

## Country – The Czech Republic

### 1) National youth employment

The Czech Republic has one of the highest levels of industrialisation in Europe alongside a relatively small service sector which has grown in recent years. It has an unemployment rate that is lower than other EU countries as the impact of the economic crisis has been less significant. However youth unemployment remains has been issue as it has averaged 14.6 per cent from 1993 to 2015. In August 2015 it was 12.7 per cent<sup>1</sup> (compared to the European average of 20.6 per cent in June 2015).

In 2013 the percentage of young people not in education, employment or training (NEETs) was 9.1 compared to an average rate of 13.1 per cent in the EU<sup>2</sup>. In the Czech Republic over 50% of NEETs are between 25 and 29 years of age<sup>3</sup>. Those who are NEETs usually have work experience and medium levels of skills. In the Czech Republic tertiary level education is seen as a way of protecting people from unemployment. As in other EU countries, it is the young and lower-skilled people who are most at risk of becoming unemployed – this tendency has been sharpened during the economic crisis. Young people with low and medium levels of education have been most affected.

#### Employment of young people

The employment rate of young people has fallen in recent years. This is mainly due to rising levels of participation in upper-secondary and tertiary education. Compared to the other EU countries the Czech Republic has low levels of employment among low skilled young people. They are seen to be at the margin of the labour market and unable to compete for jobs that require higher qualifications. In 2012 the employment rate of young people aged from 15-24 was 25.2 per cent (the EU-28 average was 32.8 per cent<sup>4</sup>). This lack of involvement of young people in the labour market is reinforced when part-time employment is considered. Only 9.9 per cent of young Czechs work part-time compared with the EU28 average of 31 per cent. However more young people are in permanent jobs and only 27 per cent have temporary work compared to the EU28 average of 42.2 per cent.

#### Skill Needs

CEDEFOP's work includes skill needs forecasting through the Skillsnet network. According to a nation-wide survey by CEDEFOP<sup>5</sup> in the field of skill needs and job opportunities it is possible to highlight the following trends in the Czech Republic:

---

<sup>1</sup> <http://www.tradingeconomics.com/czech-republic/youth-unemployment-rate> [Accessed 11-8-15]

<sup>2</sup> <http://webcache.googleusercontent.com/search?q=cache:MmaFlgYMjq0J:ec.europa.eu/social/BlobServlet%3FdocId%3D13467%26langId%3Den+&cd=4&hl=en&ct=clnk&gl=uk> [Accessed 11-8-15]

<sup>3</sup> [http://www.oecd.org/els/soc/CO\\_3\\_5\\_Young\\_people\\_not\\_in\\_education\\_or\\_employment.pdf](http://www.oecd.org/els/soc/CO_3_5_Young_people_not_in_education_or_employment.pdf). [Accessed 11-8-15]

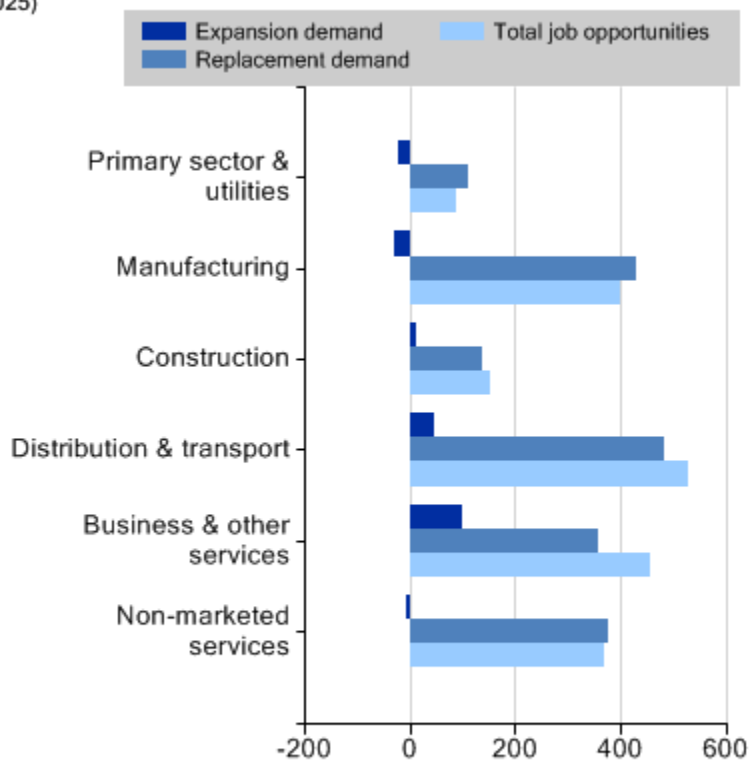
<sup>4</sup> Mapping youth transitions in Europe, EUROFOUND, 2014

