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Intermediary organizations in apprenticeship systems



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Intermediary organizations in apprenticeship systems

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Preface

In response to the growing international interest in apprenticeships and work based learning in general, the ILO has undertaken a number of studies to better understand the role of various stakeholders and the institutional arrangements that support them. Whilst there is abundant literature on the role of stakeholders in the governance of apprenticeship systems, the roles and services provided by intermediary bodies have not been examined in any detail.

Intermediary organizations in apprenticeships are those which act on behalf of, link, are somewhere in between or mediate between the main parties – apprentices and employers. An intermediary organization in apprenticeship systems is thus one that undertakes one or more of the following activities: employs apprentices as a third-party employer; trains apprentices as part of a specific arrangement with groups of employers; or undertakes other apprentice support activities on behalf of an employer or a specified group of employers.

In the analysis section, this discussion paper highlights different ways of classifying intermediary organizations, provides examples of different types of intermediary organisations and examines the different roles they can play to support the effective operation of apprenticeship systems. In particular, the report includes brief case studies of intermediary organisations in Australia, India, England.

The report finds that intermediary organizations in apprenticeship systems have been shown to provide a useful conduit for the dissemination of information from governments and relevant bodies to employers, apprentices and other parties. Intermediaries are also recognised as encouraging employers to recruit more apprentices and, specifically, to recruit more apprentices from disadvantaged groups as they often possess expertise in matters specific to young people and to disadvantaged groups. These organisations have also been found to improve retention and completion rates in apprenticeships.

The report concludes that intermediary organisations should be regarded as potentially major contributors to apprenticeship systems and as such, this report should be seen as an important contribution to improved understanding and awareness of the roles they play and the challenges they face

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Introduction and background

The purpose of this discussion paper is to uncover the “secret” part played by intermediary organizations in apprenticeship systems. Smith (2010) in Australia and Unwin et al. (2012) in England have noted that little research has been conducted into the role of intermediary agencies in apprenticeships. While there is abundant literature on governance and the role of stakeholders, intermediary bodies are rarely mentioned. Even the term itself can have different meanings in different contexts. Intermediary organizations are frequently also omitted from official accounts of apprenticeship systems and from lists of stakeholders. For example, they are not specifically listed among the ten stakeholders in quality apprenticeships in the recent International Labour Organization (ILO) *Toolkit for Quality Apprenticeships*, although examples are provided under the umbrella of local/sectoral coordination support services (ILO, 2017, p. 48). Unwin et al. (2012) noted that even active participants in the English system confused different types of intermediary organizations.

What is an intermediary organization?

The term “intermediary”, according to dictionary definitions, means someone or something that acts on behalf of, or links, is somewhere in between, or mediates between people or organisations. For the purposes of this discussion paper, it is important to be clear about the people or organizations that constitute the main parties with whom the intermediary organizations have dealings. In an individual apprenticeship, the main parties are the employer and the apprentice (figure 1). While training providers are often involved in apprenticeships, in many countries this is not always the case.

At the system level, then, it follows that the main parties are employers as a whole and apprentices as a whole and thus the organizations involved are generally employer bodies and trade unions, and their respective peak bodies (i.e. the representative bodies for these organizations). At system level, governments are also stakeholders, but they are not generally contractual parties to individual apprenticeships (figure 2).

Figure 1:
The main parties to an apprenticeship

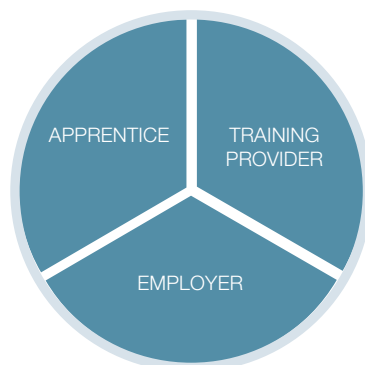
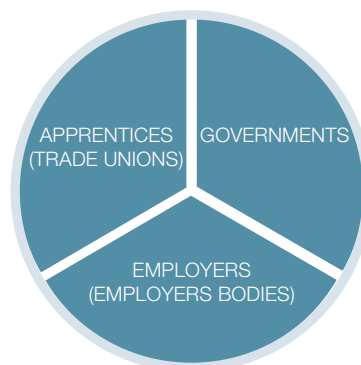


Figure 2:
The main parties to an apprenticeship system



It therefore follows that intermediary organizations in apprenticeships are those which act on behalf of, link, are somewhere in between or mediate between the main parties – apprentices and employers.

This discussion paper focuses on these intermediary organizations and proposes the following defining characteristics to designate them as a distinct group.

Function

An intermediary organization in apprenticeship systems is one that undertakes one or more of the following activities:

- employs apprentices as a third-party employer;
- trains apprentices as part of a specific arrangement with groups of employers;
- undertakes other apprentice support activities on behalf of an employer or a specified group of employers.

Nature of organization

The intermediary may be part of an organization formed originally for another purpose (e.g. an employer association), part of an umbrella organization providing a range of related services, such as labour hire (provision of workers to companies for short-term or outsourced work), or a standalone apprentice intermediary organization.

Support from government

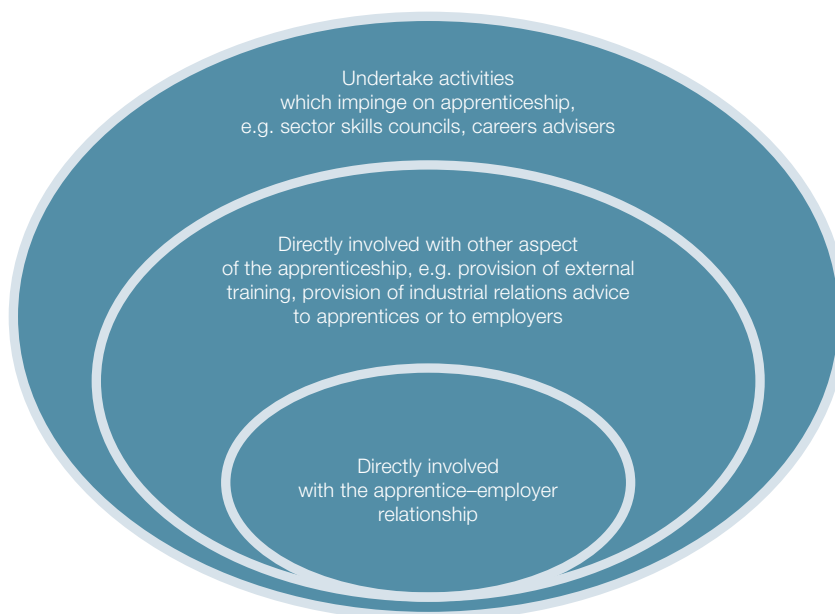
The intermediary may or may not receive government funding for its activities with apprenticeships.

The varied nature of the organizations, particularly those involved in other activities which often pre-date their role as apprenticeship intermediaries, may have contributed to the lack of public understanding of intermediary organizations.

It is widely recognized that many other organizations and stakeholders are involved in the success of apprenticeships within specific industries, localities and countries. Moreover, in many countries where apprenticeships are closely linked to technical and vocational education and training (TVET) and/or educational systems, additional stakeholders are involved. Figure 3 depicts some of those organizations and their distance from the central employer–apprentice relationship. These stakeholders are, of course, vital to the success of apprenticeships, but they are not the focus of this discussion paper.

In this discussion paper, three main sources of evidence are used to describe the different types of organizations, the services they provide and the ways in which they are funded. The evidence sources are: scholarly literature, reports and government websites; three country case studies based on reports and websites of relevant organizations; and data from an ILO survey of the G20 countries carried out in 2017 ((Smith, Tuck & Chatani, 2018). Information to guide the country case studies was also obtained from relevant officials and country experts, and validation of the case studies was undertaken. The full case studies are provided in Appendix 1.

Figure 3. Stakeholders in apprenticeships: Distance from the central employer–apprentice relationship



In the analysis section, this discussion paper highlights different ways of classifying intermediary organizations. In response to the fact that countries and stakeholder groups may wish to establish such organizations, or extend and/or adapt the activities of their current intermediary organizations, success factors and potential pitfalls are identified and recommendations offered.

What does the literature say about intermediary organizations in apprenticeship systems?

While the existing literature is limited, and often highly country specific, it is helpful in describing the different functions of intermediary bodies and their attributes.

What type of organizations may be involved?

Some of the intermediary organizations work primarily with employers, some with apprentices and some with both. A number of examples follow and more detailed examples are provided in the country case studies in Appendix 1.

The three selected examples considered in this section cover a networked arrangement of a group of stakeholders (United States), a particular type of intermediary organization (Australia) and a specific example of one employer association performing an intermediary role (Egypt). They provide an initial insight into the diverse range of organizations that can be involved.

Sullivan (2016) describes seven ways in which intermediaries assist with apprenticeships in one particular programme (the “IMT model” in the United States) managed by a private organization in conjunction with a number of stakeholders in eight States:

1. connecting business and industry groups to organized labour partners;
2. aggregating the needs of small employers within industry sectors;
3. conducting industry engagement and outreach;
4. supporting apprentices’ progress;
5. building relationships with community colleges;
6. sponsoring apprenticeships (obviating the need for government approval for each apprentice);
7. researching and documenting promising practices.

While some of these activities are not directly related to the individual contract between employer and apprentice, they relate to the function of “undertak[ing] other apprentice support activities on behalf of an employer or a specified group of employers”.

