



## **Quality Apprenticeships – What are trade unions doing?**

### **2<sup>nd</sup> G20 Conference on ‘Promoting Quality Apprenticeships’**

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For a number of reasons, apprenticeships, training and skill development as well as the certification of skills have become important issues for trade unions. Historically unions have been primarily interested in the regulation of labour market entry-level training, in particular through apprenticeships. Nowadays, unions seek to address training issues for broader groups of workers. They have acknowledged that not only their members but workers in general are interested in the development, recognition and certification of skills and competences. That has caused unions across different skill formation regimes to focus on the integration of employee voices into training and workforce development by implementing new modes of informal or formal partnerships with management or by strengthening existing union-management cooperation on skills formation.

Trade unions are committed to the vision of high quality apprenticeships as a key element of skills development for the current and future workforce and a decisive pillar of making our economies more inclusive and fair, sustainable and prosperous. By taking account of the differences in institutional settings of national skill formation regimes, trade unions have spread the learning and training message. As outlined in an earlier note to the G20 Employment Task Force<sup>1</sup>, there are a number of principles that must be met in order to ensure that the vision of high quality apprenticeships is realised in a way that is beneficial to apprentices, employing businesses and the society as a whole.

#### **Trade unions as advocates of quality apprenticeships**

The promotion of training, in particular of quality apprenticeships, has become an increasingly important focal point of action for trade unions and workers representatives at the shop floor level. Above all, depending on the institutional design of skill formation regimes, many trade unions are closely involved in the governance of Vocational Education and Training (VET) and apprenticeship systems at different levels. This is the case in 10 EU member states, among them Denmark, Germany, Spain and the UK. Given the fact that VET systems comprise a strong work-based learning component, trade union involvement in VET governance is particularly important.

Trade union involvement in VET and apprenticeship programmes covers a huge variety of activities:

- **ensuring that training programmes correspond not only to the needs of the labour market but also benefits apprentices and learners;**
- **contributing to the development of professional qualifications;**

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<sup>1</sup> Quality Apprenticeships. A Common Approach by G20 Countries. An L20 Note for the G20 Employment Task Force 1-2 October 2012

- **advising on the content of training, both in training institutions and at the workplace in order to ensure high quality apprenticeships and training;**
- **monitoring the quality of work-based training;**
- **negotiating terms and conditions for apprentices, in particular their wages;**
- **providing guidance for apprentices through trade union representatives and works councils;**
- **designing and implementing funding arrangements jointly with employers to facilitate the provision of apprenticeships and training.**

In short, trade unions are contributing in various ways to the success of quality apprenticeships.

Moreover, many trade unions provide specific information regarding the transition from school to work or apprenticeships. In doing so, an extensive use of modern means of communication is utilized, in particular of targeted webpages and Social Media. For instance, the metal workers union in Germany, IG Metall, has a website<sup>2</sup> providing information on all the occupations and training opportunities available in its sector. The British TUC has produced an ‘*Apprentices Toolkit*’ for union representatives, which includes fact sheets on the following issues: negotiating and bargaining; the business case for apprenticeships; apprenticeship frameworks; equality and diversity; mentoring; pay, working time and time off for study.

The TUC is also engaged in a process of institution building in the context of a relatively unregulated training system. It has set up, supported by public funds, the learning section ‘*Unionlearn*’<sup>3</sup> which aims to broker learning opportunities not just for trade union members, to identify and share good practices, to promote agreements facilitating learning and training at company as well as at sector level. Evaluations assessing the impact of *Unionlearn* activities have shown that these activities were found to be generally inclusive and successful, contributing to improvements of organisational performance in a wider context (trust, consultation, and negotiation) as well as to the upskilling of the workforce by addressing skill gaps and by increasing levels of on-the-job training.<sup>4</sup> However, union activity has not resulted in increased employer expenditure on apprenticeships, yet.

Nonetheless, the development of workplace learning agreements can be seen as one of the success stories of union learning activity. In other countries, unions have set up specific departments such as a Vocational Training Department and or a Youth Department in order to strengthen organisational capacity by focusing on apprenticeship and training issues. Among the key tasks of these departments are:

- **monitoring of supply, demand and quality of apprenticeships;**
- **monitoring and facilitating the transition from school to work and the attainment and certification of skills;**
- **representing a labour voice in the process of governing VET systems**
- **and initiating research focusing on apprenticeship issues.**

It is obvious that different unions make different choices about the ways in which they engage with training issues. Despite a “variety of union approaches” across countries, a number of commonalities are observable:

1. Unions have a multi-dimensional interest in training of apprentices.

<sup>2</sup> <http://www.igmetall.de/jupo-deine-ausbildung.htm>

<sup>3</sup> <https://www.unionlearn.org.uk/>

<sup>4</sup> Stuart, M. et al, *Assessing the impact of union learning and the Union Learning Fund: union and employer perspectives*, CERIC. University of Leeds. 2010

2. Important means of integrating employee voice and engagement in skills development are the creation of formal and informal partnerships between unions and employers in relation to training activities as well as collective bargaining. The use of these means is not limited to co-ordinated market economies where the mechanisms for social partnership are already established.
3. Union activities on apprenticeships and training take into account contextual factors that shape approaches to skill formation and usage within a particular (skill) ecosystem, including product market and competitive strategies of businesses, modes of engaging labour (labour hire, employment relations), the structure of jobs (job design and work organisation), level and type of skills formation as well as institutions and policy frameworks.
4. Trade unions are open to modernisation and innovation in training systems. A case in point is the reduction of the number of occupational profiles in the German dual system. The formerly existing 45 metal working occupations were reduced to 16 in 1987. In 2005, these 16 occupations were merged into five basic occupations. In the electrical industry the former 14 single occupations were merged into four basic occupations.
5. Unions also engage with vocational education and training issues as social actors in the political arena. Such an engagement has recently led to the conclusion of a '*Tripartite Agreement to promote life-long Jobs Skill Development*' in Korea<sup>5</sup> and to an "*Alliance for vocational education and training*" in Germany, where the federal government, the federal states, businesses and unions partners signed an agreement on 12 December 2014 to strengthen dual training by increasing the number of apprenticeship places offered and smoothening the transition from school into training.