<http://www.eurofound.europa.eu/pubdocs/2013/92/en/1/EF1392EN.pdf>

<sup>5</sup> Working paper No 1 Systems for anticipation of skill needs in the EU Member States, 2008

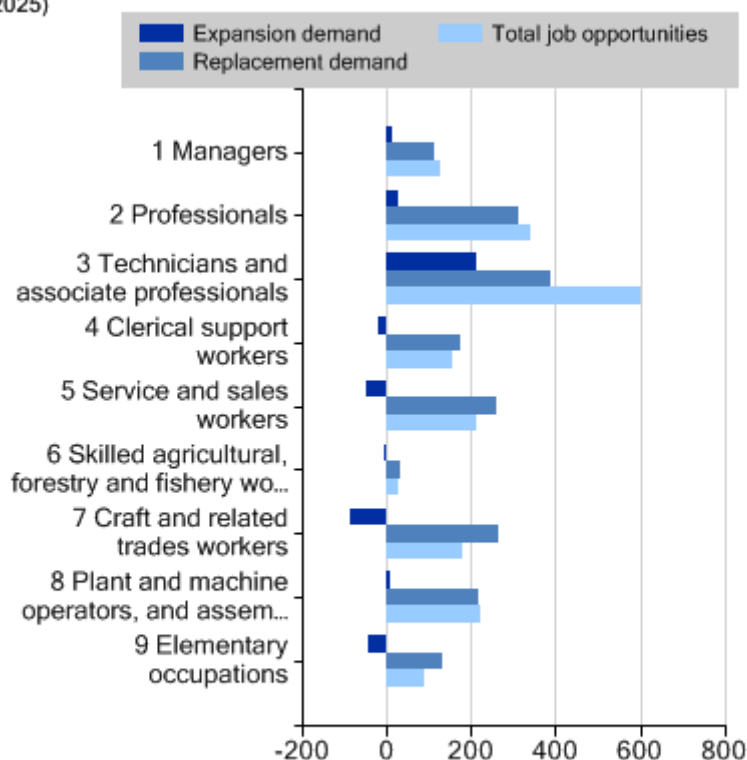
- some expansion in business and other services, and the distribution and transport sectors;
- an expansion of demand for technicians and associate professionals and, to a lesser extent, professionals and managers;
- up to 2025, an increase in the number of employed people with high level of education and a decrease in the employment of people with medium or low levels of education.

