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# Feasibility Study for a Global Business Network on Apprenticeship

Shea Gopaul

Skills and  
Employability  
Department

# **Feasibility Study for a Global Business Network on Apprenticeship**

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# Foreword

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Across the world today, some 73 million young people are unemployed. Many more are not in education or training or work but are not counted as unemployed because they are too discouraged to look for a job or prepare for one.

The call last year by Governments, Workers and Employers at the *2012 International Labour Conference* for immediate and targeted action to tackle the unprecedented youth employment crisis included expanding apprenticeships as part of an urgent and balanced policy approach to moving more young people into decent work.

*Why do apprenticeships improve youth employment?* The simplest answer is because leadership by employers and trade unions ensures that training matches needs. Workplace training keeps up-to-date with changes in technology, work practices and the dynamics of markets.

By linking classroom and workplace training, young people not only acquire relevant skills but they learn how to apply them in the real world. Apprenticeships equip young people with critically important core skills in problem-solving, teamwork, and communication.

And, not least, apprenticeships improve youth employment because they can attract young people into training. Apprenticeships offer young people the opportunity to earn while learning and help them hurdle the barrier of no job experience that blocks many graduates in general education from securing a first job.

The potential to make a meaningful contribution to resolving the youth employment crisis and the prospect of developing a well-trained and productive workforce has ignited a growing interest in apprenticeship in the business world. Therefore, in collaboration with the International Employers Organization, the ILO conducted a feasibility study to explore options for developing a global business network on apprenticeships for youth employment.

This study was carried out in response to the interest expressed by business leaders in a network that could extend the business case for workplace training and employment of young people. The feasibility study gathered information from businesses about their current apprenticeship programmes and sought their views on how an international network could be valuable to them. This field work was carried out in six countries: Argentina, India, Germany, South Africa, Turkey, and the United Kingdom.

Ms. Shea Gopaul is a senior business consultant with international experience in the area of partnership building and corporate social responsibility. Her report summarizes the findings of 122 interviewees with businesses, federations and associations and sets out a cogent case for a business network to promote quality apprenticeship. I would like to thank her for her dedication to this project. I would also like to thank Christine Evans-Klock and Michael Axmann in the ILO's Skills and Employability Department for their guidance on quality apprenticeship systems.

Finally, I would like to thank Matthias Thorns and Roberto Suarez Santos at the International Organisation of Employers (IOE) for their support for the country studies. I look forward to continuing the collaboration with the IOE in the future development of a Global Business Network for Apprenticeship.

**José Manuel Salazar-Xirinachs**

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# Acronyms

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<b>AAN</b>	Apprenticeship Ambassador Network
<b>AHK</b>	German Chamber of Commerce
<b>AIOE</b>	All India Organisation of Employers
<b>BDA</b>	Confederation of German Employers
<b>BIAC</b>	Business and Industry Advisory Committee
<b>BUSA</b>	Business Unity South Africa
<b>CBI</b>	Confederation of British Industry
<b>CEMEX</b>	Cementos Mexicanos
<b>CEO</b>	Chief Executive Officer
<b>CSR</b>	Corporate Social Responsibility
<b>DHET</b>	Department of Higher Education
<b>EFI</b>	Employers' Federation of India
<b>FET</b>	Further Education and Training
<b>FTSE</b>	Financial Times Stock Exchange
<b>GRI</b>	Global Reporting Initiative
<b>ICT</b>	Information and Communications Technology
<b>IDB</b>	Inter-American Development Bank
<b>IHD</b>	Regional Chamber of Commerce
<b>ILO</b>	International Labour Organization
<b>INAP</b>	International Network on Innovative Apprenticeships
<b>IOE</b>	International Organisation of Employers
<b>ITUC</b>	International Trade Union Confederation
<b>MIF</b>	Multilateral Investment Fund
<b>MNCs</b>	Multinational Corporations
<b>MOL</b>	Ministry of Labour
<b>NEO</b>	New Employment Opportunities
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>PPPs</b>	Public Private Partnerships
<b>ROI</b>	Return on investment
<b>RPL</b>	Recognition of prior Learning
<b>SCOPE</b>	Standing Conference of Public Enterprises
<b>SETA</b>	Sector Education and Training Authorities
<b>SME</b>	Small or Medium Enterprise
<b>TISK</b>	Turkish Confederation of Employer Associations
<b>UK</b>	United Kingdom
<b>USA</b>	United States of America
<b>WEF</b>	World Economic Forum





PART I

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SCOPE

## 1. Introduction

A series of highest-level fora at the International Labour Organization (ILO), United Nations and other international institutions have painted a consistent and dismal picture of the state of youth<sup>1</sup> employment. The figures speak for themselves: young people are three times more likely to be unemployed than adults and 75 million youth worldwide are looking for work. Large-scale economic inactivity of young people, high risk of long-term unemployment and social exclusion long into adulthood undermine the fabric of society and jeopardize productivity, growth and development.

In this regard, the private sector has put an emphasis on the issue of youth unemployment and apprenticeships. A paper on youth employment contributed by the B20 to the G20 Summit (Mexico, June 2012) and by the International Organisation of Employers (IOE) and the Business and Industry Advisory Committee (BIAC) of the Organization for Economic Cooperation and Development (OECD) to the G20 Employment Task Force (Geneva, September 2012) supported strengthening apprenticeship systems as a key component of a comprehensive reform agenda to tackle youth unemployment.

The World Economic Forum's (WEF) Global Agenda Council on Youth Employment has as one of its initiatives the "Ten Youth" initiative, which is focused on increasing the availability of apprenticeships. Many good practices by individual employers and employers' associations, chambers of commerce, industry sectors, etc. are documented in the ILO's database on youth employment and have been presented by businesses at national and international youth forums.

Informal contacts with high-level business leaders have raised interest in the creation of a Global Network that could extend the business case for increasing apprenticeships and expanding their role in workplace training and employment of young people.

The ILO decided to informally explore the advantages and feasibility of creating a Global Business Network on Apprenticeships for Youth Employment as a complement to broader public policy initiatives.

## 2. Purpose

The purpose of this feasibility study was to gather information from businesses about their current apprenticeship programmes and to seek their views on how an international network on apprenticeships could be valuable to them. On the basis of information and experience collected from businesses and other interested parties in selected sectors and countries, the study has documented country apprenticeship practices, explored the expected mandate and objectives of this network, identified the types of services that would be valued, ascertained the possible degree of commitment of potential members, and examined options for the network's governance structure and viable financing mechanisms.

## 3. Methodology

The study from the onset was to be a collaborative effort between ILO, IOE and members of the WEF Global Agenda Council on Youth Unemployment. As there were initiatives already underway with all these parties, it was important to build on the various initiatives and not duplicate efforts. As there was an urgency to move forward, IOE started taking steps to initiate a group, now named the Global Apprenticeships Network. The findings of this study will assist the IOE in setting up such a Network. Periodic updates and discussion took place throughout the project in order to move quickly but also to ensure that the same messages were being given to companies, federations and other relevant bodies.

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<sup>1</sup> Defined by the ILO Global Employment Trends for Youth 2013 as 15-24 year-olds

Through research and interviews with academics, international organizations, private sector companies, federations and associations, a general mapping was undertaken.

This mapping documented:

- Current business networks on apprenticeship
- Examples of public-private partnerships that promote the quality and quantity of apprenticeships, and
- Existing national organizations that exchange experience and promote apprenticeships.

The purpose of the mapping was to assist in the decision making process on the selection of countries, industries, chambers and associations that could be interviewed.

Once the list of countries and groups were decided a detailed interview framework was drafted. This framework was written in two parts: one focusing on questions related to the apprenticeships programmes and the second on the added value of having a global business network.

The first part of the interview process focused on apprenticeship programmes, and gathered information on company and countries':

- current apprenticeship and workplace training programmes
- public-private partnerships in the area of apprenticeships
- level of satisfaction with the training programmes
- linkages within company training programmes to subsidiaries or supply chain and
- engagement in sector or national networks.

The second part of the interview process focused on the added value in having a global business network, and gathered information on companies' interest in:

- the mandate of the global business network
- types of information and knowledge sharing or services that would motivate their participation
- the focal point within the company for such activities
- willingness to share information on their current programmes
- commitment and possible membership including financial commitment.

As the level of the first group of interviewees was quite senior and time was limited, the decision was made to focus on the value added to having a Global Network and not on the actual company apprenticeship programmes. There were follow-up calls with human resources staff in some companies and/or government or ILO staff in order to get general information on the country/company apprenticeship programmes.

It was agreed that there should be a diverse selection of countries visited and it was preferable to have a country per region. In addition, the selected countries should have some interest in apprenticeship schemes. In consultation with the partners, there was agreement that the following countries were to be visited for interviews: United Kingdom (UK), Germany, India, Argentina, South Africa and Turkey.

ILO sent a message to various parties within the organization to explain the study and solicit assistance during the missions. A letter was prepared and sent when necessary to solicit interviews with companies and government officials etc. Please see Annex 1. Attached to the letter was the *Draft Core Principles or Pledges for Action*. Please see Annex 2. These proposed principles and pledges for companies and businesses were to be considered as a commitment to action.

IOE sent an introductory message to the relevant employers' federations in the countries to be visited. Chambers of Commerce, associations, other federations and most importantly private sector companies were contacted for interview. There was an emphasis on companies or industry groups that were involved in apprenticeship programmes. Priority outreach was given to multinational companies especially local/national ones. In addition in countries where there was an ILO presence, the Skills and Employability Department specialist and/or the Bureau for Employers' Activities specialists were contacted for assistance in setting up meetings with skills groups and government ministries. Interviews were also set through personal contacts.

Visits were undertaken from 8 January to 30 March 2013 to the various countries. Interviews were undertaken with government officials in the relevant ministries, i.e., Labour, Education and Manpower, Chambers of Commerce, Industry skills groups, training providers and private sector companies. There were a total of 122 interviewees including those interviewed for the initial mapping. Please see Annex 3.

A brief was submitted after each country visit in order to highlight issues, trends and any modifications to the process. Periodic updates and visits to ILO, IOE and WEF were undertaken. Thank you notes were sent to all interviewees mentioning that they would be informed of the outcomes of the study.

The views and conclusions in this report are based on the interviews with mainly the private sector, which represented the majority of the interviewees. Although the focus of the interviews was on apprenticeship, some business leaders also shared information about other approaches to train or employ young people. Given the advancement by IOE in setting up the Global Network, IOE documents, such as their proposal on the structure and governance were incorporated into the final report.

## 4. Confidentiality

As mentioned after the first mission, companies had requested that they should not be quoted and that conversations were to remain confidential. In one Turkish organization, it was required to sign off on a confidentiality agreement, and in other meetings interviewees requested that the company names not be revealed. There was concern by a few companies about sharing their policies, training programmes and statistics. They mentioned that they wanted to ensure that they keep their competitive edge in their industry. The report was submitted to ILO and was subsequently reviewed by IOE.