In Australia, intermediaries known as Group Training Organizations (GTOs) have been in operation for some time and focus on both employers and apprentices. Their work is described more fully later in this discussion paper. Briefly, the literature (e.g. Bush and Smith, 2007) shows that they have several functions. They operate as the formal employers of the apprentices, receiving a fee from host employers for the apprentices’ labour. This arrangement reduces the risk that an employer experiences in employing an apprentice, both in terms of being able to guarantee continued employment and having to manage performance. GTOs also provide “pastoral care” to apprentices, assisting them with difficulties during their apprenticeship as well as providing those who need it with pre-placement training. And they educate employers, not only about apprenticeships, but about such matters as workplace health and safety.

An industry-specific example is provided by Badawi (2010) in Egypt. He describes the role of an employer association – the Egyptian Federation of Building and Construction Contractors (EFBCC) – operating in the greater Cairo area. Its main foci are marketing apprenticeships to potential apprentices, coordinating work opportunities among employers and also monitoring the quality of training and issuing certificates. As in other countries, the cyclical nature of work in the building and construction sector makes it important that the EFBCC “links apprentices to more than one contractor”.

Each of these examples illustrates one or more of the roles of an intermediary identified in the initial definition: “acts on behalf of, or links, is somewhere in between, or mediates between people or organizations”, and, between them, they exhibit all of the characteristics described earlier.

Literature on other intermediary organizations in TVET systems provides insight into potential functions for intermediary apprentice organizations. In the United States, “workforce intermediaries” (Prince & Rubin, 2006) help to organize funding streams to enable more services to continue to be delivered and aggregate demand for training from employers. In England, the National Apprenticeship Service (NAS) has a highly structured system ¹ for disseminating information about apprenticeship, through what it calls “intermediary engagement” – in this case not via designated intermediary organizations but through industry associations and similar organizations (NAS, 2017). Fazio, Fernández-Coto and Ripani (2016) use a five-country study to analyse these types of engagement. The NAS model places heavy emphasis on the value of using existing, trusted organizations.

1 See <https://slideplayer.com/slide/14239531/> for details.

The research literature has identified a range of benefits and challenges, some of which are country specific, but some of which can be extrapolated across countries and among types of intermediaries. These benefits and challenges are detailed in the following sections.

Benefits

In the available literature that specifically discusses intermediary organizations in apprenticeships, they have been shown to:

- provide a useful conduit for the dissemination of information from governments and relevant bodies to employers, apprentices and other parties;
- encourage employers to recruit more apprentices and, specifically, to recruit more apprentices from disadvantaged groups;
- improve retention and completion rates in apprenticeships;
- possess expertise in matters specific to young people and to disadvantaged groups.

They also maintain knowledge about, and build relationships with, other support services to which employers and/or apprentices might be referred, such as welfare agencies, counselling services or specialist training services (Bush & Smith, 2007; Smith, Comyn, Brennan Kemmis & Smith, 2009). Intermediaries, even those which do not employ apprentices directly, reduce the inherent risk of employing apprentices, especially young apprentices, due to the extra services that they provide, which make the apprenticeship more likely to succeed (LSIS, 2013b). They help to moderate unrealistic expectations of both parties in the apprentice–employer relationship (Smith, Walker & Brennan Kemmis, 2011). The activities of intermediaries have also been found to have a significant effect on the adoption of apprenticeships by enterprises which had not previously employed apprentices (Smith et al., 2009). The role of intermediaries in interpreting the apprenticeship system is especially helpful for small and medium-sized enterprises (SMEs), giving the latter the confidence to employ apprentices (National Apprentice Employment Network, 2019; LSIS, 2013b).

Those intermediary organizations that actually employ apprentices help to counter business downturns by employing apprentices when employers are reluctant to do so (Badawi, 2010), and also employ “out of trade” apprentices, who have been made redundant due to individual business failures or industry restructuring (National Apprentice Employment Network, 2019). They have been described as providing clear signals to governments about the state of the labour market for young people (Bush & Smith, 2007), in what has been described as a “bellwether” role. In Australia, they are particularly active in rural and remote areas (National Apprentice Employment Network, 2019). They can potentially place apprentices in more than one host organization to help deal with business fluctuations or to compensate for work that is limited in scope, but, certainly in Australia and England (LSIS, 2013b), this practice is not common.

The presence of multiple intermediaries in an apprenticeship system may be beneficial. Smith (2010) states that the advantages include:

- the presence of several sources of information for companies and for apprentices;
- a signal that apprenticeships are important;
- the availability of alternatives if one agency seems unhelpful;
- several discrete sources of feedback to government.

Each organization may monitor the performance of the other, either formally or informally, which tends to result in a higher quality outcome (Smith, Walker & Brennan Kemmis, 2011).

Challenges

While intermediary organizations have many useful functions, there are also some challenges which indicate potential pitfalls for countries wishing to introduce or promote them. One such challenge is that employers may find it difficult to access information about intermediaries and understand their function (LSIS, 2013b). Where there are multiple intermediaries, employers may be confused by the number of sources of information, and some agencies may complain about others encroaching on their territory (Smith, 2010). Intermediary organizations may not employ appropriately qualified, or sufficient, numbers of staff, thus reducing their effectiveness. For example, in Turkey, despite the presence of Enterprise and Union Monitoring and Consulting Groups to monitor the operation of apprenticeship at the local level, research (Vos & Unluhsarcikli, 2009) has shown that the monitoring was not effective, partly because the groups did not have enough members to undertake it adequately. In Australia, some employers complained that intermediaries did not have sufficient expertise to deal with apprentices with literacy difficulties or disabilities (Smith et al., 2009).

There are potential problems of dysfunctional behaviour with any organization that benefits financially from a growth in apprentice numbers. It has been argued, for example, in both England and Australia (e.g. Pullen & Clifton, 2016), that government funding has led to a growth in low-quality apprenticeships, fuelled by financial incentives both for companies and for intermediary organizations. Intermediary organizations may be seen by employers as untrustworthy, where funding for intermediaries is performance-based and the path recommended by the intermediary might not be the most appropriate for the employer (Smith, 2010). Financial misuse may not be solely confined to government funding. In Indonesia, for example, private “brokers” have grown up offering to recruit apprentices for companies (Smith, 2017b). Under this system, companies benefit financially from paying their apprentices a stipend rather than a full wage and therefore some companies have been accused of using the services of brokers to recruit low-cost labour rather than genuine apprentices.

There are also challenges for the intermediary organizations themselves, which may stem from structural or regulatory matters, which may reduce their effectiveness. They are often required to meet one or more types of government standard yet can often only offer short-term or uncertain employment to their staff, due to the nature of their funding contracts or dependence on other employers. Organizations that include intermediary activities among other functions can offset this risk, but it is sometimes argued that there are potential conflicts of interest in intermediary organizations that perform more than one function in relation to apprenticeships (LSIS, 2013b).

International studies of apprenticeships and intermediary organizations

International studies of apprenticeships (e.g. Smith, Brennan Kemmis et al., 2014; European Commission, 2012) have not examined intermediary organizations as a specific topic. However, an important finding emerges from an international comparison by Chankseliani, Keep and Wilde (2017). While not specifically using intermediaries as part of the framework for their study, they discuss the use of employer bodies as intermediaries. They view these as the best form of intermediary bodies. They describe the German Association of Chambers of Commerce and Industry (DIHK) as having responsibility for:

- determining the suitability of both companies and trainers;
- registering training contracts;
- managing examinations and issuing certificates;
- mediating in any problems that arise (Chankseliani et al., 2017, p. 66).

They cite Denmark as having a similar level of involvement, while Australia, England and South Africa to a lesser extent. They argue that these arrangements, via employer bodies, have evolved organically and therefore are more likely to survive, as well as having gained the trust of all the parties over time.

Typologies of intermediary apprenticeship organizations in the literature

Some attempts have been made to classify intermediary organizations in apprenticeship. Two are now presented. They each represent only one type of intermediary association, but the principles may be applied to other types, particularly (though not solely) those which do not have additional functions.

Demand driven versus supply led

Burge, Vasey, McQuade and Hardcastle (2002) developed a typology to describe the different types of Group Training Associations (GTAs) in England. As explained later in this discussion paper, GTAs in England are employer-led training centres serving several employers.

The three types of GTAs they describe are depicted in table 1, together with their characteristics in relation to four types of activity:

- employer engagement;
- the delivery and management of training;
- the recruitment and care of apprentices;
- their inclusivity practices.

The basic distinction in this typology is between demand driven (defined as focusing on employers' needs) and supply led (defined as serving the interest of the GTA itself). But, importantly, two sub-types of demand-driven GTAs are described in the report. One sub-type is expanding and successful, in a thriving industry area ("strategic" demand driven) and the other is struggling to maintain demand, perhaps because the industry is in decline ("declining" demand driven). It is argued that the latter type may need to make compromises in relation to its operation.

These differing characteristics of GTAs are seen to lead to different outcomes in the four types of activity shown in the first column of table 1.

Table 1. Summary of GTA types

TYPE OF ACTIVITY	“STRATEGIC” DEMAND-DRIVEN GTAS	“DECLINING” DEMAND-DRIVEN GTAS	SUPPLY-LED GTAS
Employer engagement	Have close links with member firms and are strongly employer led	Most endorse the membership principle, but some make no distinction between members and non-members. Have extended their activities to combat the effect of falling membership	Employer engagement is no different to that which exists between other training providers and their clients
Delivery/ management of training	Deliver training directly and strictly control the quality of subcontracted elements		
	Direct delivery of training has declined but range of training offered has broadened	No direct delivery of training, only management of off-the-shelf training packages	
Recruitment/ care of apprentices	Meet all of their members’ apprentice recruitment needs	Although some meet most of their members’ apprentice recruitment needs, others only partially do so	Conduct general recruitment exercises and then look for work placements
Equal opportunities	Encourage and support applicants of all types and from all backgrounds	Encounter problems placing female apprentices in traditionally male-dominated jobs and, in some instances, themselves make distinctions between jobs “suitable” for males and females	Policies and practices can be extremely good, encouraging trainees from a variety of backgrounds

Source: Based on Burge et al., 2002, p. 47.