In a number of advanced economies, in part as a response to the crisis and to tackle youth unemployment, maintaining or expanding quality apprenticeships has become an issue for collective bargaining. That particularly applies to the European member countries of the OECD and the G20.

### **Apprenticeship and training issues covered by collective bargaining**

Regardless whether public commitment to and firm involvement in apprenticeships is low, as it is the case in liberal skill formation regimes (e.g. the United Kingdom or the US), or whether there is significant public commitment to apprenticeships with strong involvement of both employers and trade unions, as in corporatist or collective skill formation regimes (such as the dual systems in Germany, Austria or Switzerland), trade unions have sought and continue to seek to cover a varieties of issues related to apprenticeships through collective bargaining. Among the most common and important themes are the following:

- **maintaining existing and creating additional apprenticeship places.** As a response to the challenges of the crisis, which drove up youth unemployment and caused companies to scale back investment in workforce development, trade unions have negotiated agreements aimed at maintaining the number of apprenticeship places offered by a company or across a sector. An interesting case in point in this respect is a recent agreement concluded by the employers association and the trade union in the chemical industry in Germany. According to the agreement signed in February 2014, the social partners committed to create 9,200 new apprenticeship places in the industry every year between 2014 and 2016. They also recommend that companies offer permanent employment contracts to their fully trained apprentices, although the final decision on this issue remains with the companies.

<sup>5</sup> <http://www.esdc.go.kr/bbs/viewbody.asp?code=committees&id=22&number=22>

**- addressing the needs of disadvantaged groups.** With regard to access to training, trade unions have sought to ensure that opportunities to start an apprenticeship are extended to those young people which belong to disadvantaged groups (with a weak social background, 2<sup>nd</sup> and 3<sup>rd</sup> generation of migrants, etc.). Particular attention has been given to the promotion of ‘trainability’ of school leavers with low numeracy and or literacy skills by helping them to make better informed career choices.

**- securing employment after successful completion of an apprenticeship.** Against the backdrop of a changing economic and social context, transition from apprenticeships to employment has become less smooth. Responding to that and ensuring that apprenticeships link to occupational careers and remain attractive for the young, trade unions have negotiated agreements facilitating employment subsequent to a successful completion of an apprenticeship. For instance, an agreement concluded in the metal and electrical industry in Baden-Württemberg [one of the Federal States of Germany] in 2012 stipulates that apprentices are to receive an employment offer by their company, preferentially an indefinite contract or at least a fixed-term contract of 12 months. However, if a company is in serious economic trouble to the extent that its employment levels are affected, it is not obliged to make an employment offer. It is interesting to note that in German enterprises the fraction of former trainees still employed with the same firm five years after formal training is significantly higher in the presence of works councils [the body elected by workers in establishments employing more than 5 workers and representing workers’ interest], thus enabling firms to recoup training investments over a longer time horizon.<sup>6</sup> Works councils have got substantial information and codetermination rights with regard to training-related issues.

**- apprenticeship pay (training allowance) and entry level wages.** In a number of countries, collective bargaining agreements negotiated between employers’ associations or single enterprises and trade unions determine the monthly pay for apprentices. Approaches pursued by unions differ across countries due to institutional differences of skill formation regimes. Comparative research findings suggest that apprenticeship pay differs quite substantially. However, those studies do not provide strong evidence that higher apprentice pay is associated with less training either.<sup>7</sup> Nevertheless, in order to facilitate employment subsequent to a successful completion of an apprenticeship, trade unions have agreed on specific entry level wages being between 5 – 10 percent lower than the regular wage.

**- funding of training.** A number of collective bargaining agreements are laying out the foundations for funding of apprenticeships as well as of continuous vocational training. The main objective of these funds is to provide sufficient finance for a high degree of employer-based training. Such schemes, in general jointly managed by trade unions and employers, can improve the quality of training offered by employers by establishing conditions that must be met to make a given program eligible for financing from levy-based funds.<sup>8</sup> Moreover, funds managed by social partners can constitute an important device in implementing public policy objectives.

**- anticipating and coping with change.** Structural change linked to outsourcing and globalization, restructuring at company level, the ongoing economic crisis as well as demographic change provide additional stimuli for directing collective bargaining at the promotion of training and apprenticeships. In a number of countries, collective bargaining gave particular attention to training-related responses to challenges brought about by economic and structural change. In many instances, training activities were linked to the reorganisation of work systems and the introduction of new technology.

<sup>6</sup> Kriechele, B. et al., Works Councils, Collective Bargaining and Apprenticeship Training. IZA Discussion Paper 6497, Bonn 2012

<sup>7</sup> Ryan, P. et al, Financial Aspects of Apprenticeship Training, Düsseldorf 2011

<sup>8</sup> The advantages of such funds are nicely illustrated by Singapore’s Skills Development Fund: The number of individuals trained tripled in just one decade after inception and the number of firms benefiting from the fund doubled.