



CAF-FCA Return on Apprenticeship Training Investment

Part of the Solution...



Canadian Apprenticeship Forum
Forum canadien sur l'apprentissage



CAF-FCA's Mission

- To influence pan-Canadian apprenticeship strategies through research, discussion, and collaboration
- To promote apprenticeship as an effective model for training and education, contributing to the development of a skilled, high quality, productive, inclusive and mobile labour force



The Business Case for Apprenticeship

- CAF-FCA is interested in enhancing participation in apprenticeship by showing both employers and apprentices that there is a business case for apprenticeship.
- As a part of its work, CAF-FCA has and will continue to:
 - build upon the business case for investing in apprenticeship
 - provide a conduit for industry-driven dialogue and research

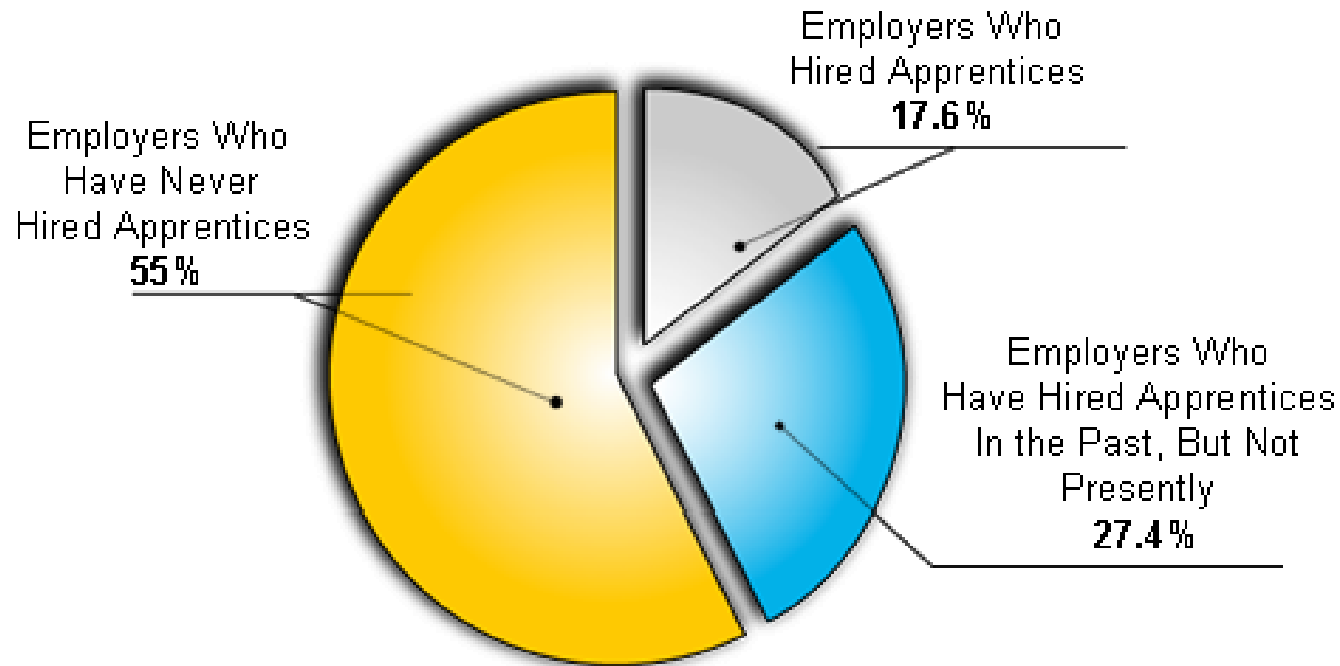


Why a Return on Training Investment Study for Employers?

- Employers need skilled workers to enhance productivity and competitiveness, however, research indicates there is low employer participation in apprenticeship
- CAF-FCA survey results indicate out of all the employers who could potentially train apprentices, less than 20% of employers participate in apprenticeship training.



Why a Return on Training Investment Study for Employers?



Possible Indicators of Employer Participation as of 2008

- The number of employers who indicated that they either currently, or in the past three years, employed an apprentice in their establishment increased from 16.7% in 2006 to 19.7% in 2008.
- All regions saw positive increases in the proportion of employers reporting having an apprentice.
- Results could not be obtained for trade area or employer size.



Employer Perceptions

- Cost was perceived to be a barrier to apprenticeship training.
- Less than 5% of employers believe there is a business case for apprenticeship.
- Less than 11% of employers believe hiring an apprentice makes financial sense.
- Employers tend to be reluctant to take on apprentices because they perceive the investment in training to be risky and slow to return a benefit.



Accuracy of Employer Perceptions?

- CAF-FCA decided to investigate the return on training investment of apprenticeship training based on employers' experiences across the country in various trades.
- CAF-FCA wanted to look at employer supplied financial data and to gather employers' opinions based on their experiences.



