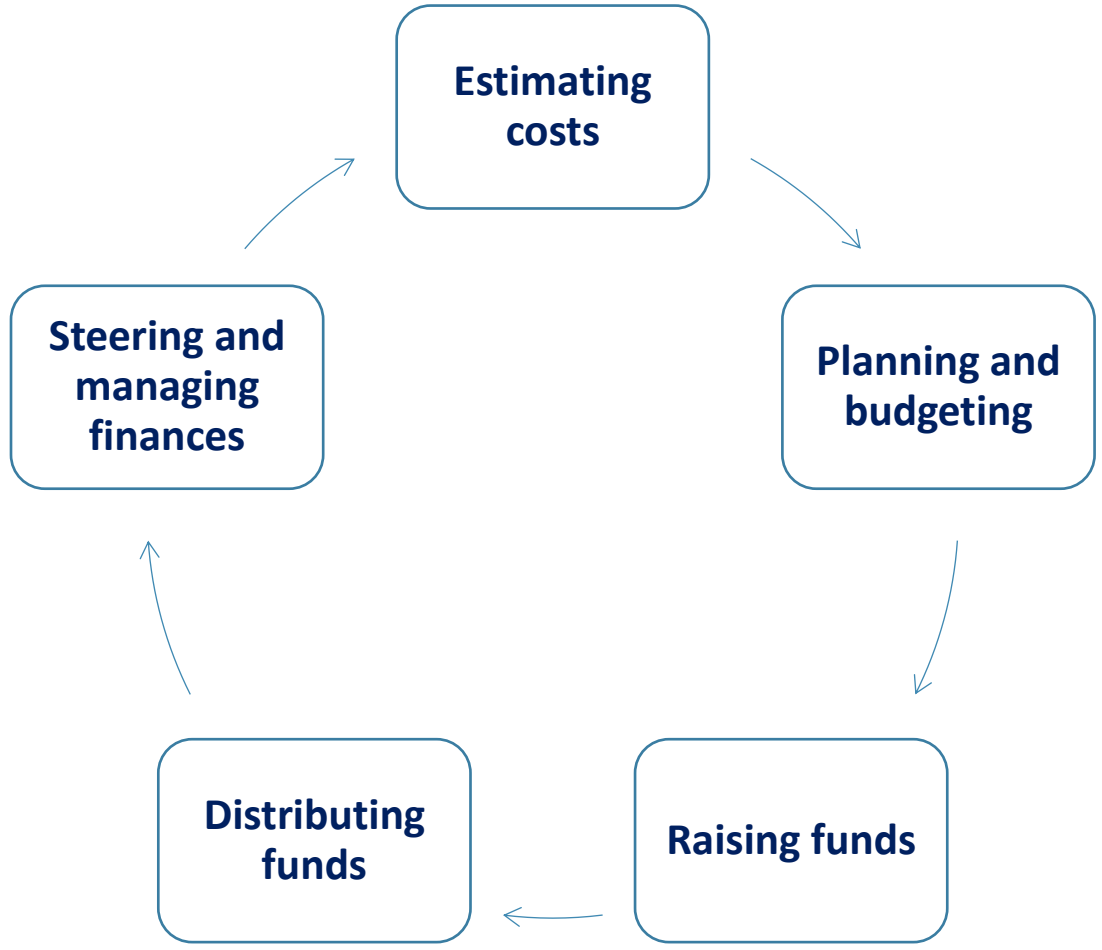
Benefits in relation to costs

How financing of work-based learning is managed and steered

Well designed financing

- ✓ Increased access and participation
- ✓ Helps resources to go further
- ✓ Fairer cost sharing: Employers, individuals, governments
- ✓ Better quality programmes
- ✓ Better steering and management of the VET system as a whole

