

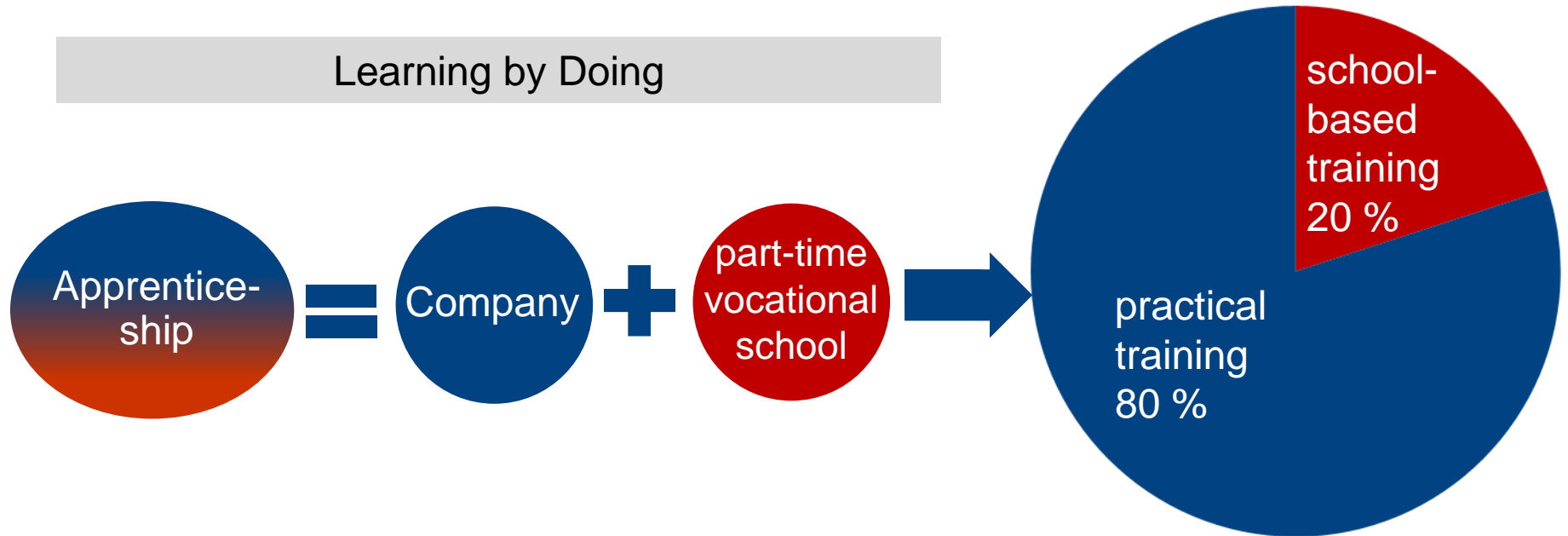
DUAL IVET

INCENTIVE SCHEMES FOR COMPANIES

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Characteristics of apprenticeship training



The apprentice is in a training relationship with his/her company and, at the same time, pupil of an occupation-specific part-time vocational school. Duration usually about 3 years.

Countries differ according to learning time spent in training companies and in schools: AT 80:20 / DE & CH 60-80:40-20

Why do firms train?

Motivation for apprenticeship training

BASIC: Cost-Benefit-Ratio of companies

Production motive

Investment motive

Screening motive

Reputation motive

Social responsibility

Cost advantages due to apprenticeship training:

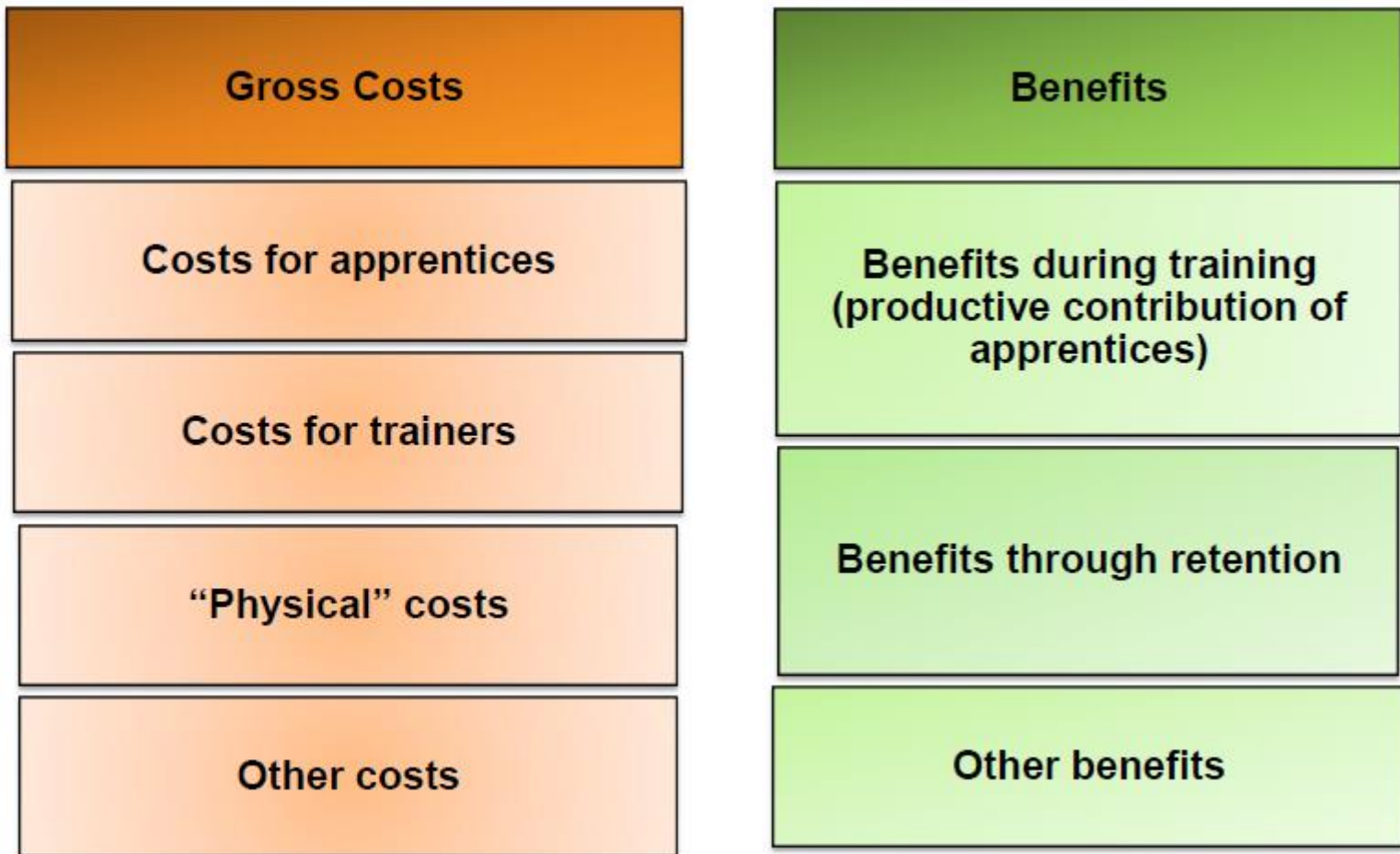
Recruitment costs

Orientation time

Turnover and incorrect choices

Downtime costs due to a lack of skilled workers

COSTs & BENEFITs of apprenticeship training



Source: BIBB presentation

Cost-Benefit-Ratio for companies

Share of training companies with net benefits until the end of training:

AT: 35-40 % DE: 30 % CH: >60 %

Financing Apprenticeship Training in AUSTRIA

Basic Funding Scheme

Training company

Company-based training

Apprenticeship remuneration

The public

School-based training

Subsidies for training company and apprentices

Apprentice

Remuneration below skilled worker's wage level

Productive work for training company



Funding of company-based training

Training company

=> The direct costs of training are borne by the respective training company.