Burge et al. provide further discussion of these characteristics (2003, pp. 45–46). The authors clearly had little respect for supply-led GTAs, stating that

[s]upply-led GTAs bear the name of a GTA but demonstrate few of the fundamental characteristics. They do not have a membership or, if they do, it is purely notional, with all clients classed as members but none having to satisfy any membership criteria or pay subscriptions. To all intents and purposes, they are managing agents or private providers, wishing to gain some credibility in the market by associating themselves with GTAs.

While the Burge et al. (2002) typology was developed some time ago for a single type of intermediary organization, there are many features in table 1 which can be recognized in current apprenticeship intermediary organizations of different types.

Profit versus not for profit

In England, a simple typology – profit versus not-for-profit – has been used to describe three types of Apprenticeship Training Agencies (ATAs). This was developed during an exercise to evaluate the system (LSIS, 2013b, p. 13). ATAs are intermediary organizations which employ apprentices, similar to Australian Group Training Organizations, and are described in detail in the next section. The three types identified are:

- ATAs that are part of a broader parent company, funded through the Skills Funding Agency² (categorized as “affiliated ATAs”);
- ATAs that are independent and not-for-profit (categorized as “ATAs not for profit”);
- ATAs that are independent and for-profit (categorized as “ATAs for profit”).

This is a helpful categorization for any type of apprentice intermediary organization.

² This refers to funding as a training provider.

Country case studies summary

This section introduces information about three countries – Australia, England and India – where intermediary organizations are acknowledged as being important elements in apprenticeship systems. The first two systems include both long-standing and more recent types of intermediaries, while India’s Third Party Agencies are a recent major policy initiative. Overviews are provided below but more detail is given in Appendix 1, together with prefatory remarks about the specific apprenticeship systems in those countries, which may be useful for readers who are unfamiliar with the systems in the countries discussed.

Australia

In Australia, there are two types of apprenticeships: “apprenticeships”, which are mainly in traditional manufacturing and craft trades, and newer “traineeships”, which are generally of shorter duration and in non-trade areas. Intermediary organizations provide services for apprenticeships and traineeships alike. There are two major types of specialist apprenticeship intermediary organizations: Group Training Organizations (GTOs) and Australian Apprenticeship Support Network providers, known as AASNs.

GTOs employ apprentices and “lease” them to host employers. The GTO is the legal employer. GTOs provide support services to both employers and their apprentices alike. GTOs have existed for over 40 years and are not currently funded or managed by the national Government, except insofar as they must comply with certain national standards in order to be on the national register. Some 10 per cent of Australian apprentices and trainees are employed by GTOs, although the proportion has been declining since 2000.

AASNs, in contrast, are contracted to, and funded by, the national Government. They administer apprentice contracts and therefore their use is compulsory; no apprenticeship can commence without the involvement of an AASN. AASNs also provide a limited range of support services. AASNs were instituted in 2015, although there had been previous iterations with a narrower scope, known initially as New Apprenticeship Centres and then Australian Apprenticeship Centres. There are only 11 AASNs nationally, and hence they are large organizations with local branches – in some cases, many branches – across Australia. There is a comprehensive national code of conduct for AASNs. An independent review of the new system (Ithaca Group, 2018) identified a number of challenges, which are outlined in Appendix 1.

Funding of Australian intermediaries

GTOs were formerly funded jointly by the national Government and matching funding from State governments. The amount of Commonwealth funding, known as Joint Group Training Program (JGTP) funding, was small, and accounted for only about 1.5 per cent of most GTOs’ turnover, the remainder of the GTOs’ income being derived for ‘leasing’ apprentices, and from Government financial incentives for employing apprentices. The JGTP funding ceased in 2015 with the advent of the AASN network. Some State governments provide some funding to GTOs, but this is often targeted at certain industry areas, specific types of apprentices (e.g. indigenous people) or types of employers (e.g. rural or remote).

England

The English apprenticeship system also has two main types of intermediary organization involved with apprenticeships: Group Training Associations (GTAs), which are basically training centres formed by groups of employers, and Apprenticeship Training Agencies (ATAs), which employ apprentices and “lease” them to employers in the same way that Group Training Organizations do in Australia. There is some overlap between these types of organization, with a small number fulfilling both roles and some additionally being Apprenticeship Training Providers.

Unlike Australian GTOs, whose name is somewhat misleading, GTAs are actually organizations that provide training. Sometimes they complement college-based training and sometimes they provide all of the off-the-job training for apprentices (Unwin et al., 2012). Originally, GTAs operated mainly in the engineering and construction sectors, and these sectors are still the main focus of their business. There are 40 GTAs across the country. The key strengths of GTAs are seen to be their evolution over time in specific locations, their trustworthiness and their focus on specific skill areas (Unwin et al., 2012, p. 23).

Apprenticeship Training Agencies (ATAs) recruit, employ and arrange training for apprentices on behalf of employers. Like the Australian GTOs on which they were modelled (LSIS, 2013b), ATAs function as the employer of the apprentice. Unlike GTAs, ATAs were introduced relatively recently (2012) and were instituted by the Government rather than evolving naturally. They were introduced to help the Government of the day achieve an ambitious target for apprenticeship expansion. ATAs are listed on a national register, following an application process and having met national guidelines; there are currently 114 ATAs. A critical article about ATAs (Robertson & Offord, 2016) suggested that the number of apprenticeship “starts” (commencements) through ATAs was low, only about 1,300–1,400 each year. The figures were disputed, however, by the association of ATAs at that time – the Confederation of Apprenticeship Training Agencies (CoATA). There is no publicly available evaluation of the performance and efficacy of ATAs.

Funding of English intermediaries

GTAs are funded primarily from government contracts to deliver apprentice training. They may also undertake fee-for-service training for employers (Unwin et al., 2012). Typically, their member companies provide board members for the GTAs and the GTAs are non-profit. GTAs have a very small profit margin and are said to find it difficult to purchase new training equipment.

ATAs are funded by payments from host employers for the apprentice’s services; these payments cover the wage agreed with the host (which must be at least the minimum apprentice rate) and also a management fee. It is not clear whether there is any government funding for ATAs. The National Apprenticeship Service provided £7 million in a pilot scheme to establish the first ATAs (Robertson & Offord, 2016). It appears, however, from a guide to setting up an ATA published by the Learning and Skills Improvement Service (LSIS, 2013a, p. 20) that, by 2013, no government funding was available. A further LSIS report (2013b) discussed the difficulties for ATAs in maintaining a sustainable financial position. ATAs may, however, be eligible for government funding for other aspects of their activities. The advice provided in the guide to establishing an ATA reminds would-be ATAs that ATAs are a “high volume, low margin activity and that cash flow could be problematic”.

India

As a part of the large-scale apprenticeship reforms implemented over the past five years, India introduced intermediary organizations called Third Party Agencies (TPAs). The purpose of these agencies is to increase apprentice numbers to meet the target of 5 million apprentices, including in MSMEs (micro, small and medium-sized enterprises) (Directorate General of Training, 2016). India has a very small apprenticeship system in comparison to its population size and, although it is meant to be mandatory under the Apprentices Act for employers with more than 40 employees to engage apprentices equivalent to 2.5 per cent of their workforce, much progress will have to be made to achieve even this mandatory requirement.

TPAs undertake two basic functions, one training related and one administration related. They can arrange “Basic Training” for apprentices without formal educational qualifications and they can organize on-the-job training by combining facilities available at several companies. They assist employers with the contracting of apprentices and the completion of reports through the Indian online apprenticeship system, check that reimbursements of stipend costs are correct and they ensure that assessment and certification are carried out properly. In addition, they may also market apprenticeships to applicants and match them with companies (MSDE, 2018a).

Unlike GTOs in Australia and ATAs in England, the hiring company rather than the TPA is the employer, paying the apprentice’s stipend, and is responsible for making sure that the components of an apprenticeship are undertaken. Thus, the use of a TPA does not relieve employers of their responsibilities, although the TPA does carry out much of the operational administration of the apprenticeship.

To be a TPA, a number of stringent requirements must be met, including the provision of letters of support from at least 20 companies stating that they would use the services of the TPA for apprentices. A committee of officials from three government departments evaluates applications. There is a national list of TPAs, which included 22 TPAs in December 2018. Some TPAs also have other functions, such as being education providers or industry associations. The Ministry of Skill Development and Entrepreneurship (MSDE) retains the right to strike a TPA from the register at any time. As TPAs have yet to be evaluated and their numbers are very small, their effectiveness is not known.

Funding of Indian intermediary organizations

There is no publicly available information about funding sources for TPAs, except that it is stated that TPAs may not charge apprentices any fees (MSDE, 2018a). It seems that TPAs currently fund themselves from employer contributions for the services provided, but it is reported that the Government may announce a government funding scheme later in 2019.

