



News Skills at Work J.P.Morgan, Education Policy Institute, Bertelsmann Stiftung (ed.)
Prof. Dr. Stefan C. Wolter, Eva Joho

Apprenticeship training in England – a cost-effective model for firms?

What are the costs and benefits of dual apprenticeship training for companies in England? The study looks at five sectors of the English economy and ten different professions.

1. edition 2018, 82 pp (PDF)

DOI 10.11586/2018008

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In England, the topic of apprenticeships is a major issue in education policy. To address the challenges around apprenticeships and ensure that policymaking is evidence-based, the global apprenticeship expert Prof. Dr. Stefan C. Wolter explores alternative delivery models for apprenticeships in England. The report **Apprenticeship training in England – a cost-effective model for firms?** analyses what the benefit would be if a Swiss-style apprenticeship model were to be adopted by companies in England.

The Swiss model is recognised for making the transition from school to the labour market a smoother process, and helping the country outperform most EU countries for a number of skills-related indicators. Variations of the same model were tested to check under which conditions firms in England would be able to obtain net benefits from training apprentices. The purpose of such an ex ante simulation is to provide companies with economic arguments for offering apprenticeship placements, and triggering a nuanced discussion about introducing apprenticeship training.

Although the current system in England differs from the models proposed to some extent, this research has important implications for the development of an apprenticeship policy in England:

1. Large companies may be more likely to experience net benefits from hiring apprentices than SMEs. This is due to economies of scale and a difference in salary structure.
2. Apprenticeships of longer duration are likely to bring higher returns for both employers and apprentices. This is due to an increase in productivity over the course of the training.
3. The report suggests that, when it comes to apprenticeships, one size won't fit all, as benefits vary across sectors and company sizes, and are down to parameters such as the apprentice's salary.
4. The returns for an apprentice are greater the younger they are when they start their apprenticeship.
5. The report warns that for apprenticeships to be profitable for employers, companies need to retain a substantial number of apprentices after they complete the program.
6. In sectors dominated by low-skilled employment, the returns for apprenticeships and employers may be lower.
7. Whenever companies face net costs from hiring apprentices, the employer should assess whether an apprenticeship could be regarded as an investment in future middle management positions. This means that benefits may be reaped later, and short-run costs are acceptable.

Project

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