**PART II**

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**FINDINGS ON  
APPRENTICESHIP  
PROGRAMMES**

# 1. Apprenticeship programmes and issues

## 1.1 General

The ILO definition of apprenticeships has had various revisions throughout the years. For the purposes of this paper the definition used is the one referred to in the recent ILO document *Overview of Apprenticeship systems and Issues (November 2012)*

“Apprenticeship” is taken to denote training programmes that combine vocational education with work-based learning for an intermediate occupational skill (i.e., more than routinized job training), and that are subject to externally imposed training standards, particularly for their workplace component.<sup>2</sup>

The key features of an apprenticeship are the following:

- i. based in the work place supervised by an employer;
- ii. intended primarily for young people but sometimes now also targeting older workers seeking to re-enter the labour market or change occupations;<sup>3</sup>
- iii. fundamental aim is learning a trade/acquiring a skill;
- iv. training is systematic, i.e. follows a predefined plan;
- v. governed by a contract between apprentice and employer;
- vi. training to established standards for a recognized occupation;
- vii. systematic, substantial, as opposed to ad-hoc, training;
- viii. off-the-job education and training;
- ix. external regulation of training standards both in and outside the workplace.<sup>4</sup>

There was confusion throughout the missions around the definition and the use of the word apprenticeships. In introductions even to federations and associations, it was necessary to define what a quality apprenticeship is.

While the word apprenticeship is a well known term and clearly understood in countries such as, the UK and Germany, in other countries, terms, such as, traineeship, artisan, learnership, journeymen, internship are used to refer to workplace training and/or on-the-job training. Each country has its own terminology and relevant legislation.

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<sup>2</sup> Overview of Apprenticeship Systems and Issues, [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/genericdocument/wcms\\_190188.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/genericdocument/wcms_190188.pdf)

<sup>3</sup> Apprenticeships extend beyond youth in many countries including South Africa, Germany and UK and encompass re-training of adults to new professions.

<sup>4</sup> Overview of Apprenticeship Systems and Issues, [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/genericdocument/wcms\\_190188.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/genericdocument/wcms_190188.pdf)

Below is a table to illustrate the various terms used in the countries visited.

Country	Terms	Comments
United Kingdom	apprenticeships	There are two categories: intermediate and professional
Germany	apprenticeships	
India	apprenticeships internships traineeships management trainee	Some companies avoid using the term apprenticeship, due to the current legislation on apprenticeships
Argentina	apprenticeships internships	Some companies avoid apprenticeship terminology completely and prefer to give employment contracts given the difficulty with previous use <sup>5</sup> and present legislation on apprenticeships
South Africa	artisan apprenticeship learnership internship	Artisan has connotation to the apartheid era and learnership is post-1994
Turkey	apprenticeship internship	Limited to few professions

#### *Issue/recommendation*

*While it is the intention of the Global Network to address apprenticeships, consideration could be given to include other workplace-learning schemes targeting youth employment.*

## 1.2 Status, level and advocacy

Historically in all countries there was some form of apprenticeship programmes related to guilds and trades. These programmes were referred to, e.g., in Turkey as a “golden bracelet”; it carried great value and importance as it guaranteed a profession and job. Today however, apprenticeship programmes do not have the same well-regarded status and for numerous reasons the acquisition of an academic degree has taken more prominence. In most countries – even in Germany, – youth want to pursue an academic degree knowing very well that subsequent job opportunities may be few and limited. In every country visited, there is a concern about the social status of apprentices. Many felt that the correlation between manual worker, blue-collar worker and perceived lower level of education attracted fewer youth to apprenticeships, certain professions and vocational training. It was recognized that it was important to promote and advocate for apprenticeships.

The target audiences would be:

- ↘ students
- ↘ parents who play an important role in careers decisions and school paths of youth, e.g., especially in India, South Africa and Turkey
- ↘ employers who do not always understand the benefits of having an apprentice.

<sup>5</sup> One company mentioned they are still working on appeals by ex-apprentices that date back some 10 years



In South Africa, the country is running a public relations campaign called the “Year of the Artisan” to raise awareness and encourage youth to enter into certain professions. Success stories, good practices from other countries, accomplished apprentices, and information on the benefits and return on investment (ROI) of having an apprentice in a company were welcomed and should be shared in some form of communication.

In the United States of America (USA), where apprenticeships are taking on a new dimension, the community colleges were concerned that it was initially important not to communicate that the Global Network would target “disadvantaged youth “as this may bring down the status of apprenticeships. Once the status of apprenticeships was enhanced then it would be appropriate to include this language in promotional communications on apprenticeships.

There is a need to advocate and educate the public on the benefits and opportunities in pursuing apprenticeships. There is a lack of information for youth on what apprenticeships are available and what professions are in demand. The decisions around educational paths, apprenticeships, and careers are often taken without being well guided and informed. Information on trends on jobs by sectors and countries is needed.

In certain countries apprenticeships refer to a limited number of occupations and are exclusively for blue-collar professions. In other countries, such as the UK, apprentices are expanding to what is termed “professional apprenticeships” in occupations such as lawyers, accountants, and engineers, and in the information and communications technology (ICT) and financial services. In other countries the professional type apprenticeships are distinguished purposely from other types of apprenticeships and are called internships in India and learnerships in South Africa. It will raise the status and appreciation of apprenticeships if all the various levels and professions are grouped together in advocacy campaigns.

<i>Issues/recommendations</i>
<i>It is important to share success stories. Three senior business people met in the UK – (one Chairman and two GMs) all ex-apprentices from the Rolls Royce school are examples of successful apprentices and they are more than happy to share their stories.</i>
<i>Communication on apprenticeships could, where possible, include reference to “professional apprenticeships” in order to enhance the status.</i>
<i>It was suggested in India that a Bollywood movie star could be a Goodwill Ambassador for Apprenticeships – her/his role would be to advocate for apprenticeships. There could be a public figure selected from each region to be an advocate or champion for apprentices.</i>
<i>The media and film industry could be engaged in a campaign to promote apprenticeships.</i>
<i>There is a need for statistics and data on careers by sector, region and country.</i>
<i>As part of the communication on advocating for apprenticeships there should be compelling data and information on the youth unemployment crisis but in simple business language. There should be no duplication of efforts but there should be links to the Global Agenda Council on Youth Unemployment campaign on –an Eye opener.</i>

### 1.3 Diversity

All companies put importance on having a diverse workforce. Company human resources diversity policies apply to apprentices. The targeting of marginalized groups including disadvantaged youth and school dropouts is tackled in different ways. In South Africa the government has tried to include these groups through inclusive policies that impose targets on companies on employment and learnerships of certain disadvantaged groups. Whereas in Germany a very large company mentioned that it takes

on disadvantaged youth including dropouts, not as apprentices but as part of their Corporate Social Responsibility (CSR) programme. It wants to maintain that apprenticeship programmes are for skilled labour and as such keep the status of the profession.

In every country there was mention of the difficulty in attracting women to apprenticeships especially to blue-collar professions. It was mentioned, however, that there was an increase of women in the white-collar professions including in India and Turkey. The actual professions, where there are long hours, few opportunities for childcare and where relocation is necessary are seen as obstacles for attracting girls/women; this was highlighted in particular in the hospitality sector. Companies want a diverse workforce as they see it as essential in promoting a more innovative and creative work environment. Apprenticeships are key to them as this is the entry point into a profession and a company. There was a request to have access to case studies or good practices in attaining a diverse workforce and particularly in increasing female apprentices in typical apprenticeship occupations and in expanding apprenticeships into a broader range of occupations that would further attract young women.

#### *Issues/recommendations*

*Companies would like to have some good practices by successful companies who have been able to attract more women at the apprentice stage.*

*There are many good CSR programmes targeting youth, women and remedial education. Dropouts and those lacking the basic skills, even diploma holders, are being given training in order to enter an apprenticeship or employment, e.g., Germany and Nigeria. The examples could be shared with companies.*

### **1.4 Vocational training and standards on skills and certificates**

Governments are investing enormous amounts of resources in learning, vocational training and education, e.g. the UK, India and South Africa, as they realize this is key to a successful workforce. There are various schemes, and vocational training centres, community colleges, universities and also private sector companies are providing training. The very large companies have their own training centres with state-of-the-art equipment. The development of practical training programmes is of interest to many companies, and to this end, one very large company stated that it would consider sharing its programmes with the Global Network members.

There is great frustration among all parties when discussing the issue of training. It would seem that private sector companies feel they are paying for services (through levies, taxes and fees) for training, which do not “have an added value for them”. And governments feel that companies should be paying more to improve the training and should be more involved in the development of curricula etc.

Companies highlighted the huge challenges around the delivery of vocational training (by private or public providers). In nearly every country the companies have complaints about the quality of the training provided:

- vocational training curricula are NOT reflecting the skills and competencies required by industries
- equipment in schools is often outdated
- teachers focus too much on the theoretical, and this is partly because the teachers themselves lack practical experience.

There needs to be a dialogue and active participation by all to resolve these issues. Governments, training providers and industry skills specialists stated they were trying to bring together the parties to inform and modify the curricula and pedagogy. There seem to be many meetings, committees and

working groups that are trying to address the various issues and challenges. However, companies are frustrated with these endless committees; they want practical solutions.

Some of the frustration of companies is linked to the financing of training. It may be useful to have an analysis of funding models in the financing of apprenticeships programmes, highlighting good practices, e.g., in Germany, where companies play an essential role in financing apprenticeships programmes but never question their duty to pay for such services, as it is considered good for their business.

As companies go more and more international the search for global talent becomes even more crucial. The skills deficit is serious and requires action; it is neither feasible nor desirable for companies to bring in trained labour from other countries. The setting up of new systems, skills standards, programmes, certification etc. is a huge investment by governments, social partners and companies when entering new markets. Companies need standards for quality apprenticeship systems across countries. An example was given where a German company, working in the USA, set up a public-private partnership with a community college to train apprentices. This is extremely time consuming and costly for a company. There was also mention of joint Swiss/ Indian certificates in certain professions and the setting up of an Inter-African accreditation system. Companies, who have embarked on these initiatives, mentioned the importance of sharing good principles and benchmarks for apprenticeships, building on the set of key principles for quality apprenticeship outlined in the recommendations of the G20 Task Force on Employment with consultations with IOE and International Trade Union Confederation (ITUC). They also expressed interest in attempts to expand standards and coherence across countries on the content of apprenticeship training in specific occupations. This, however, would be a huge undertaking and would require multi-stakeholder engagement. In the interim, some sharing of country or industry initiatives would be very helpful.

In some countries there was mention that it was better to have youth in training programmes rather than sitting idle, e.g. India and South Africa. While this is a short-term solution, if it is not carefully linked to jobs, this could lead to additional frustration by youth.

<i>Issues/recommendations</i>
<i>Any good practices of where the governments, social partners and the private sector have achieved concrete results in vocational training would be welcomed.</i>
<i>There seem to be few private sector companies that are participating in skills working groups in some countries. There needs to be more inclusive and diverse participation with incentives for employers to participate.</i>
<i>The key principles, benchmarks and coherence on good practices for quality apprenticeship systems should not overlap, but build on the existing benchmark agreed with business and labour leaders through the G20 Employment Task Force.</i>

### 1.5 Mentoring/entrepreneurship

In numerous companies, stories were shared on successful apprenticeship programmes where mentorship was embedded in the programmes. One company mentioned that during the apprenticeship programme there was a bond created between the apprentice and her/his mentor. This was key in supporting and assisting in adaptation to the world of work. For this company the most important ROI on apprenticeships was the eventual employment and retention of these apprentices. There was mention that youth were immature in the workplace and often left their jobs/apprenticeships/ learnerships without understanding the consequences. It was said that, as many came from homes where the parents were absent (South Africa where many were being raised by grandparents) they were consequently not being properly guided. This enforces the need for mentoring at work and

particularly on the “soft skills”.