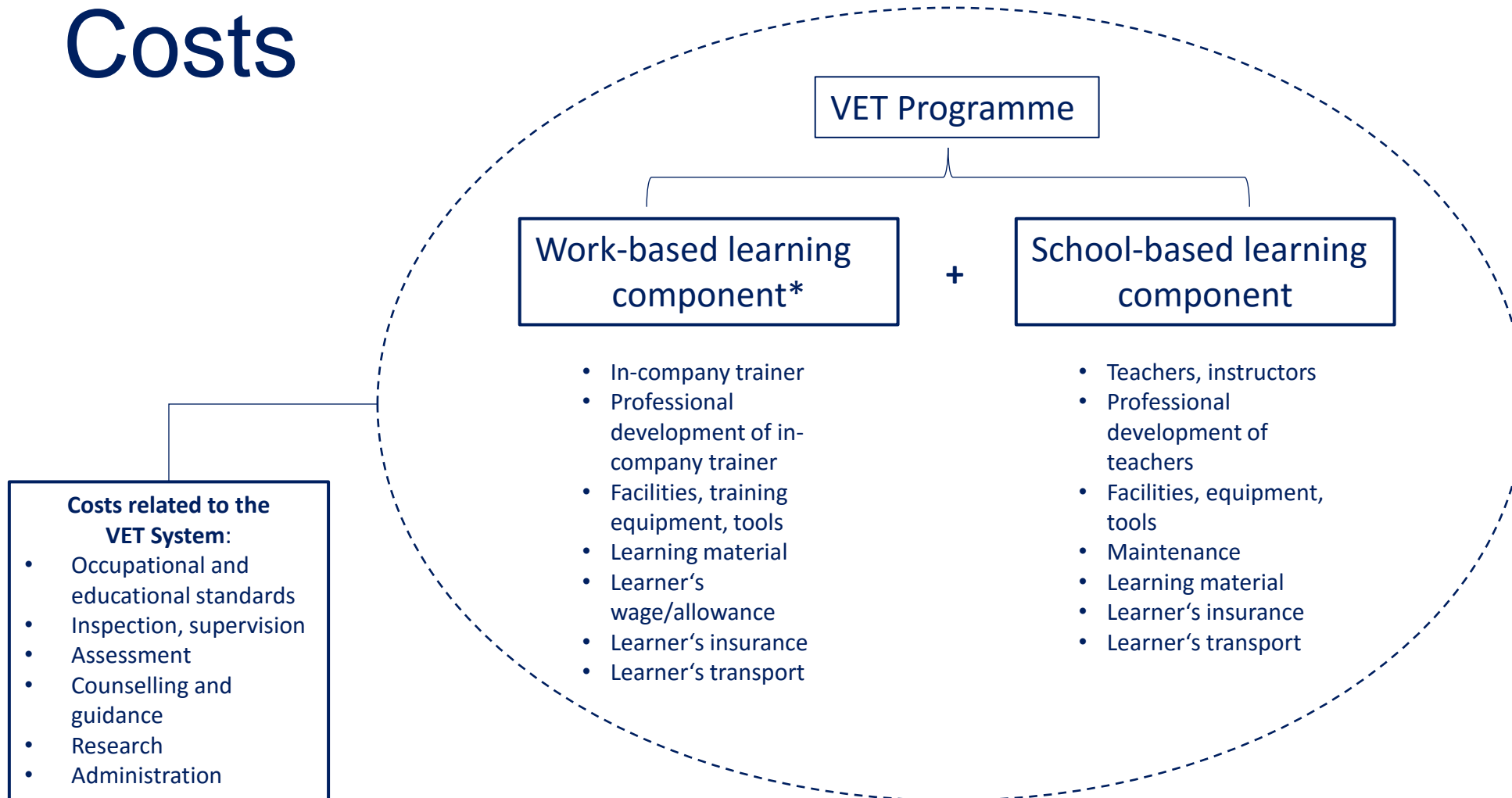
The financing process



Financing: The ideal and reality

The ideal model	Reality
<ul style="list-style-type: none">Government meets all school-based costs	<ul style="list-style-type: none">Employers and learners also contribute to school-based costs
<ul style="list-style-type: none">Employers meet all company-based costs	<ul style="list-style-type: none">Governments subsidies employers' training costs
<ul style="list-style-type: none">Learners' wages reflect their productivity over time	<ul style="list-style-type: none">Learners' wages are higher than their productivity orUnpaid trainees deliver productivity that exceeds company training costs
<ul style="list-style-type: none">Learners' wages plus company training costs are equal to or less than their productivity	<ul style="list-style-type: none">Learners' wages plus company training costs exceed their productivity

Costs



*In some countries, the work-based learning component is complemented by additional training in inter-company training centres.

Managing and steering costs

Government costs

- Paying staff who help steer and manage programmes
- Staffing committees, working groups, governing bodies

Social partner costs

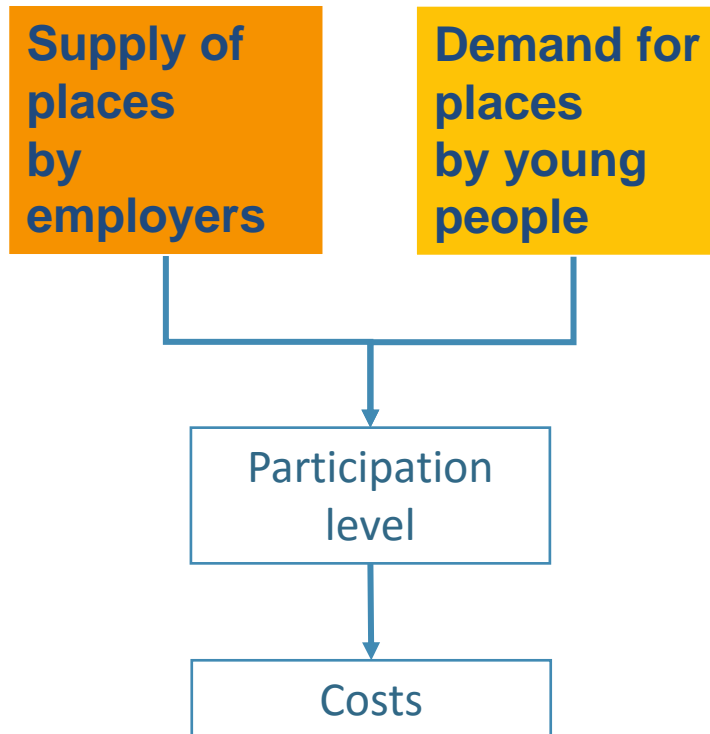
- Staffing committees, working groups, governing bodies
- Promoting work-based learning
- Quality assurance e.g. screening firms
- Assessment