Evidence from other G20 countries

In 2017–18, a survey was conducted by the ILO on national initiatives to promote quality apprenticeship. The survey was of the tripartite partners³ in the G20 countries and was based on the ten Actions proposed in the G20 Initiative to Promote Quality Apprenticeships. The survey report (Smith et al., 2018) is available online.⁴

While the utilization of intermediary organizations was not a specific topic in this project, as intermediary organizations were not referred to in the G20 Actions, a limited amount of information from a small number of countries was garnered from the tripartite partners' responses to the survey. Responses from the three countries (Australia, England and India) discussed in the previous section have not been included. The responses to relevant questions are categorized below into two major types of activity: engagement of employers and training and assessment activities.

Engagement of employers

At the time of the survey, Canada was piloting a scheme of “employer consortia” to help employers to pool training resources and offer support to apprentices. The United States Department of Labor had funded 46 public–private partnerships (by way of American Apprenticeship Grants) to expand apprentice numbers in “high-growth and high-tech” industries. The US Government was also working on the introduction of industry-recognized apprenticeship programmes, which included apprenticeships being offered by industry groups and unions as well as by companies.

Training and assessment activities

Germany was implementing a programme involving Inter-Company Training Centres, which supplemented the training provided in individual companies and in the vocational schools and also assisted and encouraged SMEs to train apprentices. These Centres were gaining additional government funding to develop into “Competence Centres” to meet changing industry needs. Mexico had a similar programme of tripartite Industrial Innovation Centres, funded through a co-investment scheme. A Canadian programme supported union-based apprenticeship training, and included provision for the purchase of up-to-date training equipment.

These responses depict a range of activities on both large and small scales and the bodies described all illustrate one or more of the characteristics of intermediary organizations.

3 One response per country was requested for each category of respondent.

4 See https://www.ilo.org/employment/Whatwedo/Publications/WCMS_633677/lang--en/index.htm for the full report.

One question in the survey for employer peak bodies asked whether they undertook specified roles and responsibilities in relation to apprenticeships, which could be seen as “intermediary” activities. Nine out of the 11 respondents answered “yes” to “inform and encourage enterprises to offer apprenticeship training”; only three (India, Indonesia and Mexico) “match[ed] enterprises with VET institutions”; and only one (Mexico) “help[ed] recruit apprentices as an intermediary”. It seemed, therefore, that employer bodies were not playing an active role in apprenticeship activities but were rather involved primarily in awareness raising. This perhaps contradicts Chankseliani et al.’s (2017) promotion of employer bodies as an ideal form of intermediary organization. However, different countries were involved in each of the two studies and any international comparison is naturally heavily dependent on the countries chosen for the exercise.



Analysis

Summary of findings from the three data sources

The data gathered has shed light on the activities of intermediary organizations. As has been noted, publicly available information is sparse and sometimes difficult to interpret. In particular, the sources of funding for these agencies are rarely discussed in the literature and can be found only in the rare evaluation reports that are available or in government documents.

The literature describes a number of key roles of intermediary organizations, which vary according to the different types of organizations or agencies under consideration. These roles include:

- linking apprentices with employers;
- aggregating demand from employers for employing apprentices or for training;
- supporting employers with their apprentices;
- supporting apprentices;
- helping employers to complete the relevant paperwork;
- educating employers about funding possibilities;
- helping employers to interpret the apprenticeship system and general TVET system, if appropriate.

A number of benefits are identified, including:

- better matching of apprentices and employers;
- the generation of a bigger pool of apprentices/and or employers;
- reduction of risk for employers;
- involvement of SMEs;
- inclusion of disadvantaged people in apprenticeships.

Identified challenges include:

- a lack of employer awareness of, and clarity concerning, services – especially, but not exclusively, where the organizations are new;
- funding the operations and attracting good-quality staff where the funding situation is precarious;
- the potential for pecuniary motives to drive intermediary behaviour.

Additionally, there is the potential for a conflict of interest to arise where organizations perform multiple functions in relation to apprentices.

The literature describes a range of types of intermediaries. They may be standalone organizations, exist under an umbrella of other related services or be a minor function of an organization that has a different primary purpose. Only two typologies can be identified in the literature: “supply driven” (i.e. in which activities are primarily initiated by the intermediary organization) versus “demand driven” (i.e. where activities are primarily initiated by employers); and for-profit versus not-for-profit.

The country case studies (Australia, England and India)⁵ involved the close examination of five intermediary categories (one in India and two in each of the other countries) that fall within the scope of this discussion paper. In considering these examples, it should be noted that England and India have expanding apprenticeship systems, while Australia's is declining.

Table 2 shows the five categories of organization analysed, categorized by primary focus and by the source of their funding.

Table 2. Categories of intermediary organizations in the three case study countries

COUNTRY	PRIMARY FOCUS ON EMPLOYING APPRENTICES	PRIMARY FOCUS ON PROVIDING TRAINING FOR GROUPS OF EMPLOYERS	PRIMARY FOCUS ON PROVIDING "ADMIN SUPPORT" FOR EMPLOYERS
Australia	Group Training Organizations (GTOs) <i>Little or no government funding. Charge a fee to employers</i>	–	Australian Apprenticeship Support Network providers (AASNs) Government funded
England	Apprenticeship Training Agencies (ATAs) <i>No government funding except in early pilot stage. Charge a fee to employers</i>	Group Training Associations (GTAs) <i>No government funding for GTA activity. Funded by government training funds and by employers</i>	
India	–	–	Third Party Agencies (TPAs) Funding situation unclear – currently employer funded; government announcement expected 2019

Of these five categories of intermediary organization, four are utilized by employers and/or apprentices or would-be apprentices on a voluntary basis. In contrast, the use of AASNs in Australia is compulsory and AASNs are the only organizations in the table that are currently receiving funding from national Government for intermediary activities. Leaving AASNs aside, the numbers of intermediary organizations, and the proportions of apprentices involved in the four other categories of intermediary in the country case studies, are quite small.

Despite the lack of financial support from the Government in most instances, a formal national register does exist in all three countries for the different categories of intermediary organizations (with the exception of GTAs in England), involving an application process prior to acceptance. There are guidelines and varying degrees of oversight and audit in each of the countries studied. India appears to have the strictest regulation. The "employment-focused" intermediaries are generally required to meet regulatory requirements governing labour hire, with State-based differences apparent in Australia.

Inspection of the registers for all three countries shows that some intermediaries service all industries while others target specific industries. The intermediaries tend to have a stated focus on SMEs, and on inclusiveness, but there is insufficient evaluation data available to establish whether they actually fulfil this aim, although the registers do show, for example, an association of small-scale industries in India and an indigenous organization in Australia.

5 See Appendix 1 for detailed information on intermediaries in these countries.

The importance to employers and the TVET sector of being able to trust in the integrity of the intermediary organizations emerged as a major feature in Australia and England; data from India are of too recent a date to allow an accurate appraisal. Long-standing organizations (GTOs in Australia and GTAs in England) are more likely to be trusted than newer initiatives. Newer bodies appear to be more likely to be viewed as having pecuniary motives. All organizations seem to experience difficulty in communicating their presence and their services to employers, except for GTOs and GTAs, which have evolved more organically over time.

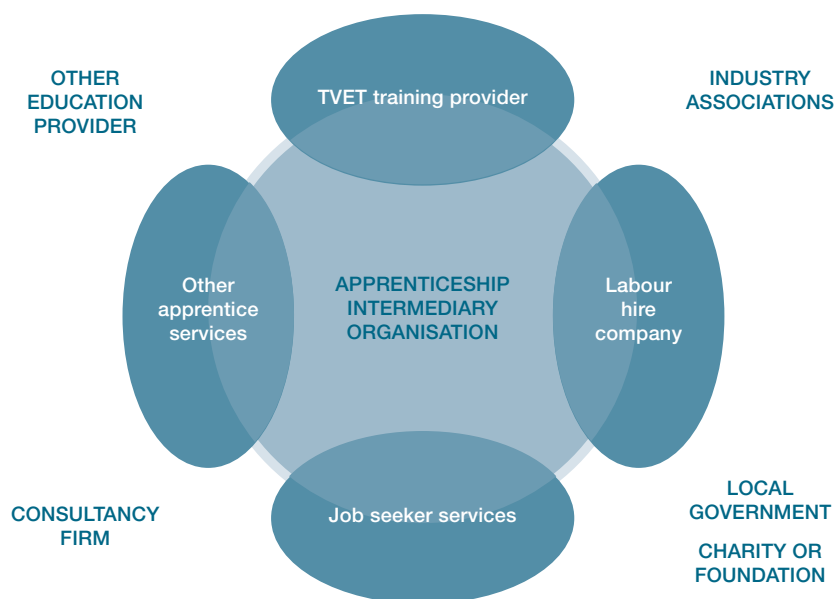
Data from the 2017 G20 survey shows diversity among the small number of intermediary examples reported. The primary focus of all the organizations was working with employers, mainly to engage employers in the apprenticeship system and provide assistance or aggregated training facilities for groups of employers. Funding was provided either by governments or trade unions, or through public–private partnerships. Initiatives were focused on expansion (including into new industry areas) and/or quality.

Types of organization

One strong feature of intermediary organizations is that they may form part of organizations that have other functions, which may or may not be closely related to the apprenticeship intermediary work that they do. The complexity of organizations’ structures is illustrated in figure 4.

The inner elements of the figure indicate closely related services, potentially offered by other parts of the organization, while the outer background indicates the type of parent organization of which intermediaries often form part. The types of parent organization illustrated are all taken from examples on the registers of intermediary organizations in the three case study countries. The “ethos” of the intermediary organization is likely to be strongly influenced by the nature both of the other departments, where they offer closely related services, and of the parent organization, where applicable. For example, there may be a profit orientation or a social orientation in each of these allied functions.

