CONFÉRENCE de comparaisons internationales

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ORIENTATION, FORMATIONS, INSERTION : QUEL AVENIR POUR L'ENSEIGNEMENT PROFESSIONNEL ?

Comparative evidence on a policy issue: apprentice pay

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Role of apprentice pay

- Young person
- Employer
- Division of training costs









Policy suggestions

- Germany. 'Thus several factors suggest that apprentices should in future receive relatively lower training allowances' (Wößmann 2004, p.24).
- GB. '[This review] recognises the need for government to provide greater incentives to businesses that offer apprentice places ... apprentice pay could be reduced [for] those who receive a great deal of training' (Steedman 2008, pp.2, 16).









Table 1. Mean pay of apprentices relative to qualified employees, 2011 (%)

| СН | В | D | F | A | NL | AUS | S | GB | EIR | 1 |
|---|----|----|-----|----|----|-----|-----------------|-----------------|-----------------|------------------------|
| 13 | 23 | 24 | 31ª | 33 | 38 | 42 | 44 ^b | 48 ^c | 50 ^d | 79 ^d |
| Hourly rate of pay in second year of training as percentage of fully qualified rate, all apprenticeable occupations Source: London Economics (2013), Tables 11, 14 CH, Switzerland; B, Belgium; D, Germany; F, France; A, Austria; NL, Netherlands; AUS, Australia; S, | | | | | | | | | | |

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Sweden; GB, UK; EIR, Ireland; I, Italy.

a. 18-20 years; b. <20 years; c. hourly earnings; d. construction only





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> The training market

- Centrality
- Boundaries
- Attributes
 - Price
 - Apprentice pay
 - Content of training programme
 - Supply of trainees
 - Demand for trainees
 - Price formation









> Theories of training market

- Human capital
 - Economic rationality
 - Competition
- Institutionalism
 - Liberal and coordinated market economies
 - Procedures of pay setting
 - Content of pay setting









Table 1. Mean pay of second year apprentices relative to qualified employees (%)

| | СН | В | D | F | А | NL | AUS | S | GB | EIR | I |
|---|--|----|----|-------------|----|----|-----|-----------------|------------------------|-----------------|------------------------|
| | 13 | 23 | 24 | 31 ª | 33 | 38 | 42 | 44 ^b | 48 ^d | 50 ^c | 79 ^c |
| 9 | Hourly rate of pay as percentage of fully qualified rate (except GB), all apprenticeable occupations Source: London Economics (2013), Tables 11, 14 CH, Switzerland; B, Belgium; D, Germany; F, France; A, Austria; NL, Netherlands; AUS, Australia; S, Sweden; GB, UK; EIR, Ireland; I, Italy. | | | | | | | | | | |

a. 18-20 years; b. <20 years; c. construction only; d. hourly earnings









Table 2. Mean pay of apprentices relative to qualified employees in craft occupations, metalworking industry ca. 2005 (%)

| | СН | D | GB ^a | | | | |
|---|------|------|-----------------|--|--|--|--|
| Base rates | 14.1 | 29.2 | 40.9 | | | | |
| Earnings ^a | 13.1 | 33.7 | n.a. | | | | |
| Unweighted mean apprentice pay (monthly allowance, all training years) relative to monthly pay of recently qualified full-time employees Sources: national surveys of training costs or pay (Ryan et al. 2011, Tables 23, 24) a. Includes 13 th month and Christmas payments, travel allowances, performance-related pay (CH only), and social security contributions (both parties) | | | | | | | |

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- National statistics and surveys
- Fieldwork (Ryan et al. 2011)
 - Retailing
 - Metalworking industry









Table 3. Potential determinants of apprentice pay in three countries

| | Private return to training (for young people) | | | | |
|-------------------|--|--|--|--|--|
| Market conditions | Supply of qualified and interested young people | | | | |
| | Availability of unskilled employment for young people | | | | |
| Employee | Coverage of employees and apprentices by collective bargaining | | | | |
| organisation | Trade union interest in raising apprentices' relative pay | | | | |
| Employer | Membership coverage of employers' associations | | | | |
| organisation | Coordination of pay setting by employers' associations | | | | |
| | Age of entry to apprenticeship | | | | |
| | Restrictions on access to general upper-secondary schooling | | | | |
| Public action | Options for educational progress after apprenticeship | | | | |
| | Legal closeness of contracts of apprenticeship and employment | | | | |
| | Public training subsidies are paid to colleges or employers | | | | |









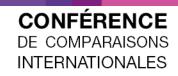
Table 4. Rating of three countries on selected determinants

| | GB | D | СН |
|---|------|--------|--------|
| Private return to training (pay, employment) | low | medium | high |
| Trade union interest in raising apprentice pay | low | medium | low |
| | | | |
| Coordination of pay setting by employers' associations | low | high | high |
| Restrictions on access to full-time general upper secondary education | weak | strong | strong |









S Comparative research

- Mill's Method of Difference
- Scope
- Limitations
- Contributions









Table 5. Actual and predicted levels of apprentice pay in pair-wise comparisons

Level of apprentice pay in the first country (compared to the second country) that is predicted by the variables in the group

| Pair-wise comparison | Actual | Predicted (number of variables in group with predicted effect) | | | | | | |
|-------------------------|--------|---|------------------------|-------------------------------------|---------------------------------------|--|--|--|
| | | Market conditions (3) | Trade unions (2) | Employers' associations (2) | Public action (5) | | | |
| German-Swiss | Higher | Same (2) Higher (1) ^a | Higher (2) | Same (1) Higher (1) ^b | Same (3) Higher (2) ^{c,d} | | | |
| British-Swiss | Higher | Higher (3) | Same (2) | Higher (2) | Higher (5) | | | |

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a. private return to training; b. membership coverage

c. mean age of entry to training; d. options for educational progression







Swiss apprenticeship: key attributes?

- Personal return to training
- Age of entry
- Trade unionism: low coverage; avoid high apprentice pay
- Employers' associations: coverage, pay coordination
- Schooling
 - Access to Gymnasium
 - Educational ladders in apprenticeship (Berufsmaturität)
- Socio-cultural: youth maturation









British apprenticeship: key attributes?

- Institutional thinness of liberal market economy
 - Low coverage of unions and employers' associations
 - Low contractual differentiation (training, employment)
 - Payment of public training subsidies to individual employer
- Weaknesses of schooling system
 - Distribution of educational attainments
 - Biases towards full-time general education
 - Educational progression from apprenticeship
- (Demand for skill and apprentices)









S Conclusions

- Generalisability
- Scientific: determinants of apprentice pay?
 - Labour market institutions (D-CH)
 - Youth supply to apprenticeship (GB-CH)
 - LME v. CME: an irony
- Policy-related: cut apprentice pay?
 - Feasibility
 - Effectiveness











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