Other costs

- Innovation
- Development
- Evaluation

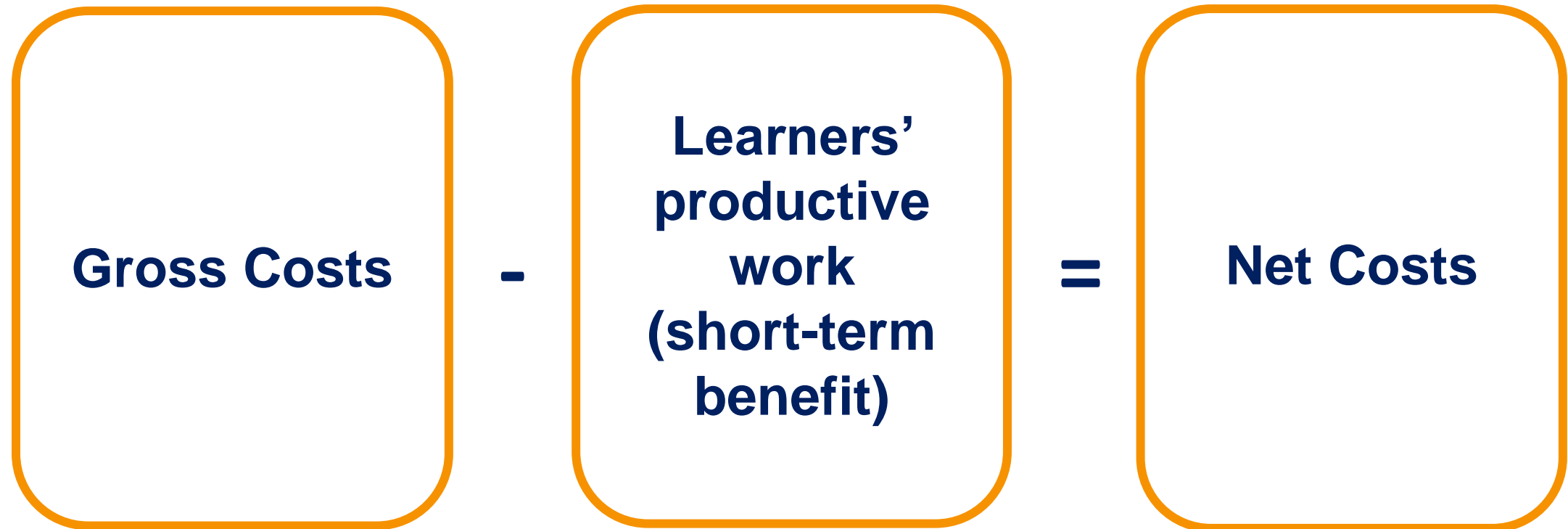
Supply, demand and costs

- Business prospects
- Current and future demand for skills
- Availability of skilled labour
- Capacity to train
- Quality and qualifications of applicants
- On-the job training time
- Apprentices or trainees wages or allowances
- Sense of social responsibility
- Changes in policy

