



Employer Investment in Apprenticeships and Work-based Learning: Evidence from England

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EMPLOYMENT RESEARCH



Outline

1. Background

- University of Warwick
- Institute for Employment Research (IER)

2. Apprenticeships in England

- Policy / institutional context
- Recent figures

3. The Fifth Net Benefits Study

- IER research on Apprenticeships
- Approach and previous editions
- Key findings

Background – University of Warwick

Campus university in Coventry, England

Established in 1965

Amongst Top 10 UK universities

Part of Russell Group

Just under 23,000 students

Undergraduates: 13,000

International students: 8,200

Staff: 5,000 in total; 988 academics; 617 researchers



Many international initiatives

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Background -

Institute for Employment Research (IER)

Department within Social Science faculty

Established in 1981

22 research staff - Multi-disciplinary

Research areas:

- apprenticeships, training, vocational education
- labour market forecasting
- program evaluation
- LMI, careers guidance
- Higher Education, graduate labour market

Local, regional, national, Europe, wider

PhD students

Apprenticeships in England

Modern Apprenticeships introduced in 1994

Referring to the publicly funded training programme

Recently has survived Comprehensive Spending Review;
committed to support and expand the programme

Major component of Government's skills strategy:

- Boost national vocational skills supply;
- Labour market entry for young people

Subject to much reinvention, reorganisation and reform

Responsibility of BIS along with DFE. Main organisations SFA, NAS

Developing the evidence base to help support / design changes

Apprenticeships in England (2)

Different levels of provision

- Intermediate Apprenticeship – Level 2
- Advanced Apprenticeship – Level 3
- Higher Apprenticeship – Level 4

Programs are called frameworks and comprise package of training and assessment, on and off the job. Currently around 200 frameworks

Training is provided by colleges, private training providers, employer-providers

Delivery on- and off-the-job; classroom day or block release

Open to any age; entry requirements differ by framework

Apprenticeships in England (3)

Steady increase in the number of starts between 2006/07 and 2009/10; between 2009/10 and 2010/11 there was a large increase (279,700 compared with 457,200 (all ages and levels)

Largest framework groups (according to ILR data) are Business Administration and Law; retail and commercial enterprise

Many apprentices employed by SMEs (up to 250, esp <25) and larger employers (400+)

High level of awareness amongst employers but relatively low employer engagement

Awareness of different programmes varies

IER research on Apprenticeships

Programme of research over past 5 years (and earlier)

Focus on establishing and enriching the evidence base on this form of training compared to other programs/approaches

Mixed methods approach to research

- often using qualitative to help shape quantitative analysis (e.g. survey design; testing relationships)
- and/or using qualitative to enhance and illustrate quantitative

Much work commissioned by the ***UK Department for Business, Innovation and Skills*** (BIS)

Studies on particular sectors, subject areas, types of employer, subject areas

The 5th Net Benefits Study

5th Study in series by IER (latest with IFF Research)

Commissioned by BIS

Field work conducted 2010/11

Study aims:

- To establish general current levels of investment in Apprenticeships and WPL – financial and ‘in-kind’
- To inform funding simplification models and implementation
- To gauge employers’ views on investment and reaction to and impact of planned changes in funding

The 5th Net Benefits Study

Case studies of 79 employers across 8 sectors:

- Engineering
- Construction
- Retail
- Hospitality
- Social care
- Transport and logistics
- Financial services
- Business administration

Face-to-face interviews, collected information on:

- The training / apprenticeship decision
- Structure / content
- Benefits for employers
- Alternatives
- Costs of apprenticeship
- Recruitment and retention

The training decision

Using Apprenticeship / WPL as:

- initial vocational education and training (IVET) – new recruits to the business; typically younger; labour market entrants
- continuing vocational education and training (CVET) – usually existing staff; often older but depends on sector

IVET	CVET
Momentum	Reward employees
New skills, transfer to others	Motivate, build confidence
Recruiting young people	Attract recruits
Skills needs	Reduce staff turnover
Training one's own	Upskill for higher level jobs
Cost-effective, loyalty	
Good fit	
Corporate social responsibility	

The training decision

Choice between WPL and Apprenticeship:

- Inertia
- Sectoral norms
- Legal/regulatory requirements
- Perceived benefits
- Costs
- Role of training provider

The training decision

Taxonomy of employers' training decisions

Training programme	Training recipient	
	IVET to New Recruits	CVET to Existing Staff
Apprenticeship	<p>Sectors with long tradition (e.g. engineering, construction)</p> <p>Sectors with high professional or statutory standards (e.g. finance)</p> <p>Corporate social responsibility (e.g. business admin)</p>	<p>Desire to develop skills of employees, sometimes linked to obtaining professional qualifications (e.g. financial services)</p>
Workplace Learning	<p>Less tradition of apprenticeship</p> <p>Highly sensitive to costs (e.g. social care)</p> <p>Pathway is established alternative (e.g. hospitality, retail, transport & logistics)</p>	<p>Emphasis on accrediting existing skills; employee reward; improve retention (e.g. hospitality, retailing)</p>

Findings by sector

Engineering

Long tradition

Level 2+3 or 3

New employees

Apprenticeships comprise
main route

Long training period
(avg=3.5y)

Net costs (app)

£39,500

Construction

Long history

Level 2, 3, 2+3

New employees

Large component of training;
legacy

Long program (avg: 3.5)

Net costs (app)

£26,000

Findings by sector

Business Admin

Different model

Level 2

New employees

Short programs

(12 months = employment term)

Net costs (app)

£4,500

Hospitality

Shorter history

Level 2

High staff turnover

New/existing employees

Relatively short

Net costs

WPL: £2,000

App: £5,000

Findings by sector

Transport & Logistics

Low training sector

Level 2

Regulation

New/existing employees

Relatively short

Net costs

WPL: £2,400

App: £4,500

Retail

Shorter history

More Level 2

Mixture new/existing

Other approaches

Short programs (1y)

Net costs

WPL: £1,600

App: £3,000

Findings by sector

Financial Services

New to program

Level 2, 3 (+)

Apprenticeships

Net costs

App Level 2: £7,250

App Level 3: £11,400

Social Care

Multiple approaches

Level 2, 3

Regulation, NVQ

New/existing employees (?)

Relatively short

Net costs

WPL: L2 £1,200; L3 £1,200

App: L2 £3,800

Payback period

- Assumes that apprentices stay with employer for sufficient time after completion of training
- Time required for employer to recoup their net cost on training the apprentice
- Period affected by the increase in productivity achieved through completion of training
- In this study, payback period range
 - 9 months (Business Admin, Level 2)
 - 3 years 8 months (Financial services, Level 2)

Sensitivity to costs

Employer reactions to decreased State funding for apprenticeships (increased costs for employers):

- One end of spectrum – continue training as already did but try to find savings
- Other end – reduce training volume; shift to other forms (non-certificated)
- Most were reluctant to shorten
- Reluctant to reduce wages

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