Figure 4. Potential configurations of intermediary organizations



Towards a typology

The analysis by structure of intermediary organizations in figure 4 is fairly straightforward. Beyond structure, however, it is not possible to devise a definitive and clean-cut typology of intermediary organizations. It will have been noted that even those simple typologies which exist in the literature utilize sub-types. A wide range of variables exert an influence on the organizations and the country context differs significantly.

This section next discusses two variables which affect the nature and scope of services offered by intermediary organizations and then provides a visual depiction of a lengthy list of characteristics that may be used to describe intermediaries.

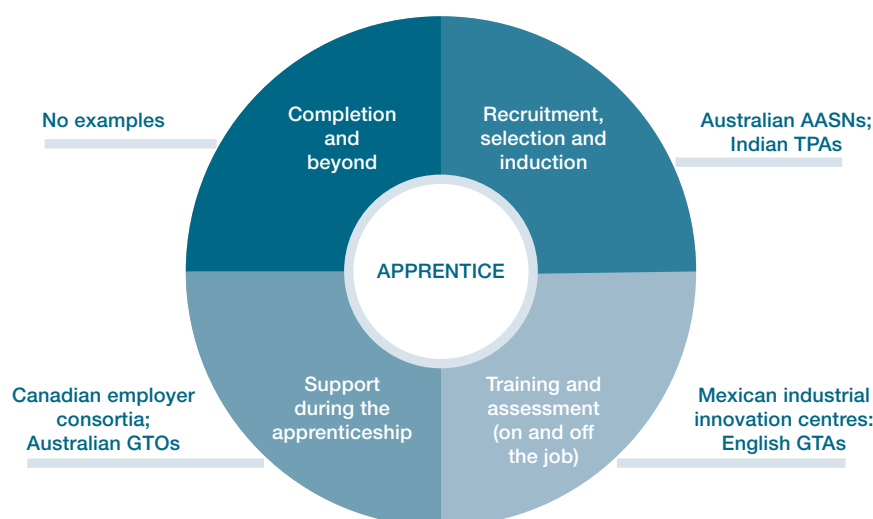
Different types for different purposes and at different times

Governments or industry may encourage intermediaries to address certain specific issues. If declining numbers are an issue, or there are steep targets, they will be asked to focus on apprentice commencements. If retention is an issue, intermediaries may focus on mentoring, monitoring, etc. As an example, these latter requirements were added to the remit of the “sign-up” agencies in Australia to become part of the work of the new AASNs in 2015.

Different types for different stages of the apprentice life cycle

Apprenticeships are usefully analysed from the point of view of an apprentice’s life cycle (see Smith, Brennan Kemmis et al., 2014). When analysed in terms of the apprentice’s life cycle, it was found that different intermediary organization types tended to be most active in a particular stage of the apprenticeship. Figure 5 shows examples cited in this discussion paper that exemplify intermediary activity in a particular stage. It is important to note that no intermediary organizations are active in the “completion and beyond” stage, which is not to say that this stage is not an area of concern to stakeholders.⁶

Figure 5. Examples of intermediary organizations focusing on different stages of the apprentice life cycle

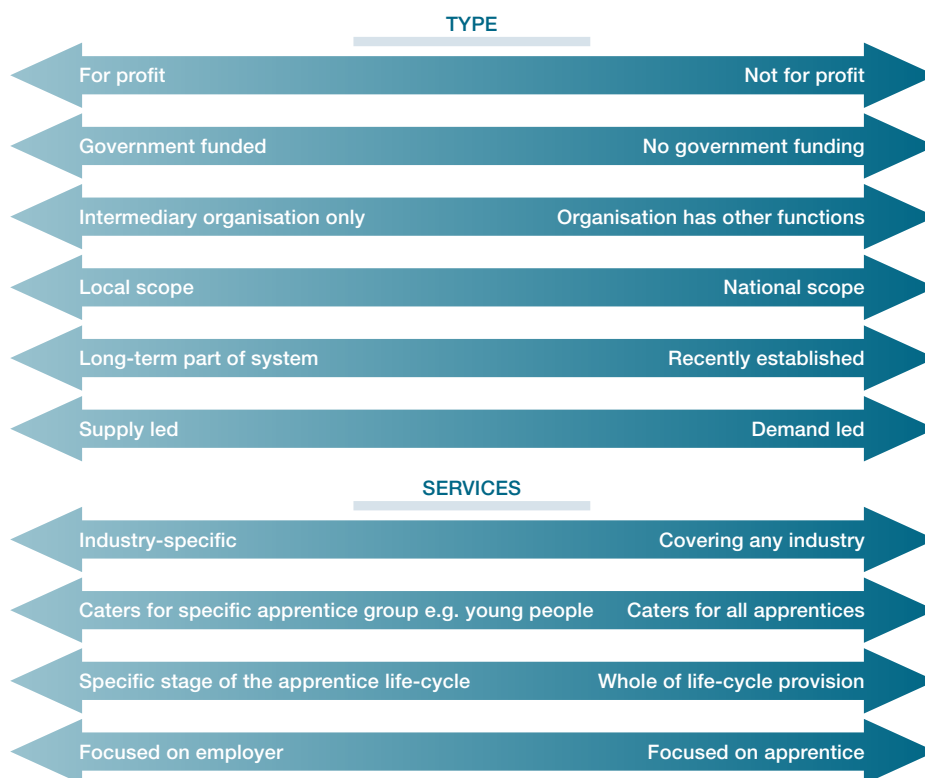


Source: Adapted from Smith, Brennan Kemmis, R. et al. (2014), p. 22.

⁶ For example, in Indonesia the trade unions express a strong interest in conversion of apprenticeships to permanent employment (Smith, 2017b).

Figure 6 indicates a number of ways in which the types and services of intermediary organizations can be analysed. These are presented as continua. It would be possible to locate each intermediary organization at some point along all these continua. It is unlikely – although possible – that any *category* of intermediary organization within a country can be firmly located on any continuum, as each individual organization within that sort may have other distinguishing features. The purpose of this classification, rather, is to recognize the nature of individual intermediaries. The classification could be used by intermediary organizations in planning their structure and activities. The classification as a whole is intended as an aid to analysis at the national level.

Figure 6. Classification of intermediaries by two features – type and services offered



Classification by sources of funding

Intermediary agencies fall into two major categories: they are either supported by governments with partial or total funding or they are self-funded, primarily through employer payments. Regardless of the funding source, they may operate primarily for profit or not for profit. The matrix shown in table 3 presents four potential funding models.

Table 3. Funding and profit orientation matrix

FOR PROFIT, GOVERNMENT FUNDING	NOT FOR PROFIT, GOVERNMENT FUNDING
FOR PROFIT, NO GOVERNMENT FUNDING	NOT FOR PROFIT, NO GOVERNMENT FUNDING

Where there is no opportunity to self-fund fully through employer contributions and payments, intermediaries may also be subsidized, generally informally, by other branches of an organization, as has been reported in the case of certain GTOs in Australia which lost their national funding. Combining the operations of the intermediary with other functions has additional advantages; for example, the ability to share the costs of central services, such as payroll, with the other functions, as was pointed out by a participant in the Unwin et al. (2012) research in England.

It should be emphasized that not all intermediary organizations struggle to obtain funding. In Australia, AASNs receive substantial government funding, which is given, in certain cases, to organizations that already receive large amounts of government funding for other services. However, a high level of dependency on government funding, especially from within one government department, carries associated risks for the organization, as all such funding could potentially be withdrawn when policies change. Equally, the situation also has an element of risk for governments. Table 4 indicates the potential risk pertaining to the long-term viability of the organizations and also the possibility of corruption.

Table 4. Level of risk associated with government funding of intermediary organizations

"OTHER" FUNCTIONS UNDERTAKEN BY THE INTERMEDIARY ORGANIZATION	WHERE OTHER FUNCTIONS ARE FUNDED BY GOVERNMENT	WHERE OTHER FUNCTIONS ARE NOT FUNDED BY GOVERNMENT
Employment services	Very high risk	Low risk
Other TVET functions	High risk	Low risk
Other apprentice-related functions	High risk	Moderate risk
Industry or trade union association	Low risk	Very low risk

Success factors and potential pitfalls

With the enduring interest in apprenticeship as an economic and social tool for countries and a means of skill formation for enterprises, intermediary organizations could form an important component of apprenticeship systems, so long as countries are aware of what makes them successful and what difficulties may ensue if policy settings are poorly conceived and instituted. The information presented in this discussion paper has enabled the suggestions that follow to be made.

Success factors for intermediary organizations

The following features characterize successful intermediaries:

- long-lived organization with a good reputation;
- evolved organically due to demand from employers;
- good relationships with employers;
- clearly identified with a specific geographical locality or industry;
- open and transparent information available online;
- seen to be involved in apprenticeship systems for the right reasons, not solely for profit;
- monitored formally by Government or by boards or informally by well-defined groups of employers;
- expert and knowledgeable staff;
- efficient and ethical business practices.

While a single organization could not necessarily be expected to possess all of these features, an organization that lacks more than a small number of these attributes is unlikely to succeed. It should be noted, with regard to the first point in the above list, that while long-established organizations are generally desirable, it is possible that some may have become rather set in their ways and static; this is reported to have affected some, but by no means all, GTOs in Australia and GTAs in England.

Successful intermediary organizations are more likely to occur where there are strong national guidelines and also national associations of organisations delivering the same types of services. Through the latter, good practice can be shared.