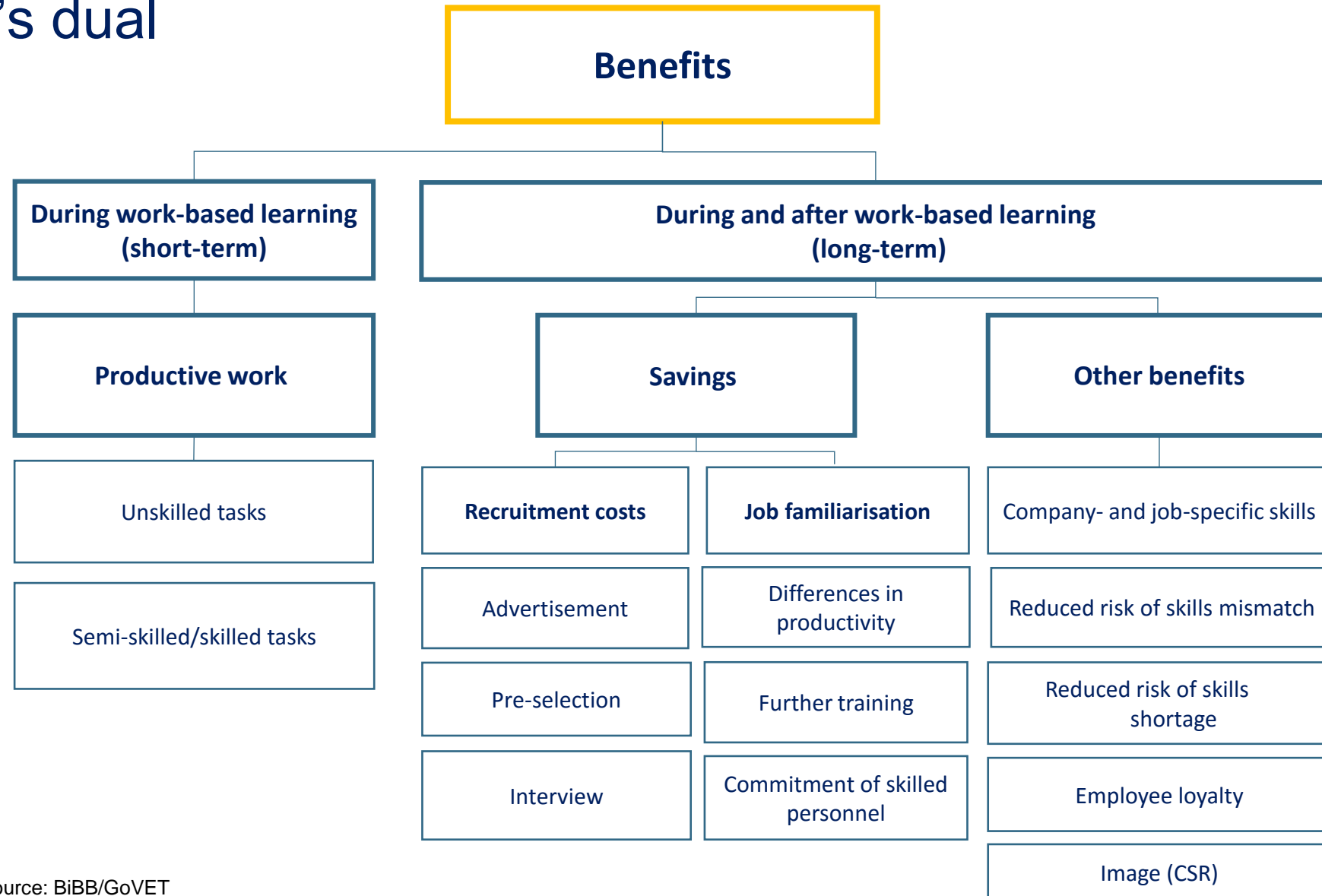


- The size of age cohorts
- Levels of educational attainment
- School completion rates
- Migration patterns
- Cultural attitudes
- The attractiveness of programmes and their quality
- The availability of other pathways
- The attractiveness of other pathways