Skills forecast: Job opportunities by sector (in 000s), Czech Republic (2013 - 2025)



Source: Cedefop | Skills Forecasts | Data published in 2014

Skills forecast: Job opportunities by occupation (in 000s), Czech Republic (2013 - 2025)



Source: Cedefop | Skills Forecasts | Data published in 2014

|   |                              |
|---|------------------------------|
| <p>Anticipated percentage change in the number of persons in the active workforce, 2013-2025, by level of qualification</p> <p><b>Anticipated percentage change in active workforce with high qualifications. (2013-2025)</b></p> | <p>% Change --&gt; 53.0</p>  |
| <p><b>Anticipated percentage change in active workforce with low qualifications. (2013-2025)</b></p>  | <p>% Change --&gt; -18.0</p> |
| <p><b>Anticipated percentage change in active workforce with medium qualifications. (2013-2025)</b></p>   | <p>% Change --&gt; -11.0</p> |

Source: EU Skills Panorama/CEDEFOP

## 2) VET system in the Czech Republic

VET has traditionally played an important role in the Czech Republic's education system through its links with the economy's industrial sectors. A large percentage of individuals have upper secondary education and the share of graduates from vocational secondary education has remained relatively high compared to the European average (in 2012 initial VET made up 72.7 per cent of all upper secondary students compared to the EU average of 50.4 per cent<sup>6</sup>). In recent years there has been a tendency towards more students selecting general education but the long VET tradition remains strong. In public schools initial VET is free – there are tuition fees in private and church schools.

VET is mainly provided at the upper secondary and tertiary levels and learners can start from the age of 15 or later. Schools are autonomous and their directors have the freedom to manage the school and are responsible for the education process. Upper secondary education is open to everyone who meets the admission criteria which are usually set by the school director. However completion of compulsory education is an important criterion for entry to upper secondary education and training.

There is an important distinction to be made between the provision offered by secondary technical schools and secondary vocational schools. The two main initial VET schemes are:

- **secondary education with a vocational certificate** – this training is provided by secondary vocational schools and the main focus is to prepare learners for the labour market. Students can often enter this programme without completing an entry examination. Sometimes this provision is called an “apprenticeship”;
- **secondary education with *maturita* exam** – this is provided by secondary technical schools and prepares students for both the labour market and for entry to the university sector. To take this type of provision students need to complete an end-of-programme examination.

Secondary education with *maturita* exam is proving to be a more attractive option than secondary education with a vocational certificate. This is because the labour market opportunities for graduates of vocational education without the *maturita* are not particularly good. This group of students is more susceptible to variations in the economy and often finds itself more likely to be unemployed when there is an economic or financial crisis. At the same time employers are not convinced about the quality of the graduates from vocational education without *maturita*. One reason for employers' doubts is the decline in interest from young people in this type of vocational education. It is often seen as a ‘second-choice’ education path and not considered in the options of most young people.

---

<sup>6</sup> Eurostat, table educ\_ipart, extracted on 27th May 2014.  
[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=educ\\_ipart&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=educ_ipart&lang=en) [accessed 12-12-14]

## Graduates at secondary level

| Type of education  | Numbers |         |         | %    |      |      |
|--|---------|---------|---------|------|------|------|
|  | 2005    | 2008    | 2011    | 2005 | 2008 | 2011 |
| Gymnázia (ISCED 3a – general)                            | 25 449  | 24 445  | 24 010  | 21.3 | 21.6 | 23.9 |
| Vocational with <i>maturita</i> (ISCED 3a–vocational)    | 51 687  | 54 086  | 47 462  | 43.3 | 47.8 | 47.2 |
| Vocational without <i>maturita</i> (ISCED 3c–vocational) | 42 120  | 34 619  | 29 069  | 35.3 | 30.6 | 28.9 |
| Total  | 119 256 | 113 150 | 100 541 | 100  | 100  | 100  |

Source: Vývojová ročenka školství 2003-4/2011-12 [Statistical Yearbook on Education] - <http://www.msmt.cz/statistika-skolstvi/vyvojova-rocenka-skolstvi-2003-04-2011-12>, 29.8.2012

In 2013: Gymnázia 22-23%; Vocational without *maturita* 31.5%<sup>7</sup>

### Unemployment of graduates - 2011

|  |       |
|--|-------|
| Vocational without <i>maturita</i> (ISCED 3c-vocational) | 18.7% |
| Vocational with <i>maturita</i> and practical training   | 16.0% |
| Vocational with <i>maturita</i> (ISCED 3a-vocational)    | 11.4% |
| Gymnázia (ISCED 3a - general)                            | 3.2%  |

Source: Burdová, J. – Chamoutová, D.: *Nezaměstnanost absolventů škol se středním a vyšším odborným vzděláním – 2011* [Unemployment of graduates with upper secondary vocational and tertiary technical education]. Praha: NUV 2011.

