

The cost effectiveness of apprenticeship schemes for host companies

Results of the third cost-benefit survey in Switzerland

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Employers

Facts and figures

- ▶ After primary school (mandatory), 2/3 of students take up a vocational education, 1/3 go to school.
- ▶ Over 95% of all youth hold a upper secondary level qualification (2012). Increase by 5% since 2009
 - 71,6 % VET qualification (68,7 %)
 - 23,1% general education (23 %)
 - 5.3% no secondary qualification (8,8 %)
- ▶ 40 % of companies which would qualify, do provide VET programmes
- ▶ No obligation for companies to be involved in VET programmes

Cost-benefit survey of apprenticeship training from the perspective of host companies

- ▶ Previous surveys (2000, 2004)
- ▶ Survey 2012 assessing situation in 2009
- ▶ 2'500 host companies participated
- ▶ 10'000 companies without apprenticeships participated



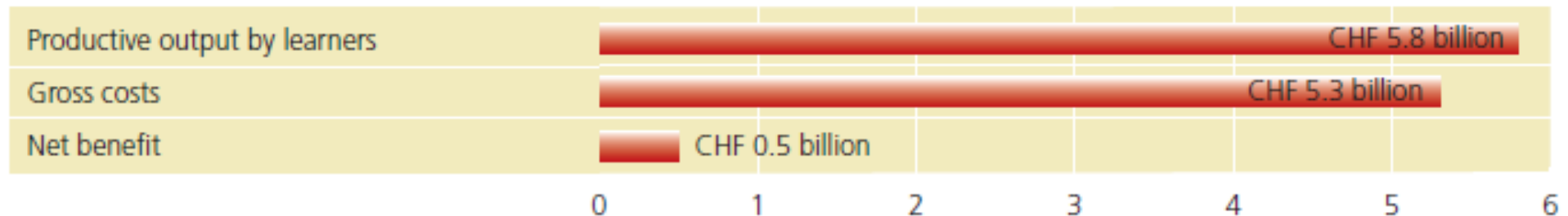
Survey conclusions

1. Productive output generated by apprentices generate a net benefit for host companies
2. Impact of work-based training and classroom instruction on host companies training costs
3. First time figures for the entire duration of new VET programme in commerce
4. Calculations on net benefit for new VET programmes in health care and social care.
5. Estimate of number of potential host companies for VET programmes

1.1 Benefit for host companies

- ▶ Gross investment of host companies for all apprenticeships combined amounted to 5,3 billion CHF (4,8 billion €) in 2009
- ▶ Productive output from learners: 5,8 billion CHF (5,3 billion €)
- ▶ Net benefit derived from all apprenticeships combined: 0,5 billion CHF (450 million €) in 2009

Cost/benefit ratio for Swiss companies involved in VET programmes, survey year 2009²⁰



1.2 Public funding compared to private investment

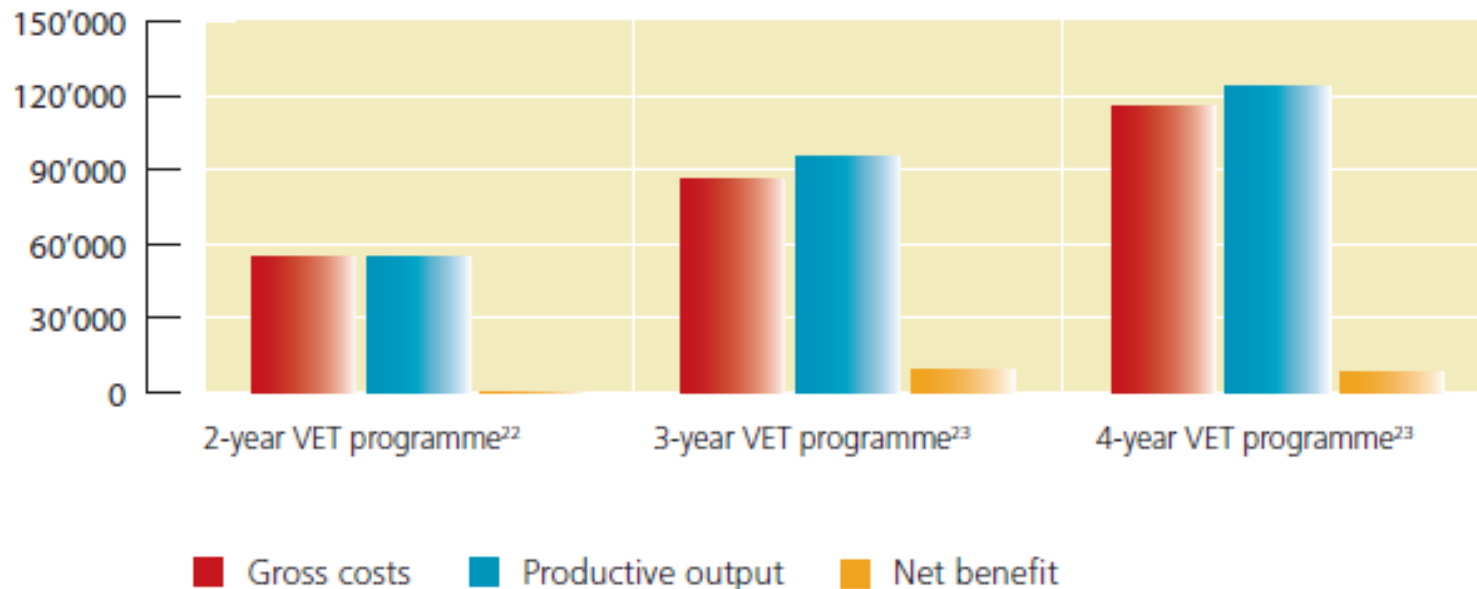
- ▶ For **71,6%** of all youth holding an upper secondary level qualification
 - The public expenditure for CH VPET system is **3,4 billion CHF** (3 billion €)¹
 - Companies spend **5,3 billion CHF** (4,8 billion €)¹ on apprentices
- ▶ On **23 %** of all youth holding an upper secondary level qualification
 - public expenditure for general education is **2,3 billion CHF** (2 billion €)²
 - Cantons responsible for VPET
 - Cantons cover 3/4, Confederation 1/4 of associated costs