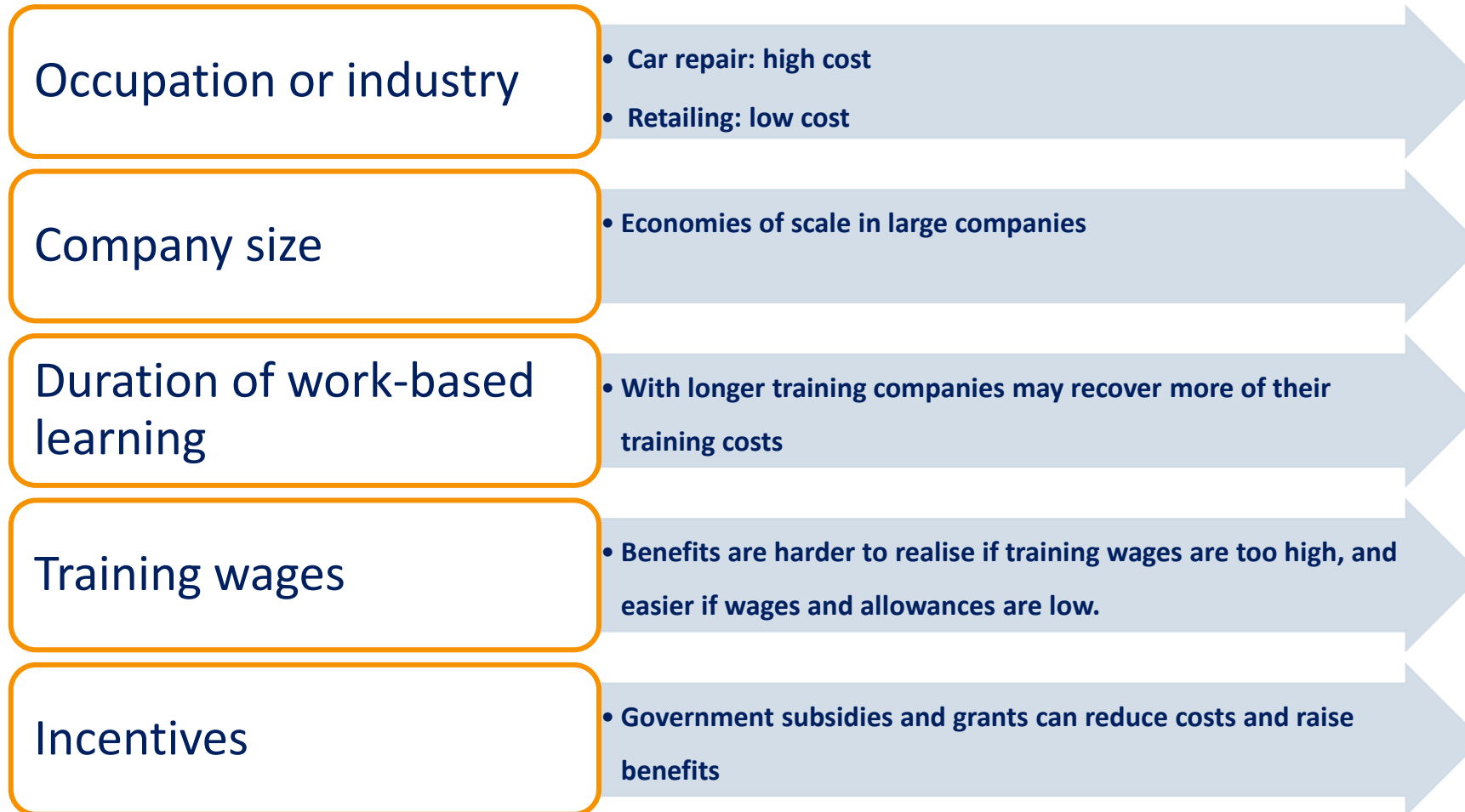
Balancing costs and benefits



Employer benefits in Germany's dual system



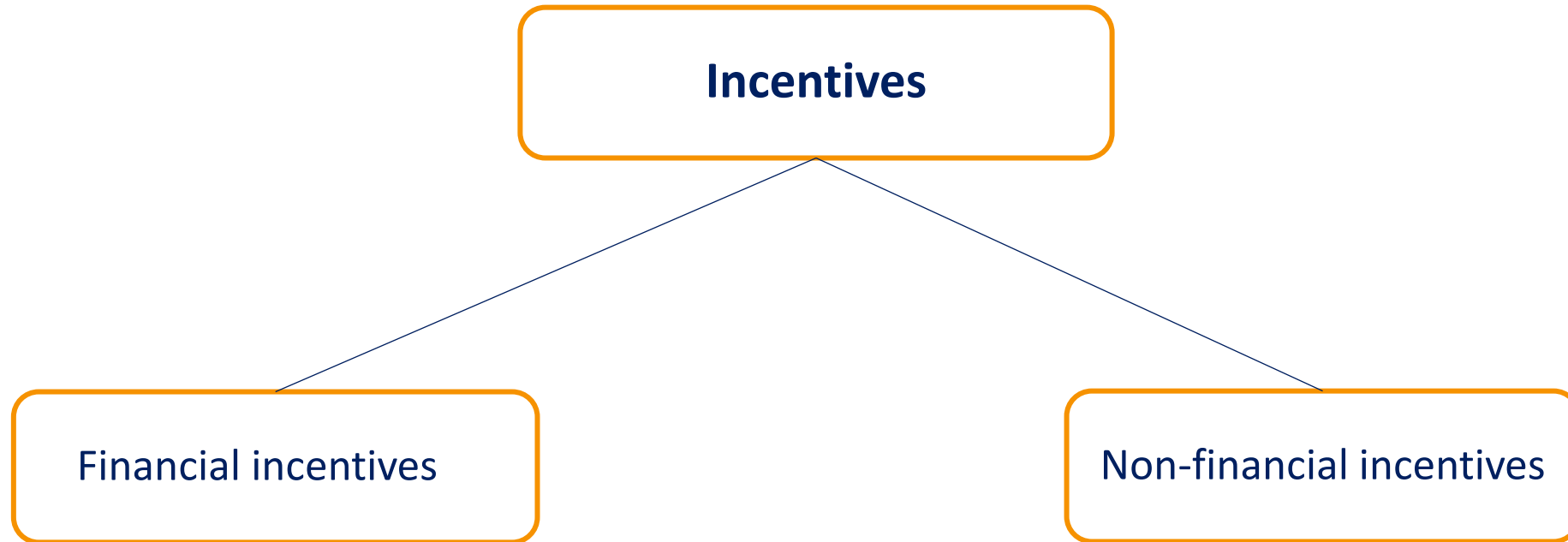
What influences the cost-benefit ratio?