Potential pitfalls

In the case of intermediary organizations that are government funded, there is potentially a huge amount of effort involved in managing the system and in monitoring and auditing it. The English system is an extreme example of this situation, in which it was felt necessary to give detailed guidance to organizations applying to become ATAs, including advice on basic business skills. With government funding, it can be difficult to avoid funding organizations which are either “inept or egregious”.⁷ Even if the Government simply maintains a register of intermediary organizations and does not provide funding, there is still a risk involved in endorsing organizations.

7 A phrase used by an Australian official to describe problems in another part of the TVET system.

While funding carries a degree of risk, lack of funding may result in insufficient leverage to encourage good practice or discourage malpractice. There is an argument for funding intermediary organizations; it enables governments to keep in touch with operations on the ground and thus gain knowledge about the ongoing strength of the system, as well as about the economy more generally (the “bellwether” role referred to earlier). Providing funding, even if modest, also requires accountability.

The precarious financial situation of many intermediaries means that they can find it difficult to attract high-quality staff. And even well-funded organizations may have limited access to government contracts, which may have a similar effect.

If governments wish to establish systems of intermediary organizations, whether funded or non-funded, there is a risk associated with doing so on a large scale initially. If such attempts fail, the system may be “tainted” for the future, as has been shown in relation to apprenticeship systems in general (e.g. Smith & Brennan Kemmis, 2013). Apprenticeship systems are traditionally conservative in nature and have many stakeholders, who will be looking out for mistakes.

A crucial potential pitfall involves the outsourcing of essential operations to intermediary organizations. This situation arose in Australia, with the outsourcing of apprentice contracting arrangements to intermediaries structured in such a way that employers and apprentices could not avoid using them. If these intermediary organizations fail to work well for any reason, or are not trusted, the whole system is at serious risk.

A potential pitfall that is not necessarily related directly to government is the co-location of several apprentice-related functions within one organization. These circumstances can give rise to actual or perceived conflicts of interest – although, on the other hand, there can be advantages in consolidating expertise, as well as spreading operating costs across the various functions.



Recommendations

1. The introduction of a new form of intermediary organization in a country should always be undertaken initially as a pilot and properly evaluated. Essential apprenticeship services should never be outsourced to intermediary organizations;
2. Funding for intermediaries should be modest, with the intermediary organizations expected to generate their own income from employers as well;
3. There should be stringent requirements for registering intermediaries, as well as for funding them, with effective monitoring and auditing systems in place;
4. National associations of intermediary organizations should be encouraged and should receive funding to promote knowledge-sharing and professional development, and to liaise with sister organizations in other countries;
5. Concerted efforts should be made to ensure that the required qualifications, training and experience are gained by intermediary staff. This would assist with both effectiveness and ethical behaviour. Working for an intermediary apprenticeship organization should be regarded as a specialist occupation. The EAPPREN Erasmus Plus project,⁸ which has recently concluded in a number of European countries, was established to provide training for intermediary organizations⁹ and, through that, to build the capacity of the organizations. Funding could be made dependent on organizations employing staff with appropriate expertise and attributes.

A future focus

Intermediaries should be regarded as potentially major contributors to apprenticeship systems. They can perform functions that might otherwise be lacking, such as educating not only employers and both current and would-be apprentices alike, but also careers advisers in schools and parents. They can contribute to policy development thanks to their detailed knowledge of a range of employer apprenticeship practices.

They can also assist in adapting the apprenticeship system to accommodate future changes in work. Intermediary organizations that employ apprentices offer one possible way of introducing apprenticeship arrangements into non-standard employment scenarios, including the gig economy (Smith, 2019). It has already been noted that they work with “freelance and micro organisations” (LSIS, 2013b). Intermediaries can provide support for SMEs and apprentices adapting to the new demands of Industry 4.0. They can also provide specialist support for groups such as migrants and refugees.

However, intermediary organizations are not widely known, even by those in the system, and are rarely researched. Their “secret” nature could result from the fact that they lack the legitimacy of obvious stakeholders in the system. Or it could simply be that, as an arena for government interventions in apprenticeship systems that are often changing, they are subject to too many policy developments for non-experts to track.

International cooperation in sharing knowledge about the role of intermediaries is potentially beneficial. This study has shown that there are more cross-country similarities in employment-based intermediaries than in other types of intermediaries, so these are potentially the best place to start in terms of developing international cooperation.

⁸ See <http://eappren.eu/index.php/en/> for details.

⁹ In this project, the associations involved appear to have been mainly industry associations and chambers of commerce.

Further targeted, empirical research is also warranted. An international study by country case study writers or a detailed survey to be answered by experts in each country would elicit more information than is currently available via published sources and government websites. Such a study could also gather valuable country information about networks or associations of intermediary organizations.



Appendix 1

Combined country summaries and case studies

Country case studies

This Appendix provides an in depth discussion of the three case study countries – Australia, England and India. In each case study, the apprenticeship system in that country is briefly described.¹⁰ This description provides the necessary background to understand and interpret the intermediary organisations that are analysed. Detailed discussion of the intermediary organisations then follows.

Australia

Overview of apprenticeship system

Nature of the economy and of the apprenticeship system: Australia has a population of 24.5 million, with a diverse economy which is moving towards a focus on services, particularly health. Manufacturing has declined but primary industries remain quite strong. Traditional apprenticeships were augmented in the late 1980s by the addition of ‘traineeships’ which are a form of shorter apprenticeship (one year) compared with three years for traditional apprenticeships. They are generally in newer or service sector occupations (Smith, Comyn, Brennan Kemmis & Smith, 2009). The apprenticeship system currently covers about 2.2% of the working population (265,000 in training), a reduction from about 3.8% ten years ago <https://www.ncver.edu.au/research-and-statistics/collection/apprentices-and-trainees-collection>. In the mid-2010s, several avenues of funding were removed or severely reduced for traineeships, considerably reducing the numbers in those programs. Currently, therefore, numbers of apprentices and trainees are only about the same as 20 years ago (1997), despite an increase in population of 32% over that time.

Occupational coverage: The occupational coverage is quite broad, although traditional apprenticeships are strongest in traditional trade and craft areas which include hairdressing. Construction is the biggest single area for apprenticeships. Non-trade occupations are generally covered by traineeships, often in services and newer industries. Traineeships are more likely than traditional apprenticeships to be in jobs that women undertake.

Participation: The system caters for both young and mature people. Even school students may become ‘school-based’ apprentices or trainees through relevant part-time jobs. Older people may have their apprenticeship term reduced. There are specific financial incentives for young people undertaking apprenticeships, e.g. access to free or cheap transport. Apprentices are formally employed and receive a salary which is discounted from a skilled worker rate (methods vary among industry) but is above the national minimum wage; it increases each year for an apprentice. Employers often choose to pay apprentices and trainees more than

10 The information on Australia and India has been adapted and updated from Smith (2018). The information on India and England includes some data collected for the ILO survey of G20 countries (Smith, Tuck & Chatani, 2018).

they are required to. Most apprentices and trainees go on to full-time permanent employment in their employing companies.

Training and assessment: Training generally takes place both on and off the job, although within some limits, formal off-the-job training may be quite limited. There is a contract between the employer, training provider, and apprentice/trainee, which is lodged with a State government. Employers have no formal or regulatory responsibility for training; and the training provider takes responsibility for all assessment. Assessment relates to national competency standards which are gathered into qualifications, located in 'Training Packages' for particular industry areas. 'Pre-apprenticeship' programs (off the job, sometimes with work experience) provide preliminary training for apprenticeships but are currently varied in nature and their coverage is uneven.

Involvement of governments and social partners: The national government oversees the apprenticeship system, while the eight State and Territory governments oversee designation of occupations as apprenticeships or traineeships in their States, and manage apprentice contracts. The latter also disburse the funds for training provided by RTOs. The national government funds Australian Apprenticeship Support Network providers and some other targeted apprentice programs, and provides financial incentives for employers to employ apprentices. The national government also oversees the development of qualifications via industry committees which develop what are known as 'Training Packages', (<https://www.aisc.net.au/content/skills-service-organisations>), and provides small financial incentives to employers. The social partners are heavily involved in national discussions on the apprenticeship system. The trade unions dominate discussion relating to traditional trades, as there are industrial relations implications.

Recent issues and developments: The number of traditional apprentices, as well as traineeships, has begun to fall. National concern therefore centres on rebuilding the system and attracting both potential apprentices and employers to the system. One concern is that a three-year commitment for traditional apprenticeships is too great for both employer and apprentice. Various government-sponsored pilot programs are underway including the expansion of pre-apprenticeships as a recruitment mechanism, as well as pilots in higher apprenticeship. In addition, completion rates are a concern, with only about half of apprentices completing their term. At both national and State level, reviews of the system have recently taken place (e.g. PhillipsKPA, 2018).