Entrepreneurial skills are taking a more important role in the training of apprentices. In countries, such as South Africa and Turkey, where there is an emphasis on small or medium enterprises (SMEs) and the informal sector for job creation, entrepreneurial skills become even more important in the apprenticeship programmes. Employers often mentioned the whole area of attaining soft skills, which includes entrepreneurship, as a challenge.

#### *Issues/recommendations*

*Any good practices and training programmes addressing “soft skills” and entrepreneurship could be very useful to share with employers.*

*Apprenticeships should always be associated with mentorships. Communications could highlight that mentorship is an integral part of a successful apprenticeship.*

## **1.6 Retention and productivity**

Retention for employers is a critical factor, as it is costly and unproductive to be constantly retraining workers. There seems to be high turnover of youth in their first jobs – which is a type of training. The following industries highlighted problems in retention: food, IT, call centres and hospitality.

Mentorship assisted in retaining staff but some companies mentioned that youth seemed to move after short periods of times elsewhere due to:

- better opportunities in other professions
- better salaries
- difficulty in adapting to the world of work and
- some left without good reason.

Given that many apprentices are teenagers and that some needed to leave home for their apprenticeship this led some to depart prior to completion of their programme. Some were disillusioned by their work and tasks and left their jobs. It was stated that there seems to be a lack of understanding of the demands of work life. Many mentioned this is also a generational phenomenon. It is a serious concern for companies. There was mention that in cases where apprentices are gathered from various companies to share stories and experiences, it made them understand better the work demands and appreciate the work environment. This made apprentices more content in their tasks and as a result more productive.

Other companies mentioned that, once well trained and integrated into a company, apprentices were very loyal and productive. They underlined the issue that good training, mentoring and a positive company work environment were key to productivity and retention.

#### *Issues/recommendations*

*Companies were speaking in generalities and often combined their comments on young employees with apprentices.*

*No country had reliable statistics on the number of apprentices hired after completing their apprenticeship.*

## 1.7 Incentives for employers

Employers are very interested in having more information around public policies in apprenticeships programmes and in particular on incentives in other countries. Below are examples of incentives:

- tax deductions
- certain apprenticeship entitlements paid by governments
- employers having access to special funds or grants.

These are a few examples but there is a need for additional research into this area, as there is great interest by countries and companies on this matter.

In countries where apprenticeships are employer driven, e.g., Germany and the UK there is an understanding of the benefits and an appreciation for the apprenticeship system.

In countries, where the government has imposed quotas or there are fines for not abiding by legislation, e.g. India and South Africa, there is less of an appreciation and understanding of the benefits of the apprenticeship system. There seems also to be a lower percentage of apprentices that move into employment.

<i>Issues/recommendations</i>
<i>The ILO may consider commissioning work to further research incentives for employers to increase their intake of apprentices.</i>
<i>It would be useful for companies and countries to be informed of the commitment in some countries by employers (financial) in the apprenticeship schemes.</i>

## 1.8 Partnership/stakeholders

During the mapping exercise and country visits, numerous examples of very good partnerships were found in the apprenticeship area. These partnerships try to address certain aspects around learning and apprenticeships. For example

- Assisting youth in attaining the required level to enter an apprenticeship e.g., Nigeria
- Educating women to become managers in a company, e.g., South Africa
- Providing training through public-private partnership between community colleges and the automobile industry, e.g. South Carolina
- Promoting and advocating for apprenticeships, e.g., the UK, and
- Enhancing the status of vocational training, e.g., Turkey.

There are two examples of partnerships that merit highlighting. The Apprenticeship Ambassadors Network (AAN) is a good example of a partnership that successfully promotes and advocates for apprenticeships. This is an example of a well-organized partnership and a good business model to follow for national networks. Please refer to Part IV UK country summary for details on this network. The Koç Group partnership, “Vocational Education: a Crucial Matter for the Nation” is a good partnership that has successfully enhanced the status of vocational training through media

campaigns and offered scholarships to youth in vocational training institutions. Please refer to Part IV Turkey country summary for more details.

Companies mentioned many interesting partnerships that were implemented through their CSR activities. Many were very good conceptually but some had limited impact due to having few participants or funds. The Global Network could collaborate and build on these existing partnerships.

While the study focused on public and private sector parties, it would be useful to have input from youth, given they are the key participants in most apprenticeships<sup>6</sup> and the beneficiaries of the outcomes of the Global Network. There were comments by companies on youth behavioural issues, attitudes and challenges in communicating with them. It would be interesting to have the opinion of youth to some of these comments.

Social partners are important in any good apprenticeship scheme. A few officials mentioned that in Germany the trade unions played an important role in the apprenticeship system and as such their inclusion was beneficial in maintaining good processes and procedures and a high standard. Although the inclusion of trade unions was not part of the TOR of this study, it was however mentioned by some companies and industry skills groups that unions should be informed of this study.

The ILO is seen as an “honest broker” in facilitating the dialogue between the social partners. Its integrity of data and its outreach to the various countries are attributes the Global Network should leverage.

#### *Issues/recommendations*

*Consideration may be given to have youth, from an existing group, discuss and seek their input to the findings of the report. Youth should be involved in some manner with the Global Network.*

*It is important to communicate and target youth in advocating for apprenticeships. This may mean different forms of communications.*

*For transparency purposes, if not already done, the ILO and IOE may consider briefing their trade union partners on this initiative.*

## **1.9 Apprenticeship compensation and other details**

As mentioned above, the emphasis on the interviews was to get companies’ views on their respective apprenticeships systems. Where possible, details on the compensation packages, age groups, occupations and duration of apprenticeships were collected and mentioned in the country summaries. The information given by employers was not consistent therefore it was necessary to do additional research and liaise with ILO offices or government officials to validate this information.

*Additional research on compensation packages etc. could be continued in a next phase of this project or could be part of a project on comparative apprenticeship systems.*

<sup>6</sup> In South Africa and USA there was mention of older apprenticeship (45-50 years old) – upgrading of skills



PART III

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THE GLOBAL NETWORK



## 1. Interest in the establishment of the Global Network

There is an overall agreement that the establishment of the Global Network would be beneficial, not only to employers but also to skills councils, chambers, federations and academic institutions. Nearly everyone interviewed had a positive reaction to having the Global Network.

Besides private sector companies, the federations, skill councils, chambers, associations and community colleges/institutions, are keen on the concept of a Global Network and saw their roles as advising, being part of discussion, building partnerships and being the voice of the SMEs. The Germans, through contacts made at the German American Chamber of Commerce, German Embassy in Washington DC, the German Chamber of Commerce (AHK) and German companies, were interested in the Global Network, as it is a way to showcase their well-known apprenticeship programmes.

There were three categories of private companies that showed particular interest in the Global Network.

The first group of companies is made of those that come across as being socially responsible. It is evident by speaking to the officials (at various levels) that there is a strong company culture of being a good employer and being a socially responsible business. They come across as being committed to training their staff, are interested in having a positive and productive work environment and want to be integrated and participate positively in the local communities where their businesses are located. The Global Network is not seen as a CSR activity but as part of the human resources strategy, business development and future company growth.

The second group of companies is made of those that are struggling to find skilled labour (due to ageing populations, geographical location and/or setting up subsidiaries in emerging markets). They see the Global Network as a way of facilitating the search for global talent and addressing their real workforce needs.

The third group is made up of those that see the Global Network as a business opportunity to network and /or a CSR activity. Initially, some companies did not understand the idea of the Global Network and were not sure if the Global Network was within their interest. Subsequently, after the one-hour interview, they could see the benefits and opportunities in joining as a way:

- to widen their access and exposure to new emerging markets
- to being seen as socially responsible, as it is the correct thing to do given the numbers of unemployed youth involved and the potential for social unrest within countries
- to get assistance in their business – both in their PR with youth – a huge and future market for their products – and getting business intelligence – information, data and contacts in emerging markets.

Of the 122 interviewees, three mentioned that they would not join:

1. one heavy metal company in the UK stated that as it was a member of the national network – AAN – and that was sufficient for its needs
2. one company in Turkey was very hesitant, as it controls the whole market in their industry, and sharing their information could create competition
3. one company in South Africa that stated that it is already paying the one per cent levy to subsidize the Sector Education and Training Authorities (SETA), and therefore the SETA can be its representative.

## 2. Mandate, objectives and activities

The Global Network, through its mandate and activities, should have an overarching mission to increase employment opportunities for youth. To this end, when discussing the details of the mandate, objectives and activities of the Global Network economic growth and jobs were mentioned as important elements to the success of the Global Network. The key ideas on the mandate and proposed activities of the Global Network are described below.

### **The Global Network should be an open forum where ideas can be shared**

There are many companies that have successful apprenticeship programmes. The sharing of good practices is important for companies especially, as they expand into a new market. They would like to have specifics, through case studies, of examples where companies in emerging markets implemented new systems, standards and programmes. The challenges around the implementation should be highlighted.

*The activities could be:*

- *a competition with awards for “the good practices in apprenticeships” and show case the winners at a major meeting with media coverage. On the selection panel there could be a major TV channel e.g. Al Jazeera or Argentinian media*
- *national competitions and special awards given each year for special recognition for good practices*
- *case studies on the lessons learnt by companies of implementing new apprenticeships systems.*

*The clever use of social media and IT tools is essential.*

### **The Global Network must be able to influence public policy**

There is a need for policies that encourage companies to take on more apprentices. Companies were interested in having information on other countries’ incentives such as taxes etc. so that, at a national level, they could influence their country’s public policies. To take on more apprentices, they want some incentives and want the public sector institutions, be they, government or training providers, to understand their constraints and understand their needs.

*The activities could be:*

- *informed by a technical analysis on the incentives in several countries on having apprentices by ILO, this could be a guide to discussions at international meetings such as the International Labour Conference, G-20, DAVOS etc. (side events to start the discussion) about policy challenges and sharing of good practices*
- *a high level panel or working group to discuss and commit to further action for setting a better “business environment” to increase apprenticeships. This should build on the OECD and G20 committees.*

### **The Global Network, through its activities, should promote and advocate for an amplified status and overall increase in apprenticeships**

Linked with the idea of advocating and promoting for more apprentices, there could be a stage for individual success stories, public relations campaigns and media coverage to raise the visibility of apprenticeships.

*The activities under this item are linked to the activities under open forum. The Global Network could solicit some pro bono work by a marketing company on setting up a advocacy campaign and identify some well known public figure by region to be a“ champion for apprentices”.*

### **The Global Network should be able to promote good practices and benchmarks for quality apprenticeships**

Sharing good principles or benchmarks for apprenticeships is considered an excellent output of the Global Network and a reason to join. There is a need to have some standards or benchmarks on skills and competencies related to apprenticeship certificates. Please refer to the section on Vocational Training. Many companies, industry skills groups, associations and training providers are involved in the design, development and testing of apprenticeship programmes and certification. These labour-intensive efforts could benefit from wider awareness of good practices and benchmarks. This could, in turn, make negotiations with government and training entities to setting up public-private partnerships easier. Sharing policy documents and programmes could avoid duplication of effort in adapting programmes to suit different industries and communities.