The secondary initial VET curriculum includes general subjects, vocational subjects and practical training. The proportions of general, vocational subjects and practical training vary depending on the programme and the year of study. The most common programmes last three years and general subjects are allocated 30-35 per cent of the learning time; vocational subjects 20-30 per cent; and practical training 35-45 per cent. Often the practical training takes place in specially designed training facilities or school workshops/laboratories – sometimes this training uses obsolete machinery and technology. For this reason some of the larger companies, especially in industrial sectors such as mechanical engineering, have established private vocational schools to ensure new entrants are qualified and able to meet the employers' needs.

### The role of social partners

Social partners are involved in influencing the objectives and content of vocational education. The representative organisations in each field of study are involved at the national and regional level in the preparation of curricula documents. In recent years employers' interest in cooperating with schools has grown. This interest arises from a desire to secure the future supply of skilled graduates.

This representative involvement is usually through sector councils or regional councils for human resources development. Despite the interest and involvement of these organisations and their informal links to VET, there is no official system to guarantee their voice. There are currently 29 sector councils (*sektorové rady*): they are a relatively new type of entity (established since 2006) which operates at the national level. They have

<sup>7</sup> Confederation of Industry of the Czech Republic - Svaz průmyslu a dopravy České republiky - SPCR

been established because of the need to strengthen relationships; develop shared objectives with VET providers; and design curriculum content in line with the needs of the labour market. They bring together representative stakeholders, especially employers, and are involved in the process of defining occupational standards and qualifications. The regional councils for human resource development are established at the regional level with a consultative function in the design and development of these standards and as a way to answer to the skills needs.

### **3) Apprenticeship training**

#### **3.1 Definition of apprenticeship<sup>8</sup>**

Apprenticeship training as defined by the EU does not exist in the Czech Republic.<sup>9</sup> There are no specific programmes that include a contract between the apprentice and the employer; and there are no shared responsibilities between employers and the VET schools in relation to training.

In the school-based VET system, the schools are exclusively responsible for education and training. It is a school decision as to whether they offer practical training in a company rather than in a simulated workshop. The cooperation between schools and employers takes place on an *ad hoc* basis. It depends on whether organisations have an ongoing and structured partnership arrangement which supports collaboration. Nevertheless, despite the lack of a formal process, practical work-based training and work placements are integrated into the initial VET curricula of both upper secondary technical schools (*střední odborná škola*) and secondary vocational schools (*střední odborné učiliště*).

#### **3.2 Some work based learning programmes**

Despite the absence of a formal apprenticeship scheme, the education system does include practical training, work-based training and work placements. However there is a high proportion of theory compared to practical training. Secondary technical schools offer a secondary technical education through a four year programme which finishes with a *maturita* examination. The usual arrangement is for the work placements in companies and other institutions to last an average of 6-8 weeks. The actual arrangements depend on school decisions and how they choose to organise the work placements (in blocks, at the end of the school year, etc.). The placements usually aim to support the development of middle management skills and focus on organisational, technological and administrative skills.