The CAF-FCA Return on Training Investment Project

- CAF-FCA worked with an economist to develop a methodology for the survey tool.
- A detailed survey questionnaire asked employers information on the following:
 - Wages
 - Charge-out rates
 - Training costs (i.e. cost of journeyperson time, wastage)
 - Qualitative measures on the benefits of apprenticeship



Employer Participation Phase I

- 11,550 employers were contacted
- 1,941 (16.8%) qualified for the study
- Approximately 1 in 5 qualifying employers completed the survey.
- A total of 433 employers from across the country completed the survey as a part of Phase I.



Employer Participation Phase II

The Phase II report summarizes the findings associated with the information provided by:

- 784 new employers who participated in Phase 2 of the project,
- 106 employers who completed a survey in 2006 and who updated their information in 2008; and
- 1,163 employers with journeypersons in one of the 16 trades of interest who do not employ apprentices.



Trades Selected for Phase I

Automotive Service Technician	Mobile Crane Operator
Bricklayer	Motor Vehicle Body Repairer
Carpenter	Refrigeration and Air Conditioning Mechanic
Construction Electrician	Sheet Metal Worker
Cook	Sprinkler System Installer
Heavy Duty Equipment Mechanic	Tool and Die Maker
Industrial Mechanic (Millwright)	
Insulator	
Machinist	



Trades Selected for Phase II

Automotive Service Technician	Heavy Duty Equipment Mechanic
Boilermaker	Machinist
Bricklayer	Motor Vehicle Body Repairer
Cabinetmaker	Plumber
Construction Electrician	Partsperson
Construction Millwright and Industrial Mechanic	Refrigeration and Air Conditioning Mechanic
Cook	Sheet Metal Worker
Electrical Power Line and Cable Worker	
Hairstylist	



Research Findings

- Results are from Phase I and Phase II
- Apprentices for the majority of trades generate net benefits for employers within a short period of time.
- Majority of employers indicated apprentices' productive value exceeds training costs by end of 2nd year.
- The net benefit of apprenticeship training increases in each year over the course of the apprenticeship period.
- The cost in terms of journeyperson time spent training an apprentice declines from the first year to the fourth year.



Research Findings

- Apprenticeship training makes good business sense.
- Analysis over the four-year apprenticeship indicates a net benefit ranging from \$39,524 (Cook) to \$245,264 (Heavy Duty Equipment Mechanic).
- The largest monetary net benefits accrue to employers who train an apprentice in trades such as heavy-duty equipment mechanics (\$245,264); automotive service technicians (\$173,122); and construction millwright and industrial mechanics (\$148,985). In these trades, the revenue generated by an apprentice far exceeds the total training costs.



Research Findings

Trade Specific

Example

- The cost-benefit analysis for the Automotive Service Technician trade is a net benefit of \$14,227 during the first year and increasing each year to \$70,428 by the fourth. The cost in journey person time declines each year as the apprentice requires less supervision.
- Cash disbursements and administration costs are relatively small components of the total cost, comprising 1.8% and 1.1% of total costs, respectively.



Research Findings

- On average, for each \$1 invested in an apprentice, a benefit, on average, of \$1.38 accrues to the employer.
- The Phase II study shows employers receive a benefit, on average, of \$1.47 for every \$1 invested in apprenticeship training. This is up 9 cents since the Phase I study.
- All trades included show an overall net benefit of apprenticeship training.



Research Findings

- Majority of employers indicated their journeyperson derived a benefit from training an apprentice.
- Majority of employers across all business sizes and regions viewed a “homegrown” journeyperson as more productive than an externally trained journeyperson.
- Employers rated ‘better fit with the organization’ as the most significant benefit of employing a journeyperson who was trained as an apprentice.



Research Findings

- Employers indicated that hiring within the organization results in:
 - reduced risk of skill shortages
 - greater overall productivity
 - increased potential for career advancement for the apprentice
 - better relations with customers
 - fewer mistakes
 - better health and safety performance.



Reasons why employers do not participate

- Phase II asked employers why they did not hire apprentices.
- The most common reason reported by employers for not hiring an apprentice was that their business did not have enough continuous contracts to support hiring an apprentice (30%).



Reasons why employers do not participate

- Another common reason for not investing in apprenticeship was that the business was too small and there was no reported need for additional workers (25%).
- Some employers indicated they would be willing to hire an apprentice, but there were few or no apprentices applying to their organization (14%).



Conclusion

- In 2008 CAF-FCA consulted with over 1,000 employers from 16 trades across every region.
- On average, employers receive a benefit, on average, of \$1.47 for every \$1 invested in apprenticeship training.
- This most recent analysis confirms the findings from the Phase I pilot study completed in 2006.
- There is a positive net return right across Canada and many trades receive a return in the very first year!



Any Questions?

- Visit www.caf-fca.org for further details and see more trade specific examples in the report.

- For more information contact:

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