*Validating and disseminating good practices could be the kind of technical activity that would benefit from partnerships between the Network and the ILO. Employers indicated their interest in having a guide to quality apprenticeships, with information and examples about the process of setting up quality apprenticeships.*

## **3. Core principles or pledges of the Global Network**

The Core principles or Pledges for action document (please refer to Annex 2) drafted by ILO outlines some proposed powerful action related pledges that companies and business organizations may commit to action. The core principles highlight commitment in apprenticeship and mentoring in the following areas: i) raising the visibility of apprenticeships, ii) engaging with vocational training institutions, iii) sharing of good company practices, iv) encouraging national and local engagement, v) advocating for better policy frameworks and vi) working at the national level with social partners to create measurable results. The companies had a few objections to these principles/pledges. The main area where companies had a concern was regarding reporting on activities. Otherwise, they were in agreement with these and some mentioned that they were already implementing most of these actions.

It would be desirable to have companies commit to increasing and reporting on their apprentice intake. None of the companies were willing to commit to increasing the number of apprentices and reporting seemed to be an extra burden. There needs to be some discussion on reporting. It will be very difficult to measure impact if there are no metrics. Companies are already reporting under the Global Reporting Initiative (GRI) and integrated reporting with intellectual and human capital being one aspect of the reports.

*As an activity, there should be further research on eventual reporting with the possibility of linking this activity to existing reporting such as GRI and integrated reporting by companies.*

In many countries, there is interest in setting up national or regional networks. Federations are willing to actively assist in setting up such networks. The Apprenticeship Ambassadors Network and the ILO Global Business and Disability Network are good examples of building national and regional capacity through national networks.

*Consideration should be given to working on a strategy to assist countries in setting up national and regional networks, or strengthening and expanding them where they already exist.*

## 4. Knowledge sharing and IT platform

Information and data on a global platform is something expected and required. There is a great deal of information already available on apprenticeships, but this information was written with the target audience being experts and academics and not necessarily businesses. While there should not be any duplication, there is a need for a platform where this information is accessible to companies and is written in simple business language. There needs to be coordination between the ILO<sup>7</sup>, International Network on Innovative Apprenticeship (INAP) and Apprenticeship Ambassador Network (AAN) where existing websites contain very interesting and relevant information on apprenticeships.

Companies look to the ILO for reliable global statistics and data, as well as analysis of what works well in apprenticeships in different circumstances, industries, and occupations. It would be useful to have such information by regions and countries. This is a huge task but even information on trends could be useful.

At the national, regional, or industry level, labour market information systems and the public employment services that make information available to businesses, young people, and training institutions could do a better job of providing information on training-to-work success through apprenticeships. Broader distribution of information on public employment systems, where companies may already be able to upload their requests for apprenticeships, could be useful.

The IT website platform needs to be set up, even if it is to be within an existing site, and it needs to be maintained both in content and technology. There should be resources budgeted for this activity, as this will be the main source of communication and advocacy for the Global Network. There is a need for expertise in marketing campaigns and optimum use of social media.

## 5. Commitment, membership fees and resource mobilization

The Commitment of companies, in both financial and human terms, was raised. The commitment of CEOs in time should be limited and well targeted. CEOs whenever possible should be targeted to be the representative of the company on the Global Network. If however, CEOs cannot attend, the Director of Human Resources could be the company representative. Membership fees were discussed with interviewees but details on the amounts were not. Most understood and agreed that membership fees would be requested. Please see more details on Financing Options in Annex 4.

## 6. Structure

Given the above and based on what the IOE has already communicated to their members, the structure of the Global Network would be a small secretariat housed within the IOE. There would be staff roles envisaged to cover the leadership, communications including the web – IT platform work and some administrative support. There is need to have the input of beneficiaries and it is important that the Global Network also shows it is committed to apprenticeship and youth employment. Therefore, it may be considered to have an arrangement with Swiss officials to have an apprentice. An intern also could be arranged through local universities.

<sup>7</sup> The Global Public-Private Knowledge Sharing Platform on Skills for Employment (Global KSP) was set up in response to Employer's request and has become a collaborative effort among the ILO, OECD, UNESCO and the World Bank. It has a wealth of information, is very well presented and user friendly, and includes an easily-accessible section devoted to apprenticeship. The Global KSP, operational in three languages (English, French and Spanish), will become publicly accessible in mid-June.

## 7. Governance

The IOE has already communicated its proposed structure for the Board to its members. It is as follows:

- ↘ A CEO as Chairman of the Board
- ↘ Two additional CEOs
- ↘ Two Directors – General from member federations
- ↘ Two Secretaries-General of IOE and BIAC
- ↘ Senior Representatives from ILO and OECD

Consideration may be given to having a representative from a youth group, e.g., someone from the WEF list of Global Youth Shapers, as youth are the main beneficiaries of the Global Network.

In appointing Board members, due consideration should be given to geographical representation. The access to companies and their knowledge from emerging markets is considered a necessity by many interviewed.

While the main focus has been with multinational corporations (MNCs), there is a need to have SME involvement and representation. Consideration may be given that Board members or ordinary members of large MNCs, sponsor two SMEs each to be members of the Global Network. These SMEs could be companies that are part of MNC's supply chain. This could be part of the commitment on the part of MNCs who join the Global Network.

There are numerous bodies working on apprenticeships and it is important to continue to collaborate and build on what is already available, implemented and foreseen as future activities. To this end, it will be very important to ensure the technical support and/or expertise of the ILO on apprenticeships. Federations, associations and chambers will be very important in ensuring their support of national and regional networks (which many have already started thinking about). The Global Agenda Council is envisaging some work that could assist in the promotion and commitment to apprenticeships. To ensure collaboration, consideration could be given to having quarterly meetings with a selected reference group to update on activities and brainstorm on new initiatives.

## 8. Coordinate/collaborate/cooperate

There is a wealth of information, activities and partnerships addressing the subject of apprenticeships. It will be very important that the Global Network does not reinvent but builds and enhances what is already available in this space. *Coordination, Collaboration and Cooperation* between all parties and partners will be key to the success of the Global Network.

PART IV

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COUNTRY SUMMARIES

## Introduction

The summaries by country represent the finding based on the interviews in country, follow up calls and research. The basic information on apprenticeships in companies and the feedback on the value added to having a Global Network are indicated in each summary. In addition, some countries have specific strengths or items, which merited more detail, i.e., UK – Ambassador Apprenticeship Network, India – detail on the Apprenticeship Act of 1961, and South African – policies and reporting on inclusiveness in training and business practices.



## 1. United Kingdom

There were visits to London and Derbyshire from 8 to 10 January 2013. There was an introduction to the Confederation of British Industry (CBI) by IOE. Contact was made with the AAN “Employers for Apprenticeships”, which is a national and regional network of large and small businesses promoting apprenticeships throughout England. Through the assistance of the AAN, meetings were arranged with their members as well the National Apprenticeship Service, (NAS) the government body that focuses on skills development. Interviews were conducted in the following sectors: automotive, heavy metals, manufacturing, consulting and food. Given the high level of the interviewees in private sector companies, there was limited discussion on the details of their apprenticeship programmes and the main focus was on the Global Network and the benefits of being a member of the AAN.

### General

The overall grim picture for the UK and European economies was mentioned in nearly every meeting. Companies are concerned about 2013 as well as 2014 and many are downsizing and reducing operations. While they were conservative on growth for their companies, some were already preparing for upward movement. Thus the investment in skills development today –is beneficial in the future. Many companies already had a global operation and knew that having access to companies internationally would be of value to them.

### Apprenticeship Ambassadors Network (AAN)

The AAN is a group of senior business leaders from Financial Times Stock Exchange (FTSE) 100/250 businesses and small and medium sized enterprises across the public and private sectors, which are committed to working together to increase and advocate for apprenticeships throughout the UK. Companies share their stories (case studies) on how apprenticeships programmes have contributed to their increased effectiveness in business, and this is published on the ANN website.

AAN is well established, highly regarded and well organized. Its mandate is not extensive but its outreach is wide. It is linked to NAS and the information on the Apprenticeship Network website is maintained by NAS communication staff. On the website, there is high-level, as well as practical information, for all audiences, i.e., companies, students and parents.

The actual ambassadors (CEOs) mentioned the following advantages to being a member of the AAN:

- **Facilitator:** They bring the correct people around the table to discuss public policy issues, e.g., the particular concern on incentives. A CEO mentioned one particular example, where he stated he met with the minister frequently. The AAN set up a meeting with 10 CEOs to discuss various policy issues. The fact that 10 CEOs were communicating the same message to the minister had more impact.
- **Network:** Through the network, companies come together to share stories and work together and do not poach one another’s staff.
- **Connect:** They connect business with education, e.g., the discrepancies between skills required by employers and those taught in schools. These issues are being addressed through committees in which many AAN members participate.
- **Business-like:** It is appreciated that the group remains business-like, has few meetings, provides short and concise information and is not bureaucratic.



There is the national network and there are several regional networks. While the national network is more strategic, focusing on advocacy and influencing public policy, the regional networks are more on the ground, giving practical information on apprenticeship programmes and assisting companies.

### **Global Businesses**

Several of the companies have operations outside of the UK. They have a significant problem in attracting talent in some of their subsidiaries' in country operations. While in the past they would rely on expatriates, they mentioned this is no longer considered a good model, as it does not show integration into the local environment and it is expensive.

### **Vocational Training**

The government is investing highly into the apprentice system and skills development. There is a well-established NAS and the UK commission for Employment and Skills. There is recognition that these organizations are trying to modify and improve the system, but employers still feel that the practical skills and education are not at the level they require. Testing and certification seem to be well advanced with nearly 200 Apprenticeship programmes established covering practically all industry sectors.

One large company, with its own large training centre, (an expensive investment), is considering being a training provider to outsiders. During this economic downturn, it is not using their training facilities to full capacity. It would charge a fee to other companies and recover some of the costs of its investment.

It was mentioned that any successful programme on apprenticeships must be “employer driven”. This position is advertised openly.

### **Professional Apprentices**

In the UK there is a great deal of research and promotion of what is termed “professional apprenticeships”. These refer to white-collar professions in areas such as, law, audit, finance, engineering and ICT. The government is reviewing certain university degrees with the intention of changing curricula and qualifications for professional diplomas.<sup>8</sup>

### **Retention**

When speaking about retention, one company mentioned that creating a bond during the training period with the apprentice was very important for its company. The most important ROI was the retention of apprentices and loyal staff. Loyalty is critical for one company where the focus is on highly technical work and has a clientele that needs to remain confidential.

### **Questions around company apprenticeship programmes and the mandate, activities and membership of the Global Network**

The government is putting great emphasis on apprenticeships and at the same time reviewing the whole system of higher education. There is an advocacy campaign for increasing the number of apprentices and giving importance to certain professions (e.g. a recent movie on a construction worker apprenticeship). There is a review being undertaken to give more incentives to companies who take on and hire apprentices.

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<sup>8</sup> UK apprentices are approximately 16-24 years old, paid an estimated 170 GBP per week, with the duration of the apprenticeship lasting 1-4 years.

Concerning the mandate of the Global Network, the sharing of information is extremely important for companies especially for the SMEs. The medium size companies find that having information on other countries could be useful but it needs to be in a business-friendly format – short documents with summaries.