In secondary vocational schools, a vocational programme can last from two to three years and approximately 35-45 per cent of the time will be practical training in schools or at a

---

<sup>8</sup> The European Commission defines apprenticeships as formally combining and alternating company-based training (periods of practical work experience at a workplace) with school-based education (periods of theoretical/practical education followed in a school or training centre), and lead to nationally recognised qualification upon successful completion. Most often there is a contractual relationship between the employer and the apprentice, with the apprentice being paid for his/her work. *European Commission "European Alliance for Apprenticeships - Good for Youth, Good for Business"*

<sup>9</sup> REFERNET - The Czech Republic. VET in Europe – Country report 2013 (Draft) [Accessed on 30-11-14]  
<http://www.refernet.cz/>

workplace that has been authorised for this purpose. The practical training focuses on developing manual and technical skills in line with the vocational field of study. Each school can increase the amount of practical training in their programmes through an agreement with the social partners. Practical training is usually provided in the form of week-long cycles – one week of theoretical education at school and one week of practical training at the work place - but other schemes exist. During their two to three years of training students can experience different work placement arrangements.

Although the collaboration between schools and companies is *ad hoc*, around 80 per cent of schools report that they collaborate with employers on the provision of practical education. It is worth noting that employers are legally required to participate in the evaluation of a student's final examination which leads to the award of a professional certificate.

It seems that the collaboration arrangements are not leading to the desired results. Based on a 2013 study<sup>10</sup> from the National Institute for Education, half the employers in the technical sectors reported that graduates had an unrealistic image of their future working conditions and salary and lacked practical experience. Employers also complained about the quality of graduates' general competence and their technical skills were considered as extremely low: e.g. communication skills, knowledge of foreign languages, ICT competences and ability to take responsibility. This low quality is found mainly in mechanical engineering (CNC machines operators, welders, machine locksmiths and design engineers), civil engineering, electrical engineering and other technical branches

The possibility of allowing students to obtain a vocational certificate and the *maturita* exam is currently being piloted within the framework of a four-year vocational education programme.<sup>11</sup> The intention is to improve the skills of new graduates entering the labour market and prevent them, after their four years of study, failing the *maturita* exam and entering the labour market without any qualifications.

### **3.3 The number of students**

Initial VET, especially those options which offer graduates a vocational certificate (rather than the *maturita*) are becoming less attractive even when they meet the needs of the labour market. This long-term decline of interest in initial VET is at the top of the list of education reforms facing the Czech Republic government.

---

<sup>10</sup> Dolezalova, G. (2013),

<sup>11</sup> Apprenticeship-type schemes and structured work-based learning programmes in the Czech Republic 2014 - *Refernet*

## The share of graduates

|   | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| VET – secondary education   | 0.7     | 0.7     | 0.6     | 0.6     | 0.5     | 0.5     | 0.5     | 0.6     | 0.7     |
| VET – secondary education with vocational certificate <sup>1)</sup> | 36.3    | 34.6    | 32.9    | 31.2    | 30.1    | 28.6    | 26.6    | 28.3    | 28.2    |
| VET- secondary education with <i>maturita</i> exam*                 | 42.1    | 43.3    | 46.1    | 47.3    | 47.8    | 48.6    | 49.6    | 47.2    | 46.9    |

Source MŠMT, [www.msmt.cz](http://www.msmt.cz), 2014.

### 3.4 Contractual arrangements

As initial VET is a school-based system, it is the schools that are responsible for placements. There are no contracts between the learner and the enterprises; there may be an agreement on the content and range of practical training which is signed by the VET school and the employer. During the placement learners are not employees according to the legislation. However they are entitled to receive financial remuneration during their practical training if they are involved in productive activities that generate income – this is equivalent to 30 per cent of the minimum wage (approximately 300 Euros per month).

### 3.5 Bilateral Cooperation

There is close co-operation with the Czech-German Trade and Industry Chamber. The Czech Republic has signed a Memorandum of Co-operation with WIFI International (Austria) on implementing elements of the dual system in the Czech Republic.