¹ (2013 figures)

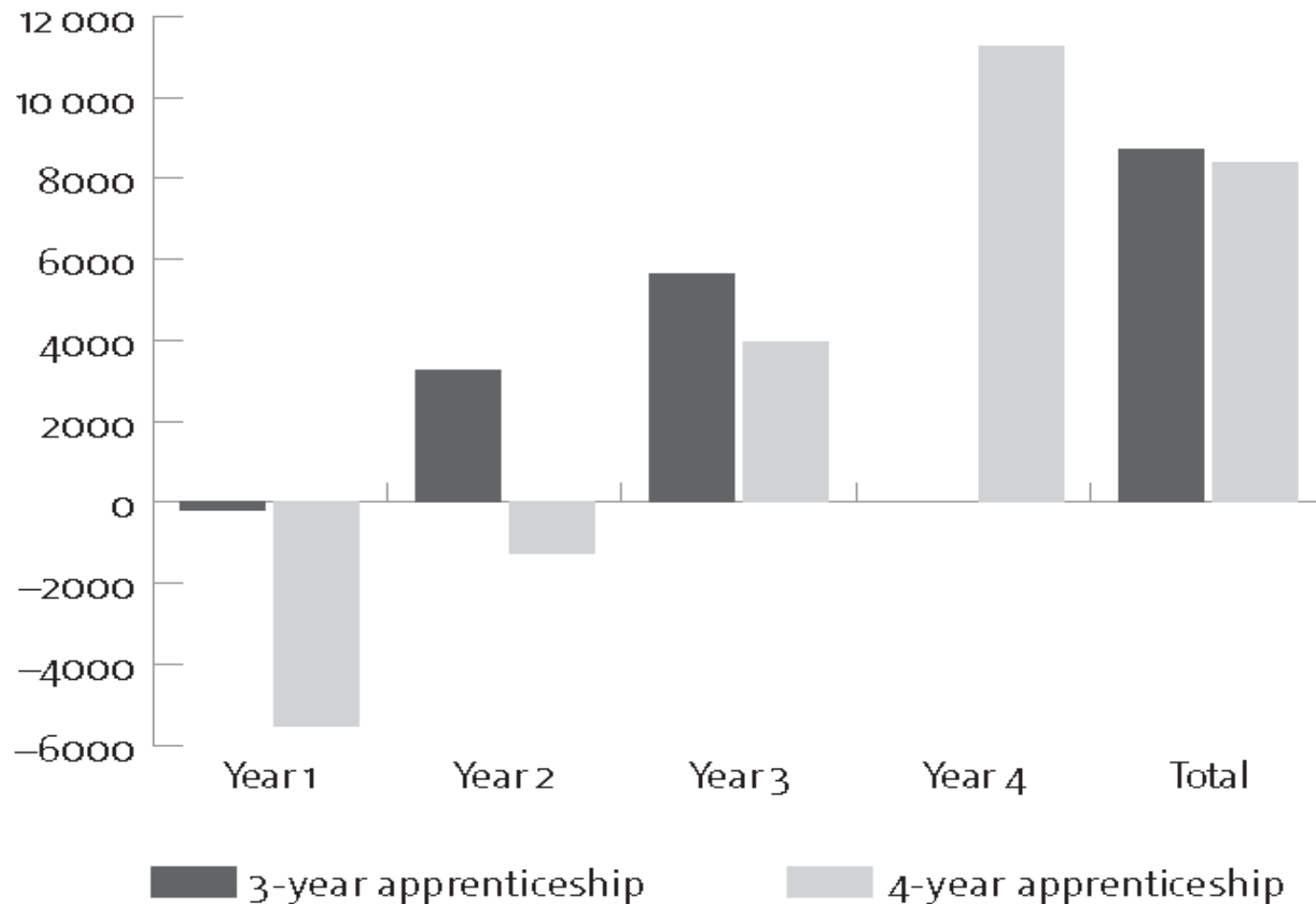
² (2012 figures)