Large companies, on the other hand, have teams that collect data for them in other countries. Information sharing for them is public relations. They would advocate for apprentices by telling their own stories and sharing the good practices in their company. Three senior CEO's are ex-apprentices from the Rolls Royce school and mentioned they would be willing to be advocates.

Consulting companies, especially those that are global, see an advantage to joining the Global Network – very simply they see future business in it for them. Some of the consulting companies are assisting the government and skills groups to develop new systems and programmes.

Some stated that if large companies would join and senior level people from international companies would join – they would join.

Although talent management and learning are human resources issues, the socially responsible companies also mentioned sharing information as the correct thing to do. One very large company mentioned that it may be willing to share its extremely sophisticated online training programmes with others. This needs follow up.

Membership fees were not an issue; except for one that mentioned that it already pay fees to belong to the federation.



## 2. Germany

There were visits to Berlin and Stuttgart from 14 to 18 January 2013. IOE made the introduction to the Confederation of German Employers (BDA). Associations, industry skills groups, chambers, at the federal and the local levels, academia, and the following industries were interviewed: automotive, heavy metals, energy and manufacturing of automotive spare parts and banking. The visit to Germany focused on understanding the German apprenticeship system, as it is considered a well-functioning and structured system. Also included in this summary are also interviews with German companies in the USA that are involved in public-private partnerships with community colleges.

### General

Given the recent importance being given to apprenticeship, the German government and private sector are being requested at all levels to assist European countries in setting up apprenticeship programmes. The number of requests is overwhelming for them. They feel that many misunderstand the dual system of apprenticeships and many countries that they are assisting have expectations that within a year they will have a full functioning system based on the German model, e.g. Spanish companies.

The BDA, German Chamber of Commerce (AHK)<sup>9</sup> and the Regional Chamber of Commerce (IHD) all see apprenticeships and the dual system as a global challenge and opportunity for Germany. At the regional and industry council's level, there are requests to share information on the dual system, which never happened in the past. They often need to refer their queries to AHK in Berlin. A great deal of European commission resources is being channelled to learning/apprenticeship programmes. A company raised concern that some of these learning programmes financed by the EU are not efficient and are not making an impact on youth employment. There was a visit to a training centre where AHK was assisting a German automobile company in Argentina; it is an impressive programme. There is great interest within Germany, and potentially resources that could be given to the ILO and IOE, – which merits follow up.

### Apprenticeship

The German system is extremely well organized with tripartite participation in the negotiation of compensation packages, training programmes and defining and updating professions etc. The Chambers play a very important role in administering the exams, setting standards and monitoring the training programmes. The German representatives, however, still feel the system can be improved and is not without challenges.

Listed below are a few of the issues raised by German companies, German chambers and federations such as Gesamtmetall.

- Declining number of school leavers: 2009 – 4 per cent; in 2010 – 3 per cent.
- Increasing number of students leaving school without proper qualifications, and an increase in the number of drop outs, and students leaving secondary school lacking basic language and math skills.
- Attracting more women in technological occupations.
- New rules on education policy that may encourage students to go into university rather than take apprenticeships.

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<sup>9</sup> AHK is the main conduit for international queries and works in 120 locations and in 80 countries.

- ✎ Cultural differences and learning needs that need to adapt better to the challenging demographics, i.e. in Stuttgart there is an insufficient amount of apprentices locally and they have taken apprentices from other regions. These apprentices are often too young to be away from family and they leave. In a bank that was visited, there was an example given whereby there were 350 applicants for an apprenticeship in real estate banking. 25 were interviewed and 2 were taken as apprentices. One of selected apprentices (an immigrant girl from Heidelberg) was an excellent worker but left the bank, as her family could not accept her being so far away. This is not an uncommon scenario, even though the age of apprentices is moving from 16 to 18 years old.

### Training

As the manufacturing production lines become more sophisticated (robotics), the needs for apprentices with better IT and math skills are increasing. On the international side, one very large multinational company mentioned that particularly in certain countries where it is situated, local apprentices have very good educational backgrounds and very good math/science skills but they lacked soft skills, such as teamwork. It is sending some of these (international) apprentices to its school in Berlin to work in teams.

There is also a large consulting engineering company that is a training provider for various companies within Germany. The costs of the training and equipment required in these centres cannot be underestimated. In the one company, of the apprentices trained, 85 per cent remain with the company, the other 15 per cent leave. They have more apprentices than required; those that leave are still considered a good investment for the company as they go to their suppliers and in the end supply them with quality products. Some large companies are training apprentices in SMEs.

### Partnerships/CSR

On the issue of dropouts and disadvantaged youth, one company mentioned that they do not take them on as apprentices. But as part of their CSR activities, they have a special programme where they commit to hiring 300 disadvantaged youth each year. They maintain that apprentices are for “very skilled labour” and want to maintain a high standing for apprenticeships.

The German representatives are very proud of their system and are interested in sharing their model and system with others. Therefore being a member of the Global Network could be a platform for them to share their good practices and their system. At the government and chamber level the Global Network could be a good way to advertise for German companies and promote investment in Germany. The Chambers and skills groups feel they would be able to share information and in particular be the voice of SMEs. The German American Chamber in New York is also keen to showcase the German model.

Companies mainly envisage the Global Network as being a way for businesses to get the required skilled labour in the different geographical locations. If there were a way of assisting them in getting the qualified talent they require in different locations, they would join.

In multinationals the need for talent at a global level is an issue. Assisting them in building partnerships (internationally) is important. The examples of South Carolina and Kentucky Public Private Partnerships (PPPs) were mentioned by more than one. While they stressed that apprenticeship programmes need to be driven by employers, it was also important to involve the social partners i.e. educational/vocational institutions as well as the trade unions. There was also mention of the Association of Community Colleges in Washington DC and their role in assisting German companies in the USA. At country/regional level, the Global Network could be an “honest independent broker” and facilitate the dialogue between the social partners and get all parties around the table to discuss programmes and public policies.

At the Chamber level, and the local and regional levels, confederations showed interest in the Global Network; they feel that they represent the most important group of job creators –SMEs.

### **Questions around company apprenticeship programmes and the mandate, activities and membership of the Global Network**

A very structured system exists in Germany. Within the professions there is a big difference in compensation between the various categories. It was mentioned numerous times that certain professions have no apprentice, such as bakers. Even in the metal industry there is still a shortage of apprentices, despite the fact that they seem to be very well paid (868 to 1057 euros per month).<sup>10</sup>

A Human Resources Director mentioned there is a challenge in attracting women in certain professions namely technology and metals-related industries. They are well below their targets in hiring women and they are trying to attract women as female apprentices, without much success.

There is an impressive training centre outside of Berlin run by a multinational. It has apprenticeship training including a mechatronic certification programme, an International and Bachelor programme and an Academy.

On the issue of apprentices eventually becoming “blue collar “ workers, there is a concern even in Germany that students no longer want to follow the apprentice track and prefer to go straight to university.

Around the eventual pledge of increasing the number of apprenticeships – one large company actually gave an example where the CEO of their company wanted businesses outside Germany to commit to taking on more apprentices. The CEO promoted this and while the companies were in agreement, in reality they did not increase their number of apprentices. One company mentioned that it is cutting everywhere except in training as it wants to be ready for when there is an upward economic curve. It has agreed to maintain the number of apprentices it has. This is still a substantial financial commitment.

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<sup>10</sup> German apprentices are 16-24 years old. Compensation packages are agreed with social partners and are defined by sector. Apprenticeships have a duration of 1-4 years.

 **3. India**

There were visits to New Delhi, Bangalore and Mumbai from 30 January to 1 February 2013. There was an introduction to the Federations: All India Organisation of Employers (AIOE), Employers' Federation of India (EFI), Standing Conference of Public Enterprises (SCOPE) and Council of Indian Employers. In addition to the federations, associations, government officials training providers and the following industries were interviewed: IT, hospitality, automotive, steel, manufacturing of consumer goods, minerals and cement, consulting and education sectors. A priority for the government is skills development. Different groups within the government were met, as well as skills groups and training providers. There were interviews with the federations and they too are heavily engaged in skills development and apprenticeships. A good variety of companies were interviewed, including companies working in executive search, manpower planning and skills development. In every meeting there was reference to the challenges around the implementation of the current Apprenticeship Act.

**General**

The government is very interested in promoting apprenticeships for youth employment and has made significant investment in training/learning activities. The amount of resources being put into this area is not to be underestimated. They are viewing other countries' systems and programmes and want to replicate those that are working. They have a target of training 350 to 500 million people by 2020. When questioned on this number, which was mentioned by numerous persons interviewed, it was stated that it was based on a forecast by industries and companies of requirements for skilled labour. When there was mention of the ILO figure of 75 million of current youth unemployed, it did not have the same impact as it did in Germany and the UK.

One company mentioned that in India, only external parties could bring all the stakeholders around the table. There is a great deal of respect for international organizations, given their neutrality, outreach to all countries and the integrity of their data. The ILO brand commands respect and there is an acceptance of norms/standards set by the organization. This would be an important issue to consider if the Global Network were to facilitate the sharing of good practices and coherence on standards. Several times Indian heavy metal private sector companies praised Japanese and Korean companies for having excellent training programmes. They also stated that these companies encouraged international cooperation through their sharing of good practices. There was also mention of joint Swiss/Indian certificates.

It was recognized that it is important to promote apprenticeships, as the concept is not positively viewed in India by parents (who influence student's choices on careers) and students. Positive stories from other countries would be welcomed. It was even suggested that a Bollywood movie star could be a "champion" for apprentices and engage in a publicity campaign.

**Retention**

Eventual employment for apprentices in the companies where they trained was not always forthcoming. In one parastatal, they explained that they took the number of apprentices they were required to take on by law. However, once they completed their apprenticeships only 5 to 10 per cent were offered jobs. Nevertheless, these same apprentices often found employment in the private sector or many (approximately 95 per cent) moved to work in the Middle East. In this same company, they took on a limited amount of graduate interns in engineering and employed nearly 100 per cent after completion of their workplace training. They mentioned that it would be beneficial if the apprenticeship system, at all levels, was driven by employers.

## Legislation

The Apprenticeship Act of 1961 is the current Indian applicable regulation around the employment of apprentices. It is outdated and is an obstacle to the employment and promotion of apprentices. The participants in every meeting voiced their frustration about the Act and the lack of urgency on the part of the government in modifying this outdated regulation. The revision has been discussed for some time, and federations, industry groups, etc. are involved in voicing their opinion on the revisions to the Act. It was understood that it would be sometime before the Act is revised. There are numerous clauses in the Act that need revision but some of the more pressing issues are the following: to completely remove a clause that includes penalties, fines and imprisonment of employers of apprentices in certain circumstances; to remove the government regulation on the number and ratio of apprentices in trades and regulation of new trades; to remove the compulsory requirement of employers for in-house training centres; and to revise the stipend amount for apprentices, which is approximately rupees 1440 to 2600 per month<sup>11</sup>.

The current apprenticeship Act is limited in its application and mainly applies to “blue collar” jobs. Due to this limitation, much of the training and dual system learning is being performed outside of the apprenticeship scheme. Many companies are quite content that their programmes fall outside of this category, and as a result, fall out of the application of the Apprenticeship Act regulations. The IT industry has enormous training programmes but they are not part of the apprenticeship programmes. Others feel that if they were to join the Global Network, the Indian definition of apprenticeship is too limited and it should also include internships and traineeships, which are in some way “higher level” apprenticeships. They are key in the employment of youth. There are many excellent examples of training programmes within companies in the various sectors at all levels, including graduate and diploma level.