### 4) Drop-out rates from school and apprenticeships

The national drop-out rate is low – for those aged from 18-24 with lower secondary education and not in further education it is 4.9 per cent compared to the EU27 average of 13.5 per cent.<sup>12</sup>

### 5) Future reforms in the VET (apprenticeship) system<sup>13</sup>

In the last ten years, the Czech Republic has introduced reforms to its initial VET system in order to address:

- the low number of students in technical fields and low levels of student motivation;
- insufficient cooperation between VET schools and enterprises;

<sup>12</sup> Eurostat - 2012

<sup>13</sup> Based on "Apprenticeship-type schemes and structured work-based learning programmes in the Czech Republic, 2014" REFERNET



- the links between the world of work and the world of education in order to make them more effective;
- the need to strengthen practical training which is provided mainly in VET schools or in school facilities (laboratories and workshops). This involves increasing the amount of preparation that takes place in a real working environment.

The purposes of the initial VET reform are to change the objectives and content of education; to develop transversal skills (key competences) and to prepare students for practical life by better meeting the needs of the labour market. The need to strengthen the training provided in predominantly school-based programmes with on-the-job training and establish stronger collaboration with the labour market has been recognised as a priority. In July 2014, the new Education Policy Strategy of the Czech Republic for 2020 was adopted. This reform is in line with the European Education and Training 2020 Strategy, and defines priorities for the development of the national educational system.

From the start of the 2014 school year standardised assignments are expected to become compulsory for students in all secondary schools. The new curriculum which focuses on competences and learning outcomes will operate at two levels - nationally and in individual schools. At the national level it will set out minimum requirements for the education system; and at the school level it will allow adjustments to meet regional needs, the interest of the sectors and the capacities of the students. Employers are heavily involved in this reform process and have emphasised the importance of adapting workplace training to meet their needs and respond to the earlier activities and results that have been achieved by the sector councils.

There are discussions about introducing selected elements of the Dual system. A national pilot project POSPOLU - Fostering Co-operation between Schools and Enterprises with a Focus on Vocational Education and Training in Practice - is being implemented to test these elements. The pilot project is the responsibility of the Ministry of Education, Youth and Sports but it has been prepared in partnership with employer associations and the National Institute for Education. The project is from 2012–2015 and is funded by the European Social Fund (ESF) and the state budget of the Czech Republic.

Central to the pilot project is an improvement in cooperation between VET schools and companies, and the introduction of the principles of the European Credit System for Vocational Education (ECVET) and European Quality Assurance in VET (EQAVET) procedures. The project aims to:

- support cooperation between secondary technical and vocational schools and enterprises in order to ensure a higher quality of initial VET;
- pilot the verification of units based on learning outcomes using the ECVET principles;
- identify and record the barriers that prevent or inhibit cooperation between VET schools and companies;
- provide evidence for proposing changes to the legislation.

As part of the pilot project seminars and conferences have been held; case studies and methodological publications have been prepared; and performance and educational changes at the regional level have been monitored. The main outcome of the project should be a set of legislative proposals which set out system level measures for the future

cooperation of schools and enterprises.

The Czech Republic is discussing the European Youth Employment Initiative (YEI) which exclusively supports young people not in employment, education or training in regions experiencing youth unemployment rates above 25%. In the Czech Republic the YEI allocation is €13.5m for 2014–2015 which is matched by the same amount from the European Social Fund. YEI measures will target young people directly and could include direct support for high-quality traineeships and apprenticeships; provision of first job experience (placements for at least six months); start-up support for young entrepreneurs (mentoring and access to finance); and strengthening the quality of vocational education and training.<sup>14</sup>

## **6) Evaluation of the existing system and potential ways to improve it<sup>15</sup>**

The structure and functioning of apprenticeship system in the Czech Republic has been analysed under the “POSPOLU” project. Nevertheless according to the responses to the questionnaire prepared to gather federation views on apprenticeships<sup>16</sup> it is possible to highlight the following improvements that are needed in the apprenticeship system in the Czech Republic:

- increase the amount of practical training in companies and decrease time in school-based training. This requires a review of the framework educational programmes;
- change the way of financing schools;
- a new methodology for financing practical training in companies (including sponsorship);
- improve the the funding system for apprenticeship. There are new tax concessions being introduced: increase the limits for the tax allowance of scholarships (to 5,000 CZK/person/month at the secondary level and 10,000 CZK/person/month at the university level); introduce deductible tax items for training at the workplace (200 CZK/person/hour); provide additional deductions for assets purchased and used for VET (up to 110 % of acquisition costs according to the rate of utilisation in VET – minimum utilisation is 50% of time for practical learning). This measure aims at modernising training and increasing the attractiveness of VET by stimulating companies to provide tutors/mentors, factory space, machines and know-how for VET (This amendment has been in force since 1 January 2014)<sup>17</sup>;
- create contractual relationships between the pupil, school and company;
- engage company experts (without giving them the status of teachers) in schools to improve the content of training. This will help to raise the quality of teaching;
- address the challenge of health checks of pupils in the context of occupational safety and health;
- improve the preparation of pupils at primary schools;
- improve careers guidance at schools, particularly primary schools;

---

<sup>14</sup> The Youth Employment Initiative CZECH REPUBLIC  
<http://ec.europa.eu/social/BlobServlet?docId=13467&langId=en> [Accessed 11-8-15]

<sup>15</sup> Confederation of Industry of the Czech Republic - Svaz průmyslu a dopravy České republiky - SPCR

<sup>16</sup> Questionnaire which collected the federation's views on apprenticeships BUSINESSEUROPE/UEAPME/CEEP

<sup>17</sup> In general, there is a per capita funding system in the country that often goes against quality of the outcomes, because the normative amount of money does not cover real cost of learning, mainly of real work-based learning

- implement a system to anticipate the labour market demand with the aim of influencing schools to open new fields of study and increase the number of pupils in these fields. The National System of Qualifications offers descriptions of qualifications based on the competence models, and learning outputs. There are efforts to link this system with apprenticeships educational programmes but still there has been no real results;
- enhance the content of learning to make it closer to the needs of companies. This involves the need for training to be in a real company environment with the following elements of the Dual system:
  - i. encouraging work-based learning in real company situations or equipping school workshops according to modern trends in technology;
  - ii. enabling innovation in the framework education programmes - in particular making sure that the school education programmes are in line with the needs of employers;
  - iii. training teachers of technical subjects in companies;
- support education centres in companies where pupils could acquire the competences that cannot be acquired at school or in companies where they complete their practical training;
- work with sectors and branches to increase the availability of suitable companies for work-based training;
- promote vocational education in general.

The quality assurance mechanisms, preparation for the certification of apprenticeships and the outcomes of the apprenticeship system are issues that are being considered in the “POSPOLU” project. So far the evaluation has identified that:

- the employability of the apprentices in general cannot be assessed because of excessive specialisation and frequent changes to the labour market;
- the average length of time to complete an apprenticeship (in months) depends on the branch/profession;
- apprentices need to be better prepared for a working life in a constantly changing world;
- companies whose production is based on a scarce qualified labour force often offer more practical training opportunities. Companies that face a lack of orders cannot afford to take apprentices.

Apprenticeships are offered in all sectors – in some secondary sectors there is a great deal of interest (e.g. trades/crafts). In other branches there is less demand and places remain unfilled or the offer from the VET schools is limited (e.g. glass-blowers, glass-cutters etc.) and there is no offer at the tertiary level. The target groups for apprenticeships are adolescents who left primary education with basic skills, have the worst school results or have a reduced capability to study. Some special apprenticeships are offered to those who did not finish their nine years of primary schooling. The image and attractiveness of apprenticeships in the Czech Republic must be improved in order to overcome the difficulties in recruiting apprentices. To remove inaccurate and naive ideas about some professions and occupations among young people and parents; action is needed from the career guidance services, the Labour Office in relation to information about employability, and the counselling services.