- Apprenticeship remuneration

- Monthly payment for apprentices

- (The costs depend on the sector and apprenticeship year and range from about 400 Euro to 1,500 Euro)

- In the final year, the apprenticeship remuneration is about 80 % of the corresponding skilled worker's wage.

- Non-wage labour costs

- (sickness insurance, unemployment insurance)

- Costs of training at the training company

- Provision of qualified IVET trainers & training equipment

- Funding of additional training offers

- (such as courses, specialist training programmes, etc.)



Public subsidies

Two forms of subsidisation

Direct subsidies

Subsidies for training companies and apprentices if specific prerequisites are met.

Indirect subsidies

The costs of training reduce the company's taxable profit.

Direct public subsidies

Basic subsidisation

1. appr. year

2. appr. year

3. appr. year

4. appr. year

3 appr.
remunerations

2 appr.
remunerations

1 appr.
remuneration

1/2 appr.
remuneration

Quality-oriented subsidisation

- Coaching of apprentices and companies
- Training alliance measures
- Preparation courses for the final apprenticeship exam (FAE)
- FAE taken with excellent or good results
- Repeated admission to the FAE free of charge
- Bonus (of up to EUR 1,000) for companies employing apprentices from supra-company institutions
- Work placements of apprentices
- People over the age of 18 years with qualification deficits
- Equal access of young women/men to different apprenticeships
- Participants in inclusive/integrative IVET programmes
- Measures for apprentices with learning difficulties
- Continuing training measures for IVET trainers

Financed from the Austrian insolvency remuneration fund (a fund financed by companies).

Subsidies of the PES (public employment service AMS)

- Young women in occupations with a low share of women
- Youths who are disadvantaged on the labour market
- Participants in inclusive/integrative IVET schemes
- People who are 18 years old at the beginning of the apprenticeship and whose difficulties of employment due to lack of qualifications can be solved by means of an apprenticeship

These subsidies are financed from funds of the labour market policy budget.

Incentives for apprentices/training companies

Waiving of non-wage labour costs

1st appr. year

2nd appr. year

3rd appr. year

Sickness insurance*

Unemployment insurance*

Accident insurance*



Funding

Training company

Company-based training

Apprenticeship remuneration

Costs per person/year

about EUR 15,500*

*depending on the sector, due to different collective bargaining agreements, and depending on the year of training

