



CAF-FCA Return on Apprenticeship Training Investment

Part of the Solution...



Canadian Apprenticeship Forum
Forum canadien sur l'apprentissage

CAF-FCA: Who We are and What We Do

- The Canadian Apprenticeship Forum-Forum canadien sur l'apprentissage (CAF-FCA) is a not-for-profit, multi-partite organization that plays an integral role in bringing together the key players in apprenticeship.
- CAF-FCA has a Board of Directors with over 40 members. Board of Directors include members from business, labour, provincial/territorial officials, educators, and equity groups.



CAF-FCA: Who We are and What We Do

- 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

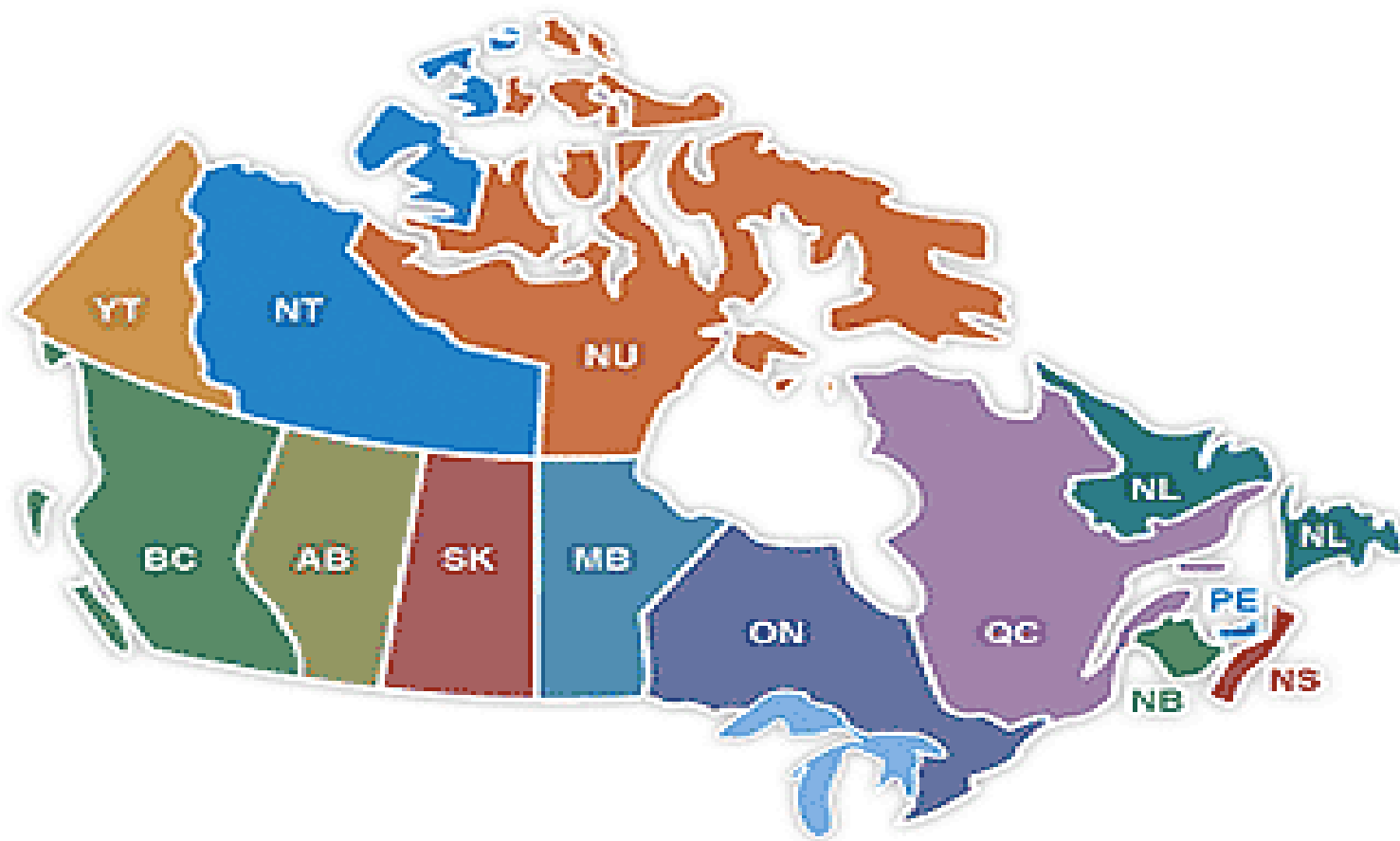


CAF-FCA: What's in it for me?

