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Factors Inhibiting and Enabling the Recruitment of Apprentices

Results of a Survey among Training Enterprises

Within the framework of a written survey, training enterprises in the province of Tyrol which no longer provide training places for apprentices or have reduced their slots since 1999 were questioned to identify the reasons for this development and reveal possible approaches to counteract this trend. All in all, the findings are based on answers by slightly less than 150 training enterprises. This corresponds to a return rate of 20 percent. Due to the replies' innovative value, the surveys also have an explorative character.

The companies' reasons for reducing or (temporarily) stopping apprenticeship training can mainly be attributed to three causal areas:

- Difficulty of terminating an apprenticeship relationship, even if the young person proves unsuited
- Costs of training
- Lack of suitable applicants

By far much less pronounced are the following factors from the perspective of companies:

- Decreasing demand for skilled labour
- The company's degree of specialisation

According to their own statements, almost 70 percent of questioned enterprises have or had difficulties in finding suitable apprentices either frequently or sometimes. This is yet more evidence that there are people who are looking for apprenticeship places but cannot find one and, at the same time, companies that have too few suited applicants.

Now: where are the deficiencies? They relate to the applicants' willingness to learn and perform as well as their performance at school. Other areas where backlog can frequently be encountered include the applicants' external appearance and behaviour.

One third of the questioned training enterprises that train fewer apprentices now than before state that they were

not able to fill all the apprenticeship posts in the company they could have provided in 2005. According to the answers provided by companies, the applicants' lacking aptitude was the reason in one fifth of cases. Ten percent of the enterprises stated that they no longer receive any applications. In eight percent of cases, the apprentice did not show up at the company. And in six percent of companies, young people dropped out from the training of their own accord.

The costs of apprenticeship training are indicated as one reason for their decision by slightly more than half of companies which currently train less than in the past and by more than 60 percent of questioned companies where (at present) no training is carried out. It is conspicuous that small enterprises more frequently mention the related costs as a factor inhibiting participation in training.

Another inhibiting factor connected indirectly with costs is the fact that fully trained apprentices leave the companies too often after completion of the apprenticeship period. As soon as this occurs, the company loses its relative advantages to be gained from training vis-à-vis non-training enterprises (i.e.: the loss of "opportunity revenues"). This aspect is mainly underlined by training enterprises that have reduced their number of apprentices. Companies that have stopped providing training emphasise more strongly their financial losses in terms of HR costs due to the apprentices' attendance of part-time vocational school.

The reason why increased support and grants cannot refute the indirect cost argument in connection with the frequent leave by apprentices following completion of the training period can mainly be attributed to the shortage of young skilled workers with an apprenticeship diploma, which is aggravated by the drop in the birth rate. In the current situation of general skilled labour shortage and increased competition for skilled workers, the loss of trained apprentices is even more difficult to cope with.

The survey indicates important points to guarantee apprenticeship training is provided by companies, and it also reveals where strains and inhibiting factors are located for them.

The following are the most frequently mentioned factors enabling apprenticeship training at companies:

- Enhancing the aptitude and skills of apprenticeship post applicants for the apprenticeship occupation as well as easier termination of the relationship in case these training prerequisites prove to be insufficient during the apprenticeship period
- Increasing demand for staff by enterprises
- Financial grants for training companies and appropriate care in the designing of labour costs
- Improved coordination of training times with part-time vocational school
- Improving the apprentices' previous education level at school

The following are the most frequently mentioned factors inhibiting apprenticeship training at companies:

- Impossibility of terminating the apprenticeship relationship in practice, even with unsuited apprentices
- Difficulties of finding suitable apprentices; apprenticeship posts cannot be filled
- Framework conditions making the apprentices' productive use at work more difficult; over-regulation of apprenticeship training
- Labour costs and loss of training investments due to frequent leave by graduates
- Various reasons connected with the economic situation or the company (e.g. seasonal employment, degree of specialisation, etc.)