Intermediary organisations

The Australian apprenticeship system uses two major types of specialist apprenticeship intermediary organisations: Group Training Organisations (GTOs), whose peak body is

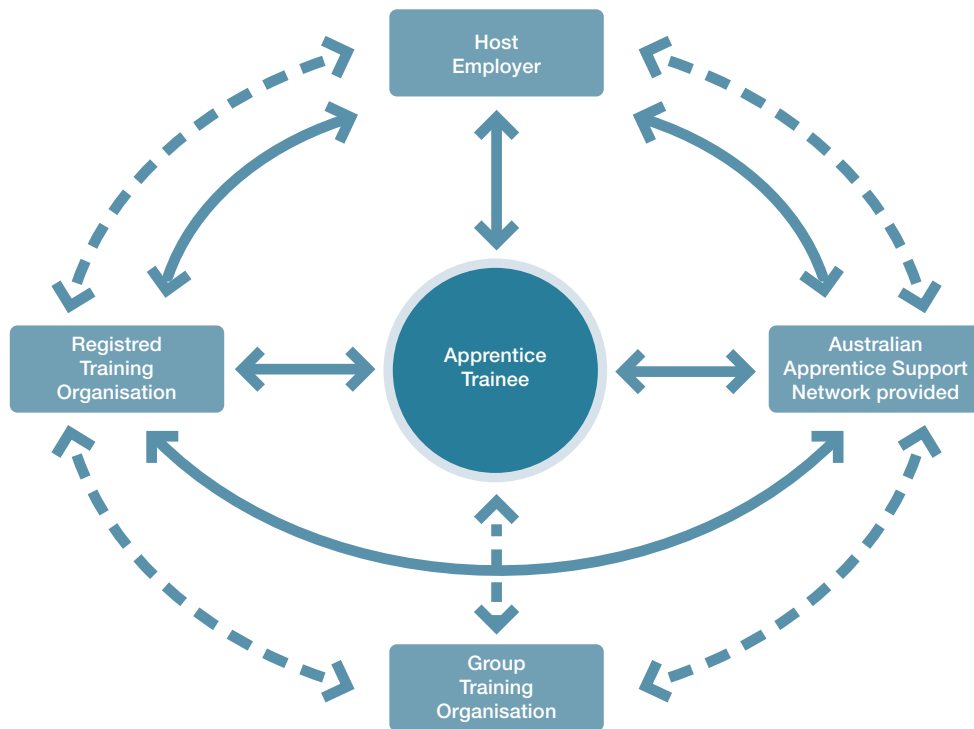
the 'National Apprentice Employment Network' <http://www.naen.com.au/>, and Australian Apprenticeship Support Network providers, usually known as AASNs. <https://www.australian-apprenticeships.gov.au/australian-apprenticeship-support-network>.

In Australia there are two types of apprenticeships: 'apprenticeships' which are mainly in traditional manufacturing and craft trades, and newer 'traineeships' which are generally shorter and in non-trade areas (see Appendix 1 for more detail). Both types of intermediary organisations provide services for apprenticeships and traineeships alike. For the remainder of this section the term 'apprentice' will be taken to include both apprentices and trainees unless otherwise stated.

GTOs have existed for over 40 years, and are not currently managed or funded by the national government, although they have received a small amount of national funding in the past. Group Training Organisations employ apprentices and ‘lease’ them to host employers. The GTO is the legal employer. AASNs are contracted to, and funded by, the national government. They administer apprentice contracts and also provide a range of support services. AASNs were instituted in 2015, although there had been previous iterations with a narrower scope, known as New Apprenticeship Centres and then Australian Apprenticeship Centres.

Figure A1 below show the potential bodies involved in an apprenticeship. Only a minority of apprentices are employed by GTOs; GTOs employed around 10% of commencing apprentices in 2014. Most are employed direct by workplaces. However, all apprentices and their employers must utilise an AASN, because apprentice contracts are managed by AASNs. Figure 4 also includes training providers, known as Registered Training Organisations (RTOs) as all apprentices must have training provided by an RTO.

Figure A1. The parties potentially involved in an Australian apprenticeship



(adapted from Smith, Walker and Brennan Kemmis, 2011, p. 37)

Group Training Organisations (GTOs)

In their early days GTOs were often industry-specific and were set up partly to combat uncertain demand in industries such as construction, or to address the problem of employers with narrow scope of work; GTOs could potentially move apprentices between employers. In fact, generally apprentices and trainees stay with one host employer. The name GTO is misleading as GTOs are not training organisations. As noted earlier, all apprentices must gain a qualification through an RTO. However, sometimes a GTO is also a Registered Training Organisation.

There are 190 GTOs on the national register, <https://www.australianapprenticeships.gov.au/gto-listing>, although a substantial number of these are branches in different States of the same organisation.

GTOs have traditionally offered many services to both employers and apprentices/trainees. These include 'pastoral care' to apprentices and professional development for host employers. Hence they are much more than just labour hire companies (West & Chatani, 2019). They also offer pre-employment training to young people who wish to become apprentices (Smith, Walker & Brennan Kemmis, 2011). GTO-employed apprentices have a higher satisfaction rate; a research project showed significantly higher scores for GTO-employed apprentices than direct-employed apprentices on a range of items relating to whether the obligations of their employment had been met (7.8 mean compared with 7.0 mean) and whether the obligations relating to training had been met (8.6 versus 7.7). They also display higher completion rate (ACIL Allen 2014) than directly-employed apprentices. GTOs employ greater proportions of disadvantaged apprentices (e.g. indigenous, rural and remote) than do companies directly (Quantum Consulting, 2007)

The web site for a major GTO, MEGT, describes how the system works, from the point of view of an apprentice: <http://www.megt.com.au/apprentice-trainee-obligations>.

MEGT is a registered Group Training Organisation (GTO). If you are successful in obtaining an apprenticeship or traineeship advertised by our recruitment team, MEGT will be your legal employer and we will place you with a Host Employer (see Host Employer section).

- This link outlines the role of a GTO as well as our obligations.
- This link outlines the rights and obligations of an apprentice or trainee.

Employment conditions

If you are successful in obtaining a position with MEGT, you will be required to sign an employment agreement and a Training Contract (see Training section). The terms and conditions of your employment will be based on the relevant award used by your Host Employer.

Further information about employment conditions can be found here.

Host Employer

This is the organisation where you will undertake your daily work and on-the-job training.

Training

Your apprenticeship or traineeship involves formal training which can be completed both on and off the job. It is a requirement of your employment with MEGT that you commit to the training period and completion of your training requirements. If you have undertaken previous study or have prior work experience, you may be granted credit towards your apprenticeship or traineeship qualification (see Recognition of Prior Learning section).

When you are signed up as an apprentice or trainee, you will enrol with a Registered Training Organisation (RTO) who will deliver your training. Your RTO will also have you and MEGT (as your legal employer) sign a training plan which outlines the training to be undertaken and the period when each module will be completed.

This document also includes the obligations of you, MEGT, and your RTO when it comes to your training.

Training plans are compulsory and it is the obligation of all parties to ensure the plan is closely monitored and referred to throughout the apprenticeship or traineeship.

There are national standards for Group Training Organisations, first written in 2006 with eight standards (DIISRTE, 2006), and revised in 2017 to contain only three standards. If GTOs wish to be registered, they must meet the standards. There is no requirement to register, but State government funding is only available to registered GTOs. The three standards cover the following areas:

1. Recruitment, Employment and Induction;
2. Monitoring and Supporting Apprentices and Trainees to Completion;
3. GTO Governance and Administration

<https://www.australianapprenticeships.gov.au/publications/national-standards-group-training-organisations>.

Interestingly a 2006 standard on ethical practice was removed, and there is no reference to ethical practice in the new standards.

GTOs are audited by the State vocational education and training (VET) regulatory body. These bodies audit financial viability, accurate marketing practices, employment processes, and monitor apprentices' training plans. State maintain lists of approved GTOs. GTOs must also register as labour hire companies under the relevant regulations, although in some States, GTOs are exempt from this registration.

The 10% of apprentices who are GTO-employed represents a decline from 12.5% in 2004 and 18% at the height of the GTO movement in 2000 (ACIL Allen, 2014). The drop in numbers since the turn of the 21st century has been attributed to a number of factors: a failure of GTOs to capitalise on the rise in apprenticeship numbers over a period in which national numbers grew considerably ; the strength of the economy meaning that employers were more willing to employ apprentices directly as they felt more confident of the longevity of their business; a rise in the average age of apprentices, meaning employers did not feel the need to have so much support with their apprentices; and the decline in some traditional trades, which were the mainstay of many specialist GTOs (ACIL Allen 2014).

Funding

GTOs were formerly funded jointly by Commonwealth (national) government and State governments. The amount of Commonwealth funding, known as Joint Group Training Program funding, was small – only \$20 million in 2007, for example (Quantum Consulting, 2007). This was then matched by each State and Territory. Although the Commonwealth funding accounted for only about 1.5% of most GTOs' turnover (the remainder of the GTO's income being derived for 'leasing' apprentices, and from government financial incentives for employing apprentices), it provided certainty to GTOs and enabled additional services to be offered (Quantum Consulting, 2007). The JGTP funding ceased in 2015 with the advent of the AASN network. Staff at the national body report¹¹ that GTOs are now offering fewer 'extra' services such as marketing apprentices to school students, and have necessarily less of a focus on access to disadvantaged groups. This is reflected in a perception among officials that GTOs are now focusing on 'numbers' rather than diversity. GTOs have survived financially by diversifying their income streams, for example through normal labour hire services, leasing out spare office space, or seeking additional funding sources.

Some State and territory governments provide funding to GTOs but this is often targeted to certain industry areas, type of apprentice, or types of employers (e.g. rural or remote). Even before the withdrawal of JGTP funding, the State/Territory funding varied widely among

11 In conversation with the author.

jurisdictions (ACIL Allen, 2014: F1). Currently the State of Victoria, for example, provides some base funding to GTOs for every apprentice and additional payments for apprentices in designated skill shortage areas, for women in traditionally-male trades, for indigenous people and for people with disabilities. Perhaps as a consequence, in Victoria the proportion of GTO-employed apprentices has declined less than nationally.