The public

School-based training

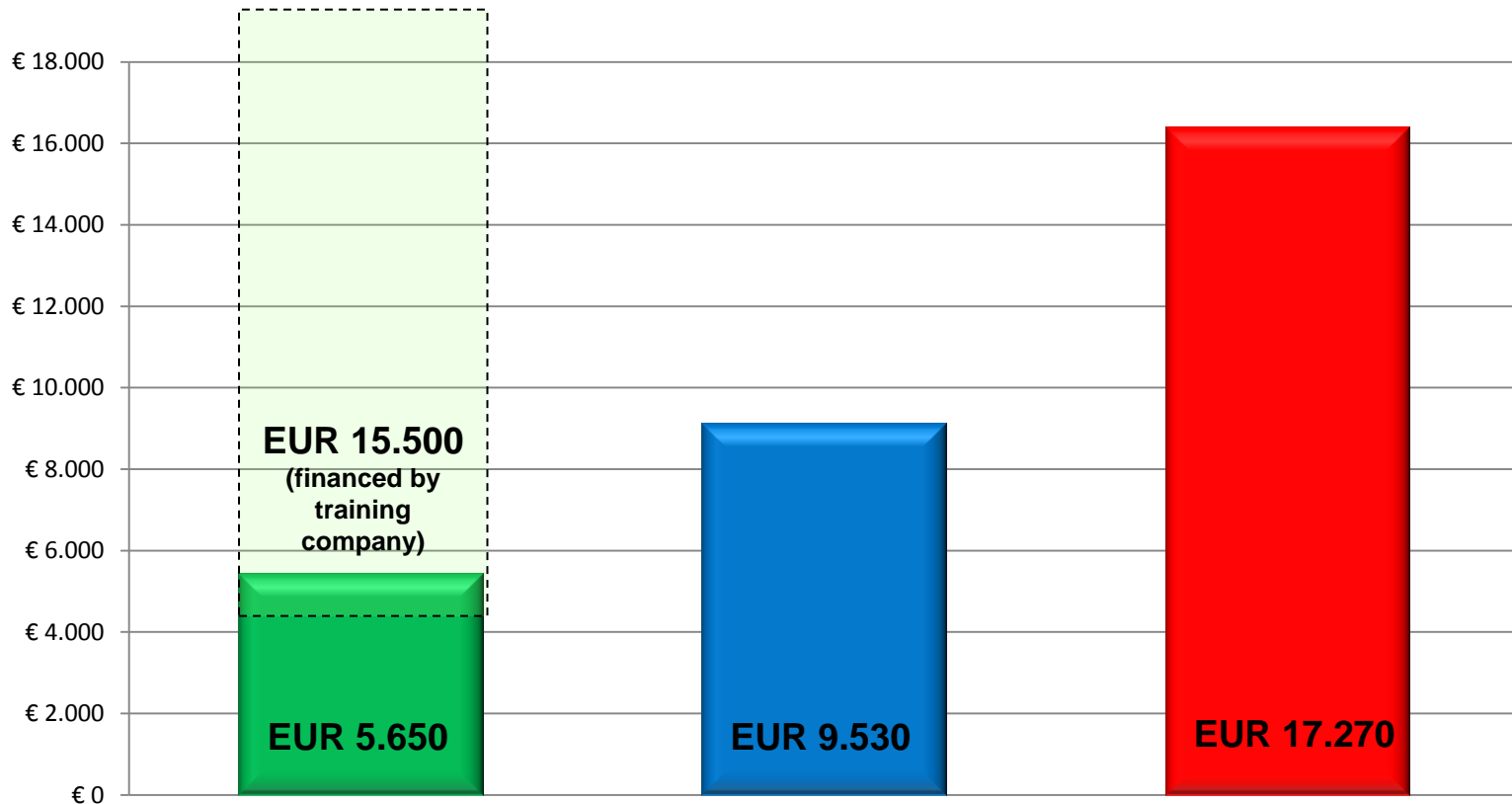
Subsidies for the training company and apprentices

Costs per person/year

Appr. tr.:	EUR	5,650
Supra-c.:	EUR	17,270
VET s./c.:	EUR	9,530

This means that the greatest part of costs of vocational training in the apprenticeship training system is borne by companies.

Cost per student/participant:



**Apprenticeship
(training company
+ voc. part-time school)**

**fully school-based IVET
(VET schools & colleges)**

**ÜBA
(supra-company
training) =>
training guarantee**

Austria, Germany, Switzerland:

- **Core dimension: self-interest** of companies to train
- **No or only marginal share of public financial subsidies**
- **Voluntary sectoral training funds**

What kind of public support?

Adverse effects of high public financial subsidisation to companies:

distortion of demand-led link between training provision and qualification demand

BUT: important and meaningful public support for...

... system governance & quality & responsiveness to change (“institutional capacity”)

... lean administration & „local“ support

... promotion (e.g. apprenticeship scouts, World/Euro Skills) & career guidance

... financing of comp. vocational schools

=> Public support: in kind instead of in cash!

Bliem Wolfgang, Petanovitsch Alexander, Schmid Kurt (2014):

Success factors for the Dual VET System. Possibilities for Know-how-transfer.

Ibw research report No. 177.

http://www.ibw.at/components/com_redshop/assets/document/product/1404280103_fb177_en.pdf

ThanX a lot!