## Questions around the company apprenticeship programmes and the mandate, activities and membership of the potential Global Network

In India there is not one integrated system for apprenticeship programmes. It currently falls under different ministries and there are four categories of programmes, namely: trade, technician, vocational and graduate. As there are many categories falling under different jurisdiction, building a consensus is challenging. This is one of the reasons for the delay in revising the Apprenticeship Act as well building a consensus among the social partners. The government is very much involved in the regulation of training centres and the rules on employing apprentices. The application of the current rules on apprenticeships varies. The public sector and parastatal bodies state that they are following the rules and taking on the required amount of apprentices. However, due to the lack of oversight and controls, the private sector, although compelled by law, does not take on the required number of apprentices. (This was not mentioned by the private sector but by the public sector colleagues.)

The stipend amount is well below what it should be. This is one of the reasons why there is a shortage of apprentices. Most large companies mentioned that they pay an additional 3 to 5 times above the required stipend amount to apprentices. Some companies mentioned that benefits such as housing (particularly in Mumbai where rents are very high) should be considered in the compensation packages of apprentices. The government pays for part of the basic stipend in some categories of apprentices. The revision of the Apprenticeship Act will hopefully encourage more cohesion and promote rather than discourage the use of apprentices.

There were several large companies that were interested in joining the Global Network but they stipulated that it must make business sense. The large multinationals would want access to data and would want to hear from other businesses, in particular the challenges in finding skilled labour in markets outside of India. With the idea of sharing good practices, it was also important to share

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<sup>11</sup> Indian Apprentices are approximately between 18-25 years old, train between 6 months to 4 years depending on type of apprenticeship and cover over 300 trades.

lessons learnt, including failures in setting of programmes in other countries. There is interest in having access to training programmes already developed by companies in certain industries.

Any data on ROI on apprentices would be useful, as it would build the business case for taking on apprentices. The current system is being driven by the social need to address youth unemployment and is not being industry driven. It should not be seen as CSR activity but a need for skilled labour that will subsequently increase business and create more jobs.

Many do not see taking apprentices as a good business practice and many view it as the responsibility of the government to train and subsidize all the training costs related to apprenticeships. Others feel this attitude needs to change.

In India, it is taking an enormous amount of time to set up standards for industry skills or professional requirements for certification of an apprenticeship. The automobile sector, which is very organized, raised frustration at the amount of time it takes to get government approval. Having global standards and/or benchmarks by profession would be a great benefit for companies and something several companies raised as an output and/or deliverable of the Global Network. German companies working outside of Germany also mentioned this. It takes an enormous amount of time to develop and define these standards by country and subsequently receive the approval by the relevant bodies. A proposal would be to have something similar to the International Baccalaureate but for apprentices. There would be a recognized international certificate for apprenticeships in certain professions.

It was suggested that one of the activities of the Global Network could be the running of pilot projects, by sector, to document practical solutions in implementing new apprenticeship programmes etc.

While membership fees did not seem to be an issue the time commitment of CEOs was often raised. It was suggested that there should only be 3 to 4 meetings a year and that they should be by video conference. One mentioned that the fee should not be set in Swiss Francs.

While many mentioned CSR as being important, it was felt that having skilled labour was a human capital issue and therefore the focal point for the Global Network would be the CEO or as a replacement the Director of Human Resources.

India is an example where, if the Global Network were to be established, a national Network would most probably be established rather quickly. There is very good collaboration between the federations and the ILO office in New Delhi and this could facilitate both a global and national Network for apprenticeships.





## 4. Argentina

An introduction was made to the Union Industrial Argentina (UIA) and through them various associations and companies were interviewed. Initially, there was an intention to visit Buenos Aires and Cordoba. Since most of the companies in Cordoba had representation in Buenos Aires, the visit to Argentina was only to Buenos Aires from 11 to 15 March 2013. Federations, associations, government officials and the following industries were interviewed: pharmaceuticals, consulting, food (manufacturing and service), automobile, telecom and construction.

### General

Businesses were consistently referring to the difficult times that companies have had over the last few years. The automobile industry was the only one that spoke of growth. More emphasis was put on regional trade and commerce rather than on national issues and Brazil takes the leading role in their trade decisions. The automobile industry is profitable due to their exports to the Brazilian market. On numerous occasions it was mentioned that Brazil had:

- better apprenticeship programmes
- would need to be involved in any Global Network
- decisions by large multinationals were referred to regional Headquarters in Rio or San Paulo.

### Workplace programmes

While all representatives are very interested in training and youth employment the term “apprenticeship” has various interpretations and is not clearly understood. Learning and the dual system encompasses programmes such as internships, traineeship and apprenticeships. It was mentioned that if the underlining issue is to train and employ youth, there needs to be flexibility and other workplace programmes need to be included in the mandate of the Global Network.<sup>12</sup>

### Legislation

The legislation around apprenticeships has been recently modified. While many companies are not comfortable with the new legislation, they recognized that there was a perception that the previous legislation led to some exploitation of youth. One company mentioned that they were still dealing with legal cases from many years ago in connections with apprentices. For this reason, this same company that employs a large number of youth, only issue employment contracts and offer training while on the job.

### Mismatch of skills and manpower planning

In Argentina public university is free and it is one of the countries with the highest level of participation in higher education. The attraction to higher education transcends all classes and there seems to be a high concentration of degrees holders in the areas of the humanities and social sciences – where there seem to be few jobs. And yet the competition for IT talent is fierce, with one company struggling to find engineers with specific analytical skills. As the talent pool in the IT area is so low, this leads to employees being poached by other companies. Companies with R&D departments are interested in building partnerships with international think tanks and universities to strengthen their talent pool.

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<sup>12</sup> In Argentina, apprentices/interns are aged 16-28, with their apprenticeships/internships having a duration of between 2 and 12 months, with possible extension of an additional 6 months.

There is a need for better data on manpower planning so that students are well informed when they are entering university of their potential career prospects.

### **Vocational training and social partners**

The weakness in vocational training institutions contributes to the fact that large companies have their own training centres and programmes. Other companies that use public institutions pay for the equipment, as the public institutions have outdated equipment. The automotive sector, which depends highly on the SMEs in its supply chain, mentioned that the number of SMEs have decreased due to the financial crisis and those that are still functioning have employees that are not well trained.

It was mentioned that trade unions are very important social partners and one company stated that it was important to keep them informed of this initiative.

### **Other partnerships**

There are many programmes targeting disadvantaged youth and school dropouts. These are mainly under company CSR programmes.

There were public-private partnerships mentioned that could be useful to be aware of in order to avoid duplication of efforts: Inter-American Development Bank (IDB)/Multilateral Investment Fund (MIF) partnership New Employment Opportunities (NEO) Walmart, Caterpillar, Microsoft, Cementos Mexicanos (CEMEX) and Arcos Dorados initiative (to train one million youth in the region and USD 30m committed), Ministry of Labour (MOL) programme on encouraging formal employment along value chains and Youth for the Future.

### **Questions around company apprenticeship programmes and the mandate, activities and membership of the Global Network**

While companies and associations are very interested and committed to learning and the dual system, due to current legislation around apprenticeships, many find it easier to simply employ youth and train them on the job with a regular employment contract.

Companies have various training programmes at various levels including at the graduate level. Some companies are investing a great deal of resources in these training programmes but many staff and/or trainees are leaving to go with other companies.

One company that attracts a large number of part-time high school and university students has a 60 per cent turnover and states they train students for their second job.

There are new partnerships being set up between universities and companies to address the need for skilled labour. (One company has negotiated its own public-private partnership with a university). There is a need to improve and address current youth weaknesses in social, presentation and analytical competencies and in math, IT and science skills.

One company, requiring young employees, as its industrial products are designed for young people, is in serious need of engineers, business analysts and IT programme developers. This company is struggling as its young employees leave their company to go to other companies for a minimal salary increase. It was generally observed by this company that youth are not committed and change employers too often in Argentina.

Concerning the mandate of the Global Network, one consistent issue for every company, is the importance of sharing and having information on other countries' policies and tax incentives.

This information should be used as a catalyst to influence the government to modify the current applicable legislation on apprenticeships. These changes would increase companies' commitment and participation in apprenticeships programmes.

There is a lack of communication and coordination between the schools and employers. Hence, students and trainees are not acquiring the skills employers need or want. It was stressed that it is important to bring the various groups around the table to address these issues. This may be addressed not only through federations or associations meeting with parties but also through a national Network.

The sharing of good practices is welcomed but also the setting of standards by professions and a global agreement on the exchange of students/apprentices from different countries is highly desired. The example given by an international company is – its need to have an exchange of students to create an environment of innovation and creativity. However, due to the different systems, students do not receive credit for work-study in another country in Latin America whereas in Europe they do. This is especially important for companies involved in research and development.

It is important to improve the status or image of apprentices and manual workers. There is some progress on this due to the collaborations between the federations and government, but more needs to be done to attract youth to certain professions.

While membership fees were discussed, given the current economic climate, it was stated that it should be a reasonable amount. SMEs should be represented either on their own or through the federations representing them.

While a Global Network is welcomed, it was stressed that on the ground implementation is just as important and this could be addressed through a regional Network at perhaps the MERCOSUR level.



## 5. South Africa

There were visits to Pretoria, Johannesburg and Cape Town from 11 to 15 March 2013. IOE made the introduction to Business Unity South Africa (BUSA). Federations, associations, government officials and the following industries were interviewed: retail merchandising, furniture manufacturing, finance, logistics, audio visual manufacturing, health insurance, steel, training providers and call centres. The focus in many meetings was on the post-apartheid system and the challenges around implementation. Reporting, the 1 per cent levy and the functioning of SETA's were mentioned numerous times.

### Specific definitions in South Africa related to Artisan Training:

**SETAs:** Sector Education and Training Authorities – These 21 skills councils (recently reduced) were set up in 2000 to address the need for skills development. Through the use of the levies paid by companies, SETAs develop skill plans, promote learnership and disburse grants to companies that implement workplace skills training.

**Artisan:** means a person who has been certified as competent to perform a listed trade in accordance with ACT (Skills Development Act). Apprenticeship means a learnership in respect of a listed trade, and includes a trade test in respect of that trade.

**Recognition of Prior Learning (RPL):** the assessment of skills knowledge and capability currently held by a person, regardless of how, when and where the learning occurred.

**Further Education and Training (FET):** formerly technical colleges and currently post-school institutions for vocational training

### General

Companies discussed their work place training programmes and used various terms for apprentices – i.e., artisans, learnership, trainees and interns. For the purpose of simplification the term “learnership” will be used throughout this section and it refers to the different categories of work place trainees. It should be noted that a learnership is:

- shorter than apprenticeship
- always involves a completion of a qualification
- is available in a wider range of occupations rather than the typical blue-collar trades of apprenticeships
- does not involve employment but always involves work placements.<sup>13</sup>

High unemployment in South Africa is considered by government and companies a serious issue and is referred to as a “ticking time bomb”.<sup>14</sup> While things have worsened with the global financial crisis, many of the problems linked to unemployment were present well before the financial crisis. Most companies mentioned that the South African unemployment problem is a socio-economic problem that has and will have serious consequences on the life of people, with crime being one of the biggest factors.