1.3 Benefit by duration of VET programme

- ▶ Stable productive output of learners in 3-year programmes
- ▶ Rising productive output of learners in 4-year programmes
- ▶ 2/3 of all host companies generate a net benefit by the end of the apprenticeship
- ▶ 1/3 could recover investment in short time by hiring trained apprentices



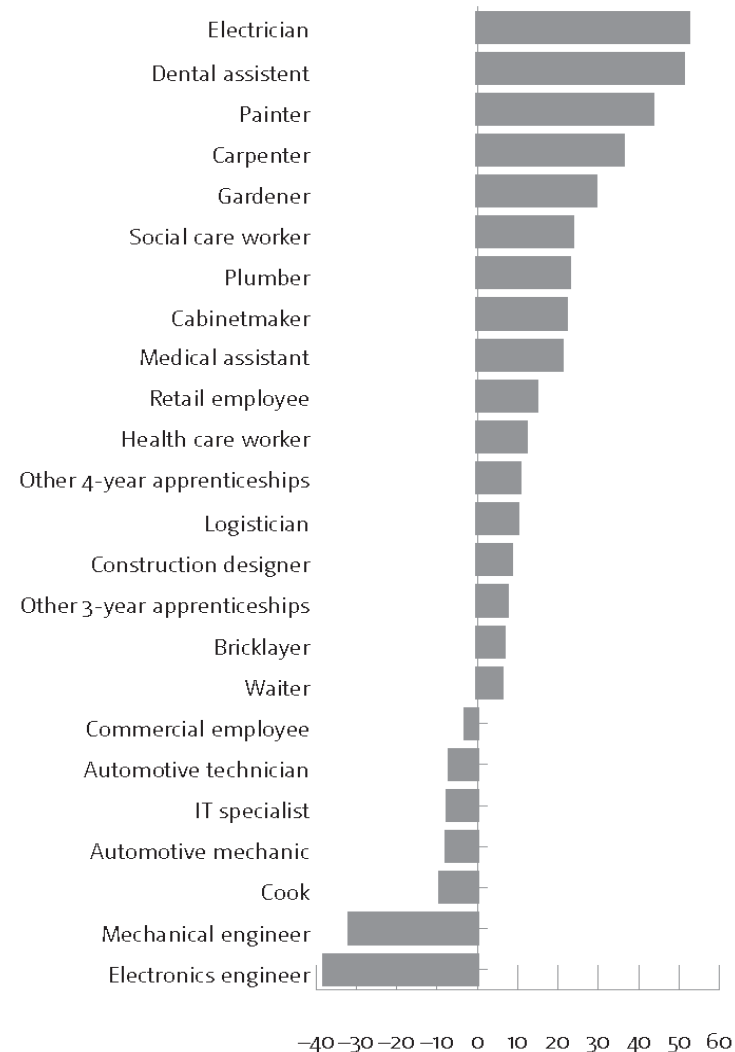
1.4 Net benefit by year and duration of apprenticeship



2 Impact of work-based training and classroom instruction

- ▶ More training time in classroom does not necessarily increase training costs for host companies.
- ▶ Training costs related to productive output
- ▶ Efficiency of training is relevant

Net benefit of apprenticeship training by occupation in 1000 C 2009



3 First time figures for the entire duration of new VET programme in commerce

- ▶ Revised content for VET programme in commerce
- ▶ Cost for host companies slightly increased despite gradual decrease in classroom instruction
- ▶ More school lessons in the first 2 years could not be compensated by less in the 3rd year
- ▶ More important: higher level of absenteeism
- ▶ Higher costs for companies in field of finance – training different and more costly

4 VET programmes in health care and social care.

- ▶ First time figures on new health care and social care VET programmes
- ▶ Cost-benefit analysis in the two new programmes and compares it with 230 other VET programmes
- ▶ Host companies receive sizable subsidies for each apprentice which exceed by far compensatory payments in other branches from VET/PET fund.
- ▶ Subsidies flow to institutions which could recover their costs of their participation in VET programme in health care
- ▶ Subsidies do **not** go to host institutions that tend to generate a net loss (i.e. Institutions providing home care and long-term care)

5 Number of potential host companies for VET programmes

- ▶ Estimates on potential number of companies that could offer apprenticeship training
- ▶ Over 40% of potential companies are involved in VET programmes
- ▶ Not all of the remaining 60% companies could derive a net benefit
 - Highly specialised companies
 - Very small companies
 - Small foreign owned companies based in Switzerland
- ▶ Increasing problem for companies to find suitable learners

Further information:

- ▶ **State Secretariat for Education, Research and Innovation SERI**

<http://www.sbf.admin.ch/>

- ▶ **Confederation of Swiss Employers**

<http://www.arbeitgeber.ch>

Thank you for your interest

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