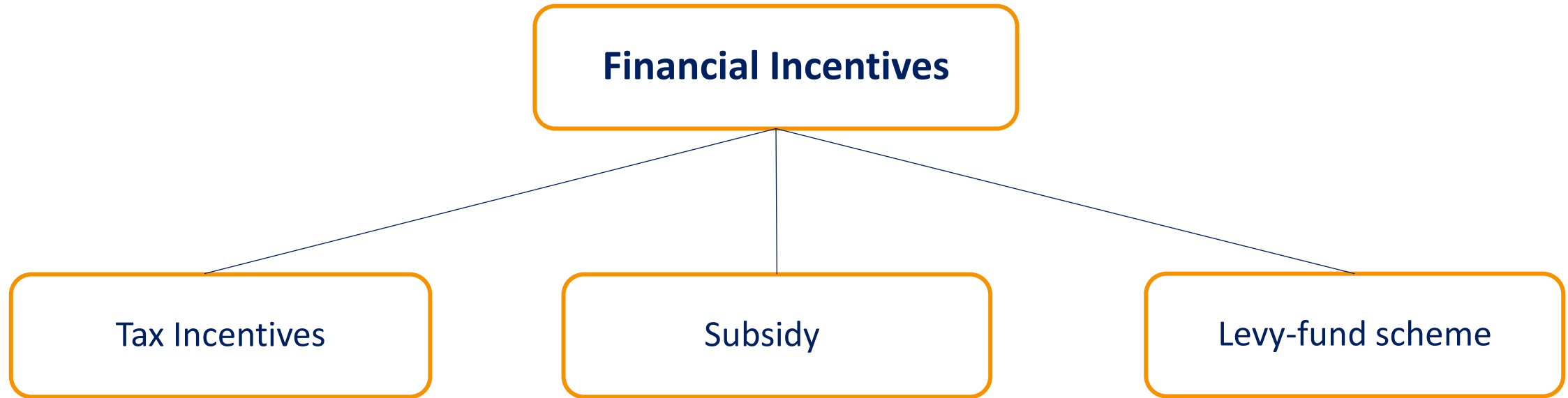
Costs and benefits: two cases

Costs and benefits per apprentice per training year	Germany 2012-13	Switzerland 2009
Costs	€17,933	€26,179
Benefits	€12,535	€28,496
Net costs	€5,398	- €2,316

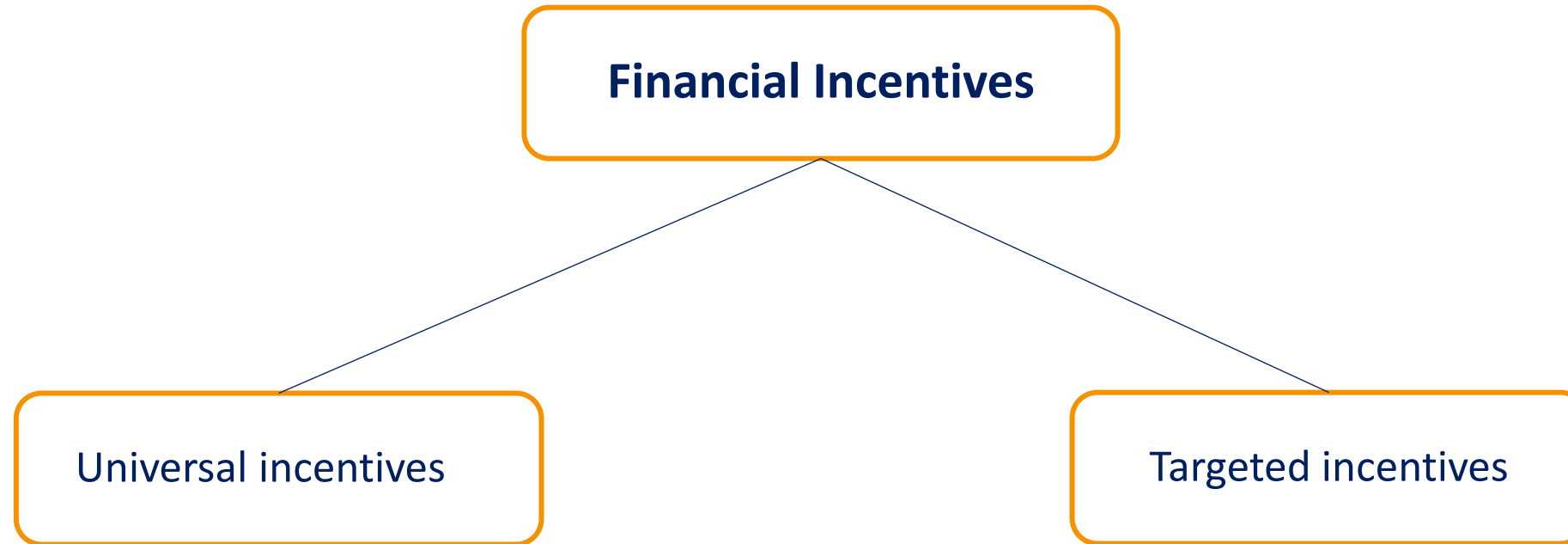
Improving the cost-benefit ratio for employers