<sup>13</sup> In South Africa, apprentices' salary is set by contract between the SETA, the company and the apprentice. Apprentices are aged 15 years and up – (with no limit up to 50 years old), depending on the type of apprenticeship. The duration of the apprenticeship is from 6-20 months.

<sup>14</sup> Possible Futures for the Indian Apprenticeship System, interim report ILO and World Bank, Salim Akoojee, p147.

The post-apartheid period has brought about many good initiatives that try to address the inequality and lack of broad based skills development. The base for reform is well grounded and companies recognize these initiatives are much needed. The Broad Based Black Economic Empowerment, 1 per cent levy (based on 1 per cent of payroll costs) on companies to subsidize education and training and GRI reporting, are good examples of policies measuring diversity, inclusion and development of a skilled workforce. Government has set up SETAs, and greater emphasis has been put on training disadvantaged and marginalized groups, which includes emphasis on diversity in geography, race, class, age, gender and those with health disabilities. Some of these programmes and initiatives could be very interesting to share on a global stage, as every company and country is looking to improve the diversity of their workforce. While these initiatives are well grounded, it was agreed by both the private and public sectors that there remain huge challenges in the implementation of these programmes and policies.

Companies mentioned that they are obliged to report on their progress in diversification of their personnel and their investment in the development and employment of trainees. It was implied that the fact that companies are required to report on progress, had led them to implement policies more rigorously and increase accountability. The reporting has an impact on their receiving grants and funds. In the case of GRI reporting, it is a prerequisite for being on the South African stock exchange.

### **Vocational Training**

In vocational schools, many mentioned that the trainers did not possess the required skills and were missing on the job experience, which is required to train students in vocational/technical schools (this was also mentioned in Turkey). Some SETAs are bringing employers and training providers together to address this problem. As a result, private sector companies are offering training and mentoring to technical lecturers in technical institutions.

The students, who are entering the workforce, are not well prepared, as the educational system is not producing graduates with the required language, math and social skills. This is linked to the fact that many of the teachers have not had the required teachers' training. Many companies are addressing this issue by what they call "bridging the gap". They try to teach these basic skills upon entry to a learnership or employment.

The government in 2009 restructured the Department of Education and separated it into two groups: Department of Basic Education and the Department of Higher Education (DHET). With this division the latter department is putting emphasis on strengthening vocational training, referred to as Further Education and Training (FET) college sector. The DHET is reviewing the roles and responsibilities, strategy and functions of the SETAs.

### **Increasing and impact on youth employment**

The government is trying to encourage businesses to take on more apprentices. They are reviewing and discussing with employers various incentives including tax deductions in order to increase the number of learnerships. However, without economic growth this remains a huge challenge. According to the Finance Minister, SMEs (companies with fewer than 50 employees), account for 68 per cent of private sector employment. However, SMEs and the informal sector remain daunting for SETAs and government, as they are not easy to reach.

### **Advocacy**

The country is running a PR campaign – the "Year of the Artisan" to raise awareness and encourage youth to move into certain artisan professions. As in other countries, South African parents aspire for

their children to attend university and do not view vocational training and artisans at the same status as university graduates. The term artisan is also linked to the apartheid era and still has a negative connotation for some.

## SETAs

The general impression based on a limited visit to a skills council, i.e., SETA, was very positive and they seemed structured, organized and focused on bringing the public and private sectors around the table to discuss skills development. The setting up of the SETAs was considered a very good initiative; however there remain challenges in the SETAs. Many companies consider them as being:

- ↘ inconsistent in their delivery
- ↘ not producing the skilled labour required
- ↘ perceived as being overly bureaucratic
- ↘ lacking good governance.

One example given indicated a lack of accurate information for youth and schools on future jobs, trends and economic growth. As the SETAs were not able to deliver accurate information, employers may be asked to gather this data. It was also mentioned that there is a perception that the issuing of grants to employers by SETAs, which is linked to training and learnerships, is inconsistent and not always fair.

## Staff Retention

Many young people change jobs frequently – knowing very well that there is a risk, given the shortage of jobs to be re-employed. Retention of staff is a very serious concern for employers as they invest in the training of staff but never see the return on their investment. They are constantly retraining new employees. Nevertheless, people, who leave, often return after being unemployed or having jobs in other locations. Middle level management jobs pose a particular challenge for employers, as many young people lack the maturity and correct attitude, and need serious coaching prior to being fully productive. In addition, it is particularly difficult to find qualified middle managers outside of the main cities.

One company explained that it struggles to find skilled labour to work in call centres. This area also suffers from high turnover. A high school education is required for entry to work at a call centre, but in some parts of the country a college degree is the normal background level. This is linked to the fact that there is a shortage of jobs in certain geographical areas and this remains a huge challenge.

## Mentoring

One global South African company, with operations in various countries, spoke about its frustration in finding and retaining labour in South Africa. In its experience, in its operations in Germany – apprentices were more mature and felt more content in their jobs. This company connects this to the support and mentoring that German apprentices received during their training. The example that apprentices meet with other apprentices in different companies make them appreciate their profession, bring their work expectations closer to reality, as a result have better work satisfaction, and hence are more productive. It felt that one of the biggest weaknesses of the South African system is the lack of support and mentoring that apprentices/learners receive. A very successful company CSR activity was mentioned where its employees are requested to volunteer for a particular

cause; the activity is met with great enthusiasm. It was suggested that the importance of civic duty or volunteering in the South African is inherent to the culture and if there was a way to build on this positive cultural aspect and incorporate this into the mentoring and supporting of apprentices/learners – this could be very beneficial to apprentices/learners as well as to companies.

### **Other related partnerships**

There were various CSR programmes mentioned by companies, where they are involved in activities that assist in the educational development of the local community. One company sponsors and pays for disadvantaged women to attend university. The women subsequently work during the summer for the company. Also, there was mention of individual companies working in partnerships with universities to address the skills shortages.

### **Questions around company apprenticeship programmes and the mandate, activities and membership of the Global Network**

It is legislated that companies must take on learnerships. All the companies interviewed stated they complied with this ruling but the subsequent employment of these trainees was not always forthcoming. The learners are trained in either private or public training institutions. Most companies prefer to use private training providers as the level of training is considered of a higher standard. However, the government is promoting the growth and use of public sector FET colleges. Learners receive a stipend and the government, in consultation with social partners, regulates the amount.

The sharing of good practices is an important issue that many considered should be a part of the mandate of the Global Network. They are particularly interested in hearing from other companies in emerging and/or developing countries their stories in addressing the need for skilled labour and their challenges in setting up of subsidiaries in other countries. There is a need for sharing of different countries' funding models and training curricula. Businesses stress that information should be presented in business language and should be concise.

Given South Africa's outreach to its African neighbours for trade and business, it was mentioned that it would be interesting to have a harmonization of policies and practices and possibly an "Inter African Accreditation" or some global standards for coherence across countries. This would facilitate the exchange of students from different countries and alleviate duplication of efforts in defining skills, certificates, standards etc. In addition it would be good to have comparative data on economic growth and demand for labour in neighbouring countries. South Africa is losing good middle-level managers to other countries due to more favourable compensation packages.

In the service sector, including banking and finance, they are struggling with an image problem and many learners in this area do not want to be called artisans or apprentices or learners. The artisan/apprentice correlates to blue-collar workers and not white-collar jobs. Companies in this sector would like to have information on good practices and hear about the experiences of companies in other countries, e.g. Switzerland in advocating and promoting for more learners to the financial sector.

The Global Network should assist companies in building partnerships with institutions within the country. There is a need for better coordination between the colleges, institutions and employers. Some felt that there is not enough trust between business and government and that the Global Network and/or a national network could share good practices on how other countries establish successful public-private partnerships – where business and the public sector work together to address such issues as youth employment and skills development. This would also have a positive impact on influencing public policies.

While many were willing to pay membership fees, one had concerns about the contribution in foreign currency. It was stated that the fee should not be based on WEF contributions.

Most companies looked favourably on joining the Global Network. One company however, mentioned since it already pays taxes and a 1 per cent levy – the SETA should join the Global Network and represent companies. One staff member of the SETA mentioned it would be interesting to have regional Network for Africa.



## 6. Turkey

There were visits to Istanbul and Ankara from 25 to 29 March 2013. IOE made an introduction to the Turkish Confederation of Employer Associations (TISK) and they subsequently arranged meetings. Federations, government officials and the following industries were interviewed: truck and agricultural machinery manufacturing, consumer goods, finance, food manufacturing and retail, bus manufacturing, automotive, glass manufacturing, telecommunication and electrical appliance manufacturing.

### General

The key priority of both private and public sectors is Turkey's preparedness in meeting the requirements to join the European Union. According to TISK, 46.3 per cent of Turkish exports are to EU and 38.9 per cent imports are from the EU. Second place – 28.5 per cent of Turkish exports are to Islamic countries and 16.5 per cent imports are from the CIS countries. In the discussions with companies there was often mention of collaboration, projects and work (construction of buildings) between Turkey and CIS countries.

The economy of Turkey is currently highly dependent on the economies of European nations. The economic uncertainty and turmoil in Europe has had consequences for Turkey, as Europe is the main source of FDI. Companies mentioned that while EU membership is very important, they are diversifying and looking to other markets. As Turkish companies expand internationally, they see opportunities in neighbouring CIS countries. Job creation in other countries is also of great importance.

### Apprenticeship

The Turkish system has its roots from the German apprenticeship system. During the Ottoman Empire, an artisan was known as a “golden bracelet”, as it was highly regarded and led to many job opportunities. This is no longer the case. The government and companies are trying to bring the status back to apprenticeships.

There is a well-established legal structure with applicable legislation around apprenticeships. The companies are abiding by the law in implementing the legislation that requires companies with over 50 employees to have an apprentice. The wages cannot be less than 30 per cent of the minimum wage and the government pays social security benefits and insurance.<sup>15</sup>

### Vocational training

The standard and quality of vocational training institutions is a challenge. This is due to the quality of the teaching and very dated equipment used in the schools; this has led large companies to set up their own training programmes. In the telecom sector their equipment is changing constantly, e.g. the use of fibre optics was mentioned as being very important and required certain skills. As the schools do not have this type of equipment, students are not properly trained. It was mentioned that vocational training schools focus on the theoretical aspects of training rather than on the practical training. It was felt this was a result of inadequate on-the-job training that the teachers had received.

In the heavy metal industries, as in other countries, they have their own training centres and are well organized. Many are training their potential suppliers and dealers in their training centres. Turkey is known for the manufacturing of buses. Unlike car manufacturing, which depends on robotics, bus

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<sup>15</sup> In Turkey, an apprentice' salary is not less than 30 per cent of the minimum wage. Apprentices are aged 14-18 years but can continue beyond this age. The duration of apprenticeships is 2-4 years.

manufacturing is labour intensive. It takes 100 man-hours to build a truck and 1,000 man-hours to build a bus. Given the relatively cheap labour in Turkey, companies are building their buses there. This industry mentioned that they require specific professionals, e.g. welders and painters, which they cannot find. It was also highlighted that during the apprenticeship period, greater emphasis should be placed on soft skills, such as teamwork, coordination and working together as these are essential in bus manufacturing.