- **Network** with your colleagues and talk about training issues: National Forum Dialogues and June 2010 Conference
- **Practical Tools:** One stop shop for employers
- **Trade specific labour market information and insights into employers' human resource practices:** ROTI Phase I and Phase II



Employer Supports Mechanisms Catalogue-One Stop Shop



Canada-Catalogue Example

- Apprenticeship Job Creation Tax Credit
- Assistance for Apprentices
- Federal Job Bank (Service Canada)
- Federal Labour Code and Federally Regulated Businesses / Industries

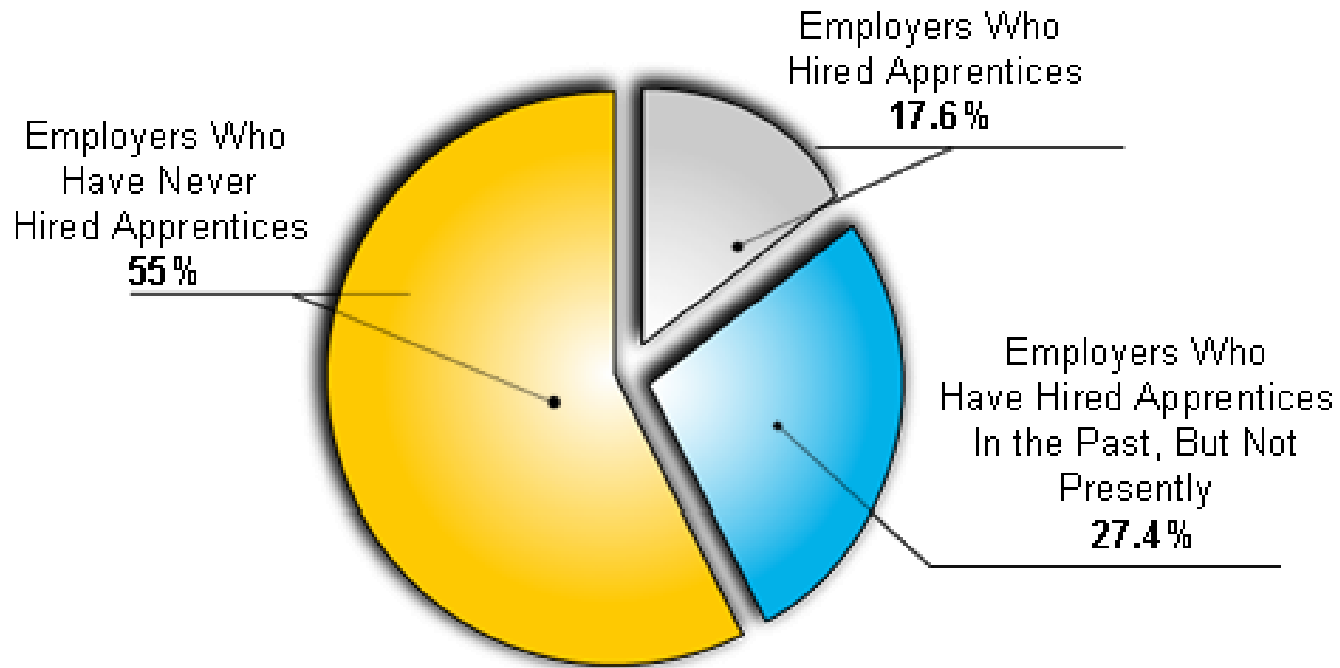


Ontario-Catalogue Example

- General Apprenticeship Website for Ontario
- Financial Incentives
- Modular Training Programs
- Passport to Prosperity
- Pre-Apprenticeship – Ontario Youth Apprenticeship Program
- Assistance for Apprentices
- Workplace Safety and Insurance Board
- Employment Standards and Occupational Health and Safety



Why a Return on Training Investment Study?



Methodology

- 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 and Phase II

- A total of 433 employers from across the country completed the survey as a part of Phase I.
- 784 new employers participated in Phase II.
- In addition, there were a 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 did not employ apprentices also participated in Phase II.



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

- Findings hold true for Phase I and Phase II
- 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.



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).



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.
- 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

- Employers indicated that training apprentices results in the following benefits:
 - **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**



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 **internally trained 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.



Additional Feedback from Employers

- Employers believe apprenticeship supports their business through the following ways:
 - **Effective recruitment strategy**
 - **Two way skills development**
 - **Higher quality work**
 - **Increased productivity**
 - **Improved safety**
 - **Improved company reputation**



Reasons why Employers do not participate

- Non-participating employers were asked 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.
- This most recent analysis confirms the findings from the Phase I pilot study completed in 2006.
- On average, employers receive a **benefit of \$1.47 for every \$1 invested** in apprenticeship training.
- There is a positive net return right across Canada and many trades receive a return in the very first year.
- It pays to hire an apprentice!



Connect with CAF-FCA

- **Network:**

- February National Forum Dialogue on Completion
- June 2010 Conference “Apprenticeship: The Framework for Canada’s Renewable Resource”

- **Practical Tools:**

- Check out our catalogue on-line
- www.apprenticeintrades.ca.

- **Trade specific labour market information and insights into employers’ human resource practices:**

- Check out www.caf-fca.org for all our reports.



For more information

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

Emily Arrowsmith
CAF-FCA Researcher

emily_arrowsmith@caf-fca.org

613-235-4004 EXT 201