The findings underline how important it would be both for young people and training companies to adequately regulate the possibility of terminating apprenticeship relationships. The objective consists in raising the young people's commitment to keep them in the training. No less important are measures to promote entry qualifications. In the near future, the training potential will change only slightly in demographic terms.

The results of the survey provide emphatic hints that one should not make any decisions about the costs of apprenticeship training without taking the needs and

requirements of small enterprises into account. After all, companies with fewer than ten employees train almost 30 percent of all apprentices.

It is a fact that the *labour costs* make up the main part of the entire training costs. For this reason, discussions about the height of training allowances have been ongoing for a long time already in Germany, for example. This topic is highly ambivalent, because, on the one hand, a remuneration of young people that is as high as possible is rated as positive by many to strengthen their vocational and training-related motivation and social integration, on the other hand, however, it may result in labour costs that lead to shortages in the apprenticeship post market. As many as 43 percent of respondents that did not provide any training in 2006 stated they would again recruit apprentices if "remunerations for apprentices are reduced".

If opportunity revenues after completion of the training become insecure due to mobility at the initiative of the trained people or due to recruitment by other companies, the overall benefit of training decreases. Also the pressure may increase to reach an approximate cost-benefit balance already during the training or retention period. One consequence is that the call for public support as well as for a reduction of the remuneration for apprentices becomes louder.

Mobility following training has been a well-known phenomenon for a long time, but for its interpretation some reflection is required. First of all it needs to be stated that mobility after completion of a training period will always be likely in programmes that usually start at the age of 15. In top tourist regions, it is well known that people gather experiences by changing employers. Therefore, the mobility of graduates is a relative variable. As long as all companies that meet the prerequisites to train apprentices take part and find suited apprentices, mobility will not be a major problem, if mutual exchange between companies and sectors guarantees that everybody benefits. This mobility between companies and sectors – which is a fact that has gone unnoticed for a long time – seems to have become a problem in particular for micro- and small enterprises, as this survey reveals.

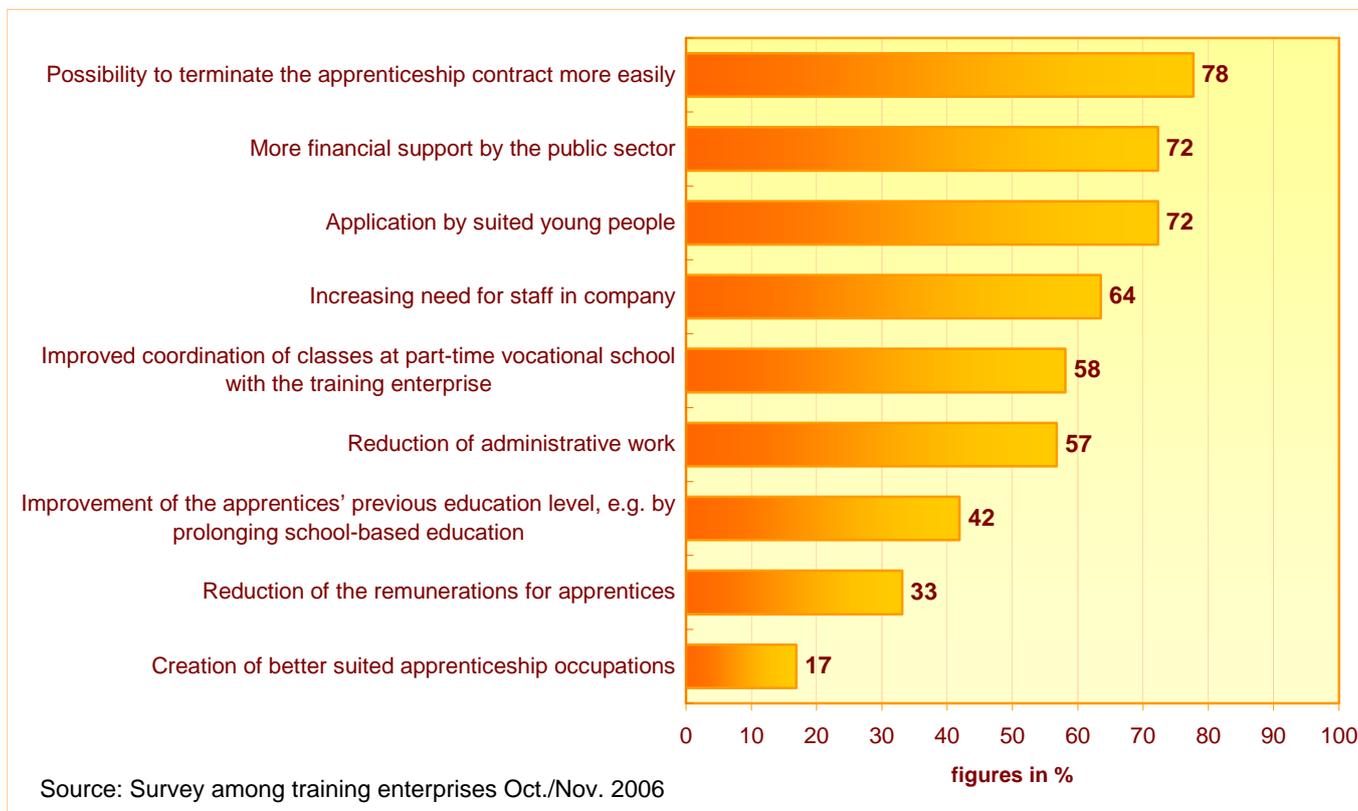
Also the finding that 77 percent of companies with a reduced number of apprentices in training would again recruit more apprentices as soon as their staff requirements increase speaks for the HR management context.