### **Advocacy**

There is a need in Turkey to advocate, promote and raise the status of apprenticeships. There needs to be a sharing of success stories to change the attitude towards vocational training and apprenticeships. Currently, there is a view that these are “blue-collar” jobs and thus at an inferior level. Academic and university degrees are considered a more desirable path for youth. As a result there are not enough young people attracted to these professions. In one company it was mentioned that there is a need for electricians, but there are too few attracted to this profession. The company is obliged to hire electrical engineers who are over qualified. The engineers have high expectations and as result are frustrated with their tasks. This leads to a demotivated and less productive workforce with lower retention and subsequently higher costs for the companies.

### **Staff retention**

There is a sense that in the heavy metals industries there is a bond created during the training period and once employed – staff remains loyal to their company and rarely move to other companies. There was also mention that given the automobile industry has “well established brands” this was also a factor for youth to remain with these companies. The food industry (as in Argentina) stated they have a serious problem with staff turnover. There was one example given that youth often move to the south during the summer months when tourism is at its peak and jobs in the service and restaurant sectors are plentiful.

### **Manpower planning**

It was mentioned numerous times that there is a lack of coordination between vocational schools, government and employers in manpower planning. Students are being trained in the fields where there are no jobs. It was mentioned that there is a need for welders, painters, electricians, doctors in health and safety (given the new requirements of having doctors per number of staff in factories) but there are few candidates in these fields. There was mention of an EU project that is addressing this issue. In addition, the geographical location of schools and industries is not ideal. Parents are reluctant to have their children, especially girls, physically relocate for jobs. There is a need for good reliable data to inform and influence career decisions.

### **Diverse workforce**

Many spoke about the various incentives and projects they have in trying to attract women to certain professions. Women are more often employed in white-collar jobs; it is very difficult to attract them to blue-collar manual jobs. In one factory they have open days where they invite people from the local community to visit their factories and meet with the personnel. They try to meet especially with parents of girls, in order to encourage them to have their daughters participate in their apprenticeship programmes. They stated that parents needed to trust the company in order to allow their daughters to join the company. There is an outreach to the rural areas where the educational standards are not as good as in the cities and where many disadvantaged youth reside.

### **Other related partnerships**

In numerous meetings, there was mention of the “Vocational Education: a Crucial Matter for the Nation” project, initiated by Koç Holding. It aims to advance the skills and competencies of the younger generation, especially in vocational-technical training programmes. In addition, they want to improve and increase youth employment and to reach EU standards in technological developments, competitiveness, and entrepreneurship. With the support of the Vehbi Koç Foundation, some 8,000 vocational school students from 262 schools in 81 provinces have been provided with internship-aided scholarships, along with mentoring and personal development opportunities.<sup>16</sup>

### **Questions around company apprenticeship programmes and the mandate, activities and membership of the Global Network**

Concerning the mandate of the Global Network, the issue most mentioned by companies was that if they were to join there should be a “commercial interest” or business case for them to join. They would want to know which companies joined prior to them joining. While it was important to learn from others, they felt that many companies were coming into Turkey and it might be useful for them to learn about the Turkish system of training staff prior to setting up an operation. The eventual visibility and promotion of Turkish companies on a global stage would be useful and of commercial benefit. Information was key and access to new ideas especially innovation would be important. There should also be a direct exchange of ideas; blogs and other social media should be used to include youth in the dialogue. Given Turkey's outreach to its central Asian neighbours for trade and business, it was mentioned that it would be interesting to have a regional network. Concerning this region, it was mentioned that it would be useful to have data on available workforce by industry and profession for each country in the region. TISK is interested in assisting on an eventual national Network.

Great importance is being given to meeting EU standards. Each sector is currently writing their standards for certification by sector and profession. This is an enormous task and any assistance by the Global Network, could be of interest to Turkish associations. It was mentioned that the free flow of people throughout Europe, including Turkish nationals, was a priority. They wanted to ensure that the European standards were met in order to give more opportunities to Turkish youth in order for them to work outside of the country.

The Global Network should assist companies in building partnerships with institutions within the country. There is a need for better coordination between the colleges, institutions and employers. This could also have a positive impact on influencing public policies.

Membership fees were not an issue provided the Global Network had a business/commercial value to them.

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<sup>16</sup> <http://www.koc.com.tr/en-us/activity-fields/projects/vocational-education-a-crucial-matter-for-the-nation>

PART V

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ANNEXES

## Annex 1 – ILO Letter of Mr José Manuel Salazar–Xirinachs



International Labour Office  
Bureau international du Travail  
Oficina Internacional del Trabajo

9 January 2013

Dear Sir/Madam,

The International Labour Organization (ILO) is conducting a feasibility study to explore options for developing a Global Business Network on Apprenticeships for Youth Employment. A series of highest-level fora at the ILO, UN and other international institutions have painted a consistent and dismal picture of the state of youth employment. The figures speak for themselves: young people are **three times more likely to be unemployed** than adults and **75 million youth worldwide are looking for work**. In this crisis, increasing notice is being given to the fact that youth unemployment rates have the slightest differential above adult ones in those countries that have high quality **apprenticeship** systems. Informal contacts with high-level business leaders have raised interest in the creation of a network that could extend the business case for increasing apprenticeships and expanding their role in workplace training and employment of young people.

The proposed rationale for this network could be to (i) take concrete steps to secure a skilled workforce for the future, (ii) commit to offer high quality apprenticeships, (iii) strengthen cross-border exchange of experiences between companies and encourage the development of apprenticeships, (iv) engage with vocational educational training institutions to improve curricula and (v) influence public policy.

The purpose of the feasibility study is to gather information from businesses about their current apprenticeship programmes and to seek their views on how an international network could be valuable to them. On the basis of information and experience collected from businesses and other interested parties in selected sectors and countries, we will seek to define the mandate and objectives of this network, identify the types of services that would be valued, ascertain the possible degree of commitment of potential members, and examine options for the network's governance structure and viable financing mechanisms. In this regard, we seek your input to the attached document that proposes principles and pledges for companies and business organizations to consider and commit to action.

Ms Shea Gopaul, as a senior business consultant, will be leading this feasibility study on behalf of the ILO; she is working in close collaboration with the International Organization of Employers (IOE). She would appreciate the opportunity to have an initial discussion with your company and seek your input to this project.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jm Salazar-Xirinachs', is written over a light grey circular stamp.

José Manuel Salazar-Xirinachs  
Executive Director  
Employment Sector

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## Annex 2 – Draft Core Principles or Pledges For Action

### **DRAFT CORE PRINCIPLES OR PLEDGES FOR ACTION**

The following simple but powerful action-oriented pledges are proposed that companies and business organizations may commit to action:

- 1) Strengthen the commitment and visibility of the company's workforce engaged in apprenticeships and mentoring programmes as part of the company's human resource development strategy.
- 2) Engage and establish partnerships with education and training institutions to ensure that the education and training programmes better respond to present and future demand for skills (technical skills, as well as soft skills) address skills mismatch issues and also raise awareness of entrepreneurship.
- 3) Share the good company practices in the area of apprenticeship, mentoring and on-the-job training.
- 4) Encourage a network of committed companies at the global and local/national levels, to support effective knowledge sharing, action programmes and partnerships and to scale up international cooperation to this effect.
- 5) Advocate for apprenticeships with governments to influence national policy frameworks and public policies and programmes on apprenticeships and skills for youth employment programmes.
- 6) Work at the national level with employers and workers organizations, and all relevant ministries, to bring these pledges to scale and create real and measurable results on the ground.

### Annex 3 – Table on interviews by country

Country	Days in countries	Cities	Interviewees	Comments
United Kingdom	3	2	12	
Germany	5	2	13	
India	8	3	22	
Argentina	5	1	12	
South Africa	5	3	16	
Turkey	5	2	15	
Other, Washington DC, New York, Pittsburgh and Geneva	NA	4	32	Meetings with Universities, associations, executive search, manpower planning, heavy metals, NGOs, ILO and other international organizations
<b>Total</b>	<b>31</b>	<b>17</b>	<b>122</b>	

## Annex 4 – Financing Options

This table indicates options for requesting membership fees with the intention of the secretariat being self-financed. The options mentioned are not mutually exclusive. There could be a combination of membership's fees and donations from bilateral groups and/or foundations. The main costs would be staffing and the IT platform of the Global Network, creative solutions such as, pro bono work, secondments and loans and sharing of platforms could be considered.

Method	Explanation	Examples	Comments
<b>Flat fee</b>	All members pay a set amount	Disability Network \$10,000. <sup>17</sup> GOSH and GIRN both CHF 5,000.	The amount should be based on the budget and expected number of members. Due to currency fluctuations, the amount should be set in CHF as main expenditure items will be CHF.
<b>Fee based on sales turnover and or staff size</b>	Companies pay a fee according people and profit	Federations EFI, FIIC, and Global Compact <sup>18</sup>	These amounts are set with upper and lower limits
<b>Voluntary Fees and Donations</b>	Solicit voluntary contributions, donations from members, aid agencies, federations and foundations  This would include in-kind contributions including partnerships or arrangements, e.g., ILO. Also, arrangements such as supporting events or meetings and secondments.		Members of the Board could be asked to pay XXX to be a member. Seed money could be requested to initiate the Global Network coming from initial founding members and organizations. MNCs could be requested to sponsor XXX number of SMEs in their sector or supply chain.
<b>Fund raising events or unique arrangements including social funds/ bonds</b>	Solicit sponsors and arrange events where there would be a pre-payment or sponsorship to an event	For regional events and gatherings there would be a country and company selected based on their commitment to fund or sponsor the event.	There needs to be a serious sponsor for these activities and guarantee of XXX attendees This can be very time consuming to arrange
<b>Other Pro bono work, secondments, services and venues free of charge</b>	Arrangements with companies and organization for free services and products		One very large company suggested – they could consider sharing their on-line programs. This could be very interesting to offer to paid members. Some consulting companies may assist by offering pro bono work

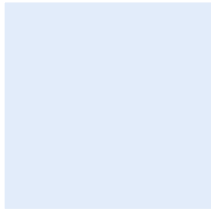
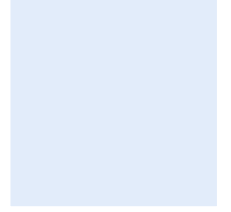
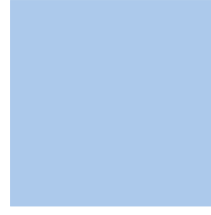
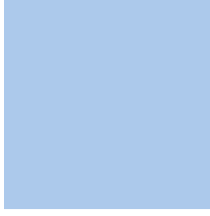
<sup>17</sup> The Global Business and Disability Network have “contributing network members” who voluntarily donate \$10,000 per year; not everyone pays a fee. There are 7 companies listed as contributing network members.

<sup>18</sup> Global compact fees based on annual sales and revenue:

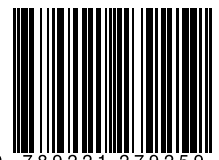
Less than USD 50 million	Any amount
USD 50 million – USD 250 million	USD 5,000
USD 250 million – USD 1 billion	USD 10,000
USD 1 billion – USD 10 billion	USD 15,000
Greater than USD 10 billion	USD 15,000+
“Global Compact Lead “ fees range from USD 10,000 to 65,000	







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