Financial incentives



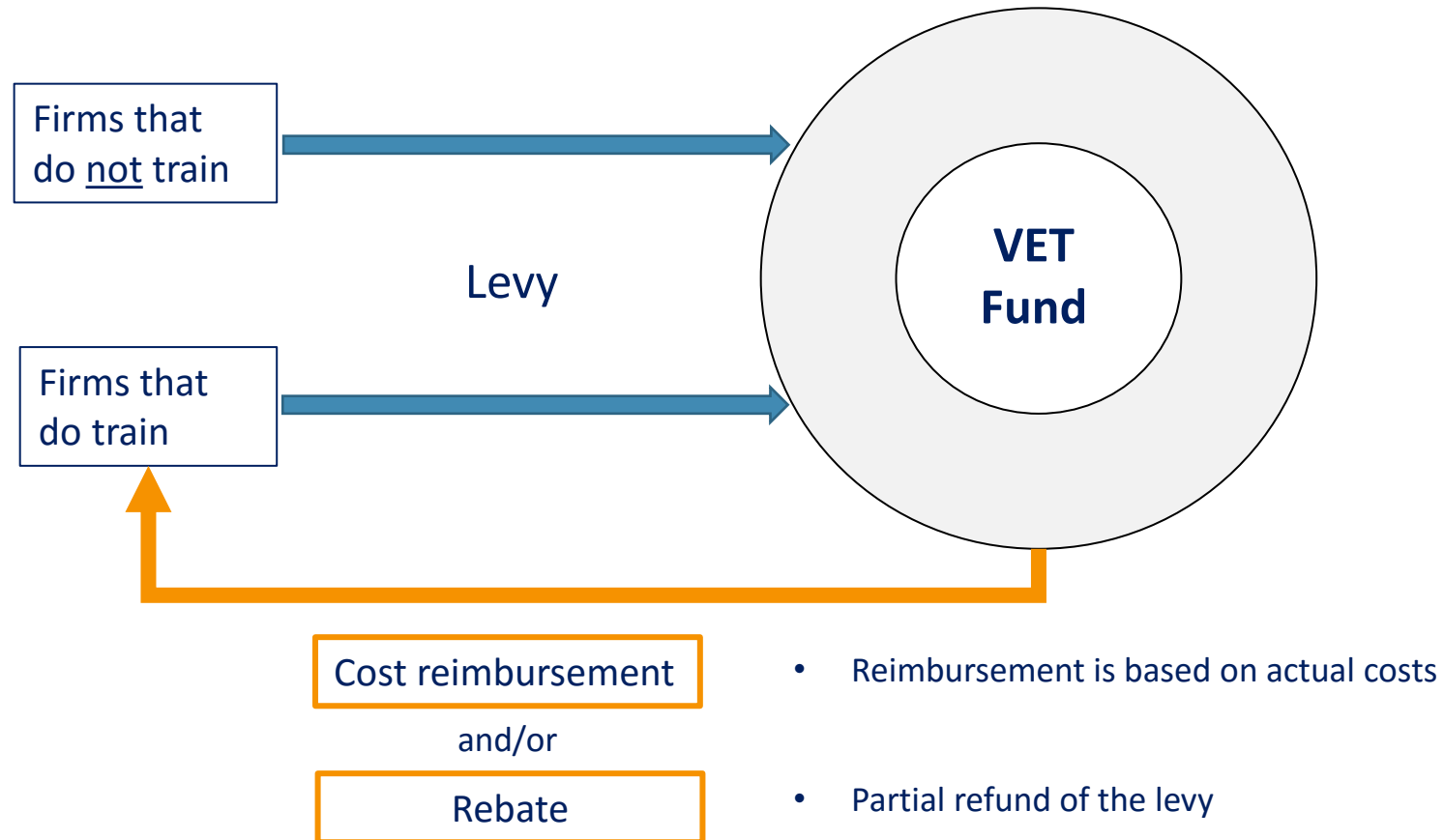
Financial incentives



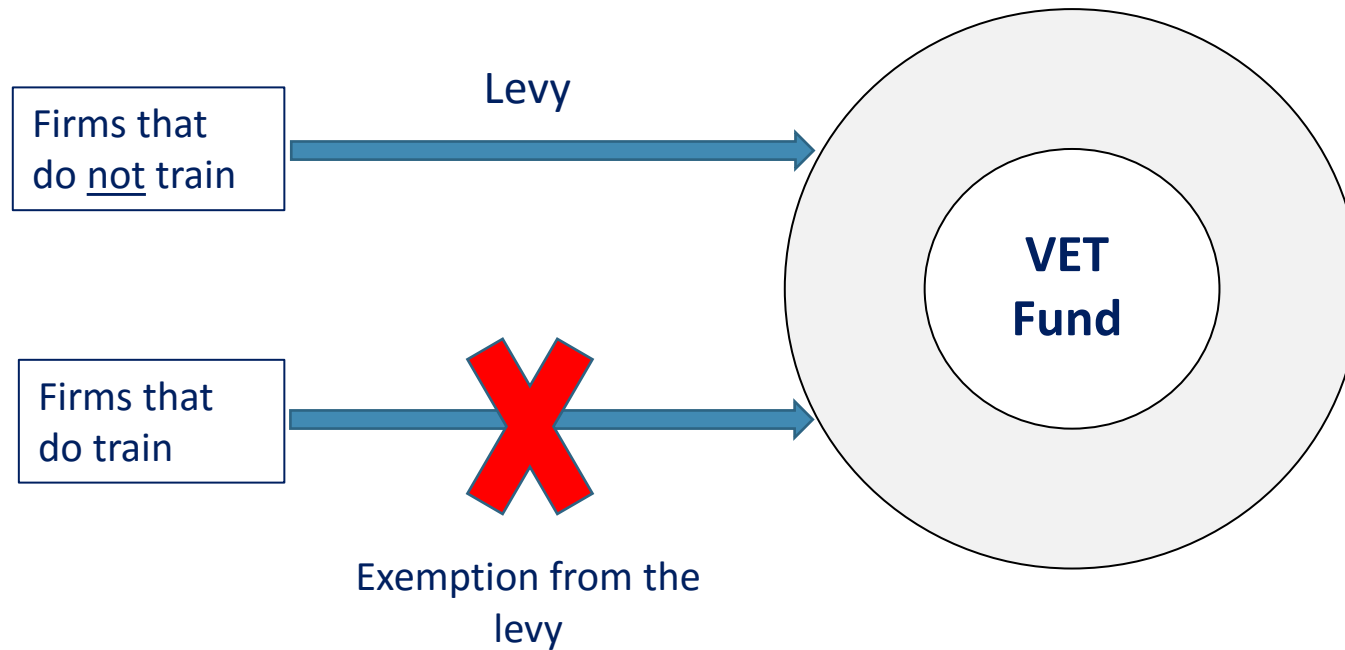
Financial incentives: Levy-fund schemes

- Try to address the free loader problem:
 - Firms that do not train poaching from firms that do train
- And so try to:
 - Counter a tendency to under-invest in training and
 - Create greater equity between firms

Cost reimbursement & levy rebate



Exemption from the levy

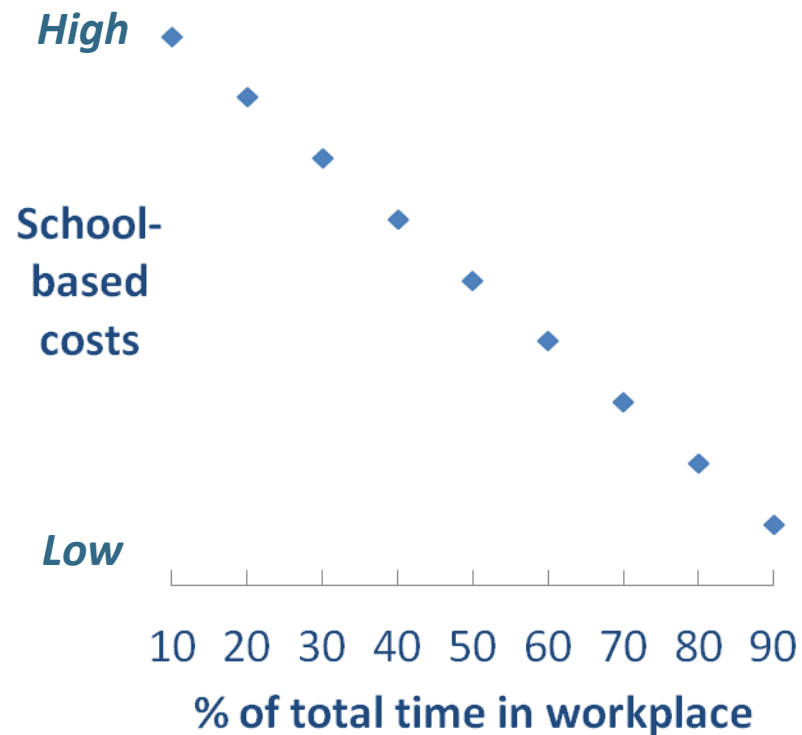


Non - financial incentives

- Optimise the design of work-based learning schemes
- Improve training capacities within companies (in-company trainers, training material)
- Support cooperation of companies
- Help with managerial and administrative tasks
- Preferential treatment in the award of public contracts

School-based costs will be higher if...

...little time is spent in the workplace



...schools rather than workplaces:

- select firms
- find placements
- visit firms for quality checks
- assess the work-based learning

Back up: work-based learning

Why does it matter?

Good for Learners

- Improved employability
- Faster school-to-work transition
- Personal and professional development
- Better access to jobs

Good for Employers

- Higher productivity
- Technical and job-specific skills
- Efficient recruitment
- Social engagement

Good for Society

- More relevant skills
- Economic development
- Employment of less advantaged groups
- Strong links between VET and business