The complexity of the apprentices' recruitment becomes apparent because almost as many enterprises make "applications by suited young people" a condition for stepping up recruitment.

GRAPH 1:

Factors enabling apprenticeship training

Under which conditions would you again recruit apprentices or take up more apprentices than now?
(Companies that currently train a reduced number of apprentices or none at all, n=148)



GRAPH 2:

Factors inhibiting apprenticeship training

Which reasons apply to your company in terms of the reduction / termination of apprenticeship training?
(Companies that currently train a reduced number of apprentices or none at all, n=148)



TABLE 1:

Structural change of apprenticeship training in Tyrol

| Sectors | Training enterprises | | Apprentices | | Change | |
|-------------------------------------|----------------------|-------|-------------|--------|----------------------|-------------|
| | 1999 | 2006 | 1999 | 2006 | Training enterprises | Apprentices |
| Crafts and trade | 56.3 | 52.5 | 54.3 | 49.1 | -3.8 | -5.2 |
| Industry | 2.7 | 2.4 | 8.9 | 9.2 | -0.3 | 0.3 |
| Commerce | 21.1 | 20.3 | 15.3 | 16.4 | -0.8 | 1.1 |
| Banks and insurance enterprises | 0.4 | 0.4 | 0.4 | 0.6 | 0.0 | 0.2 |
| Transport | 0.6 | 1.0 | 1.1 | 0.8 | 0.4 | -0.3 |
| Tourism and leisure industry | 14.2 | 15.2 | 16.4 | 17.9 | 1.0 | 1.5 |
| Information and consulting | - | 2.9 | - | 1.5 | 2.9 | 1.5 |
| Non-chamber | 4.7 | 5.2 | 3.2 | 3.7 | 0.5 | 0.5 |
| Independent training establishments | 0.0 | 0.1 | 0.4 | 0.8 | 0.1 | 0.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 0.0 | 0.0 |
| Absolute | 4,693 | 4,786 | 12,312 | 13,585 | 93 | 1,273 |

Source: Economic Chamber Tyrol, Apprenticeship Statistics; own calculations

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