There is a need to strengthen the links between all the actors involved in supporting apprenticeships, to implement campaigns such as the “Year of Industry”, “Days of Crafts of the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic (AMSP) and the sector campaign of the automobile industry. Nevertheless, the main objective is to set out a clear direction for key employers in particular regions, mainly those that face a lack of qualified labour force and those that are managing apprenticeships projects (e.g. POSPOLU, IQ Auto, IQ Industry).

There are discussions taking place on the further involvement of employers in improving apprenticeship at the national/regional level. These discussions are dependent on the willingness of the government to make changes. As employers offer places for practical work-based training they have opportunities to influence the development of the system. Social partners take part in the Sector Agreements project (this project closes in 2015) at a regional, sectoral and national level. The outcomes from this project will help to address some of the issues relating to apprenticeships. The social partners also define the content of quality standards under the National System of Qualifications through their Sector Councils. These standards are linked to the content of curricula.

The role of SMEs in relation to apprenticeship depends on the branch: in some crafts apprenticeship schemes play a leading role (e.g. roof tiller, bricklayer, plumber, gas-fitter, cook, shop-assistant, glass-blowers, glass-cutters). However in other sectors the voice of the SME in apprenticeship schemes is missing e.g. manufacturing and engineering. The main challenges arise from the lack of human capacity (mentors), funding, competitiveness, and micro firms’ perceptions of apprenticeships. These challenges can result in a perception that the large companies are more attractive and their employment conditions take young people from branches where SMEs are active (e.g. glass industry). In order to increase apprenticeships in SMEs it is necessary to stimulate the interest of students in branches that are covered by SMEs. This requires information campaigns and initiatives which prepare pupils leaving primary schools to think about their future employment options.

## **7) Cost effectiveness analysis**

There is a limited amount of literature on the cost-benefit ratios of apprenticeship programmes in the Czech Republic. The European Commission’s 2013 report on the cost effectiveness of apprenticeships in Europe<sup>18</sup> concludes that most studies relate to countries with strong apprenticeship-based VET systems e.g. Austria, Germany, Switzerland, Denmark and the Netherlands.

The empirical findings from Germany show that the costs and benefits of apprentices vary according to both apprenticeship-related occupational categories and the size and sector of the training firm. Therefore, the provision of apprenticeships varies across sectors, occupations and firm sizes: positive effects on companies’ gross profit in the short-term are found for trade, commercial, craft and construction occupations. However for firms with apprentices in manufacturing occupations, they face net training costs during the apprenticeship period but gain through the long-term employment of former apprentices.

---

<sup>18</sup> The effectiveness and costs-benefits of apprenticeships: Results of the quantitative analysis September 2013. European Commission

In many European countries, the cost of apprentices is reduced by government-sponsored employer incentives in the form of either direct subsidies for apprenticeships (e.g. in Austria, Finland and Hungary) and/or tax deductions (e.g. in Austria, France, the Netherlands and Italy). These policies are often justified on the basis that, in the absence of public intervention, the market does not produce enough apprentices. However there is also a risk, in some sectors, that the availability of public funding may be wasted money (in economic theory – a deadweight loss) as it merely encouraged companies to swap programmes they would have funded with those funded by the state. This substitution effect can be significant as some industries see apprentices as a long-term investment, while in others they may represent a substitute for regular employment.

According to the federation's views on apprenticeships in Czech Republic enterprises do not expect a quick return on their investment and welcome the possibility of deductions and tax concessions. The rate of return on investment depends particularly on the size of the enterprise, level of engagement and branch of business.

There are some ways to encourage more enterprises to invest in apprenticeships designed under the "POSPOLU" project. In general, enterprises would be more likely to offer apprenticeships if they knew that it would be beneficial for them and if there was a positive perception of such an enterprise by the society. Some enterprises call for a system of compensation to be incorporated into the system of tax deductions.

*Revised on August 2015 after the cluster seminar*