Australian Apprentice Support Network providers (AASNs)

As mentioned earlier, AASNs are relatively new to the apprenticeship system. The predecessor organisations were set up in the mid-1990s and focused on 'signing-up' apprentices, involving marketing to employers and would-be apprentices, and managing the signing of contracts. The new AASNs do this, and more.

The AASN web site at <https://www.australianapprenticeships.gov.au/australian-apprenticeship-support-network> categorises their services as those provided to all and those for particular apprentice groups or types of employer:

- **Universal services** for all employers and apprentices, providing essential administrative support, payment processing and regular contact; and
- **Targeted services** for employers and individuals assessed as needing additional support to complete the apprenticeship. Pre-commencement services include screening, testing and job-matching will be available to targeted clients to get the right apprentice in the right apprenticeship with the right employer. Targeted in-training support services including mentoring, will help apprentices and employers at-risk of not completing the apprenticeship arrangement to work through issues and difficulties

No 'targeted services' were not part of the service provided by the predecessor organisations.

AASNs provide more support than the previous system, via mandated contact with the apprentice, albeit only one face to face visit in the first year. This reflects a shift from 'sign-ups' towards successful completion (Ithaca Group, 2018). It is believed that the change in coverage represented a decision by the national government to extend some of the services offered by GTOs to their employers and apprentices to the broader population of apprentices (Ross, 2014). The extension of AASN services has been put forward as a possible reason for decline in GTOs (ACIL Allen, 2014).

Only 11 AASN providers were awarded contracts in 2015, some having Statewide coverage and others national coverage. They are each funded differently according to the mix of services they provide from the list above, and the numbers of apprentices they service. The way in which contracts are constructed are not available, the government stating that they are 'commercial in confidence'. Funding information is sparse – see below. An independent review of the new system (Ithaca Group, 2018) identified a number of issues including:

- Insufficient funds to operate especially considering the geographical spread; therefore service levels needed to be reduced;
- Inability to attract and retain good staff due to the shortness of the AASN contracts (three years);
- A lack of collection of data on the outcomes except for apprentice completions;
- Inappropriate 'sign-ups' that State governments have had to identify and cancel;
- Inconsistent expertise among staff; and
- Apprentice issues being ignored because the AASN does not want to offend the employer.

A further issue affecting the operations of AASNs, arguably outside the control of the AASNs, was the downturn in Australian apprenticeship numbers mentioned earlier.

A government discussion paper (Department of Education and Training, 2018) followed this review, in which problem areas were identified as follows, on which it sought feedback:

“The main areas of the model identified as requiring strengthening were stated as:

- Underpinning IT infrastructure;
- Application of stronger and more relevant KPIs, payment structures and feedback mechanisms;
- Quality and consistency of sign-up processes, and
- Comprehensive and consistent applications of Gateway services and the flexibility of In-training services.”

(Department of Education and Training [DET], 2018, pp. 6–7)

A call for AASN providers for a five year period was made in 2018. It is expected that fewer providers will be approved in this new round. Government staff stated¹² that the new contracts reflected changes made as a result of the evaluation, but did not say what changes had been made, and the application documentation is no longer publicly available. It is probable, however that that the identified problem with the short contracting period had led to the change to five-year contracts.

The national code of conduct for AASNs is publicly available, at <https://www.australianapprenticeships.gov.au/programs/australian-apprenticeship-support-network-code-conduct>. The code contains over 50 separate items, and is a binding part of the contract with the government. According to the web site, the code applies to all Apprenticeship Network providers and their staff. ‘It represents the minimum standards to be applied in all their dealings with employers, Australian Apprentices and other interested persons. The aim of the Code is to ensure the delivery of high-quality support services, with high standards of ethical behaviour exhibited by and to all parties concerned.’

It does not contain requirements about employing suitable staff, but does have two expertise-related requirements. AASNs are required to:

- maintain up-to-date knowledge in respect of all aspects of Australian Apprenticeships, particularly Training Packages available within industry sectors;
- maintain up-to-date knowledge in respect of general VET training nationally and within the Service Provider’s state or territory.

The Department specifically asked for feedback about whether there should be required qualifications for staff, indicating that this was an area of concern.

In the State of Victoria, four AASNS operate, and all have state-wide coverage. The State government has no official role to play in relation to AASNs apart from receiving the apprentice contracts. The State government’s apprenticeship department holds a meeting six times a year with the AASNs and the regulatory body.

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The small number of AASNs, each with broad geographical coverage, creates communication issues¹³. Researchers in a project in 2018–19 on young people’s post-school pathways in one State¹⁴ experienced difficulty in involving and contacting local AASN providers. The AASNs covered large geographical areas (four AASNs each cover the whole State) and there were no fully-staffed formal offices in most locations. In one case, the AASN provider was a national company which is also a major employment services provider. Contact needed to be made through a national call centre in another State. It seems that it was difficult to employers to know who was an appropriate AASN to utilise. An AASN staff member interviewed for this research project stated that he did not know how employers chose an AASN and that the employers he worked with were accessed only through his personal contacts. However, other Australian research has shown that employers value the input of the AASN, although one employer reported finding it strange that an AASN staff member visited the workplace to talk to the apprentice without talking to the employer (see Australian example in West & Chatani, 2019).

Funding

Information how individual AASNs are funded by national government is not publicly available; it is stated to be ‘commercial in confidence’. The government pays the AASN 30 per cent of the total fee per apprentice on commencement and 70 per cent for the remainder of the apprenticeship, with extra payments available for each apprentice under specific circumstances. But no amounts are referred to in any documentation; the only information that could be obtained from the government in correspondence was that ‘currently the funding provided to AASNs totals up to \$190 million per year across all 11 contracts that are currently in place.’

In the government’s consultation paper (DET, 2018) it was stated that the current structure did not seem to match the level of support provided in the initial stages of apprenticeships. As many apprentices drop out early in their term, the Department asked for suggestions for a better payment schedule. The Department also noted that ‘an unintended consequence of having the payment structure loaded towards the completion of the apprenticeship, is the ‘poaching’ of apprentices by other Apprenticeship Network Providers.’

England

Overview of apprenticeship system

Nature of the economy and of the apprenticeship system: England: England has a population of 54.7 million (2018) with 66.5 million in the United Kingdom as a whole. The median age is just over 40 (Office of National Statistics). The unemployment rate for the U.K. is low at only 4.1% (www.tradingeconomics.com) although the economy is increasingly being affected by the UK’s imminent exit from the European Union. Services account for 79% of the economy, with manufacturing at 14% and construction at 6%, <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN02787>.

¹³ The interactive map on the government web site does not function correctly, and there is a list of providers that cannot be searched geographically.

¹⁴ ‘Young Futures: Education, training and employment decision making in non-metropolitan areas’ <https://federation.edu.au/schools/school-of-education/research/research-groups/rave-researching-adult-and-vocational-education/current-research>

While there is one government for the U.K., many matters, including the further education system and apprenticeship, are devolved to the constituent countries (Scottish Qualifications Authority, 2017). The apprenticeship system has been evolving continuously over the past twenty-five years with the growth stemming from the introduction of apprenticeships outside the traditional trades with Modern Apprenticeships in 1994. While the UK system was relatively small in 1990, with only 53,000 apprentices, by 2017 there were almost half a million apprentice commencements. However, historically the apprenticeship system has been strong in England, with around one-third of male school-leavers doing an apprenticeship in the 1960s (Burke, 2016).

Occupational coverage: By industry sector, in 2017, health and social work was the single largest sector of apprentice employers (22%), with wholesale & retail, education, other services including hairdressing, construction, manufacturing, and accommodation / food services each having between 7% and 12% share (IFF, 2017). In terms of occupational coverage as opposed to industry sector, business, administration and law apprentices were as common as health, public service and care, at 138,000 each from a total of 494,900 commencements in 2017/18 (National Apprentice Service, 2018, and see <https://www.gov.uk/government/collections/further-education-and-skills-statistical-first-release-sfr>) Higher level and degree apprenticeships are becoming more common, being offered, according to a survey, by one-third of apprentice-employing companies (IFF Research 2017).

Participation: The system caters for both young and mature people, although younger people now receive more funding from the government, with a reduction in mature-aged apprentices following the introduction of that provision. There has also been a decrease in the number of apprentices that were already employed in companies (IFF Research, 2017). Critics of the system had claimed that ‘converting’ existing workers to apprenticeships was a misuse of the system. Apprentices are formally employed.

There is an apprentice minimum wage, which is £3.70 per hour (as of April 2018)¹⁵ for apprentices aged 16 to 18, and for older apprentices in the first year of their apprenticeship. Older apprentices who have completed the first year of their apprenticeship must be paid at least the national minimum wage. As with Australia, employees often pay more than required.

The proportion of women in the system has increased considerably since the 1990s, with 53.9% of all apprentice starts being women in the 2016/7 reporting year. (National Apprenticeship Service, 2018). England has a target to achieve 3 million apprentice commencements by 2020 (starting in 2015) with special targets for people from black, Asian and minority ethnic backgrounds.

Training and assessment: 20% of an apprenticeship must be devoted to training. The traditional model of day or block release still holds in some industry sectors, with off the job training being undertaken at a range of Apprenticeship Training Providers including public Further Education colleges, or at private training providers. These are of three main types which are described partly in terms of their contractual relationship to the Education and Skills Funding Agency as follows. A list of providers is available on the ESFA web site¹⁶.

- **Main providers (1,930 in number):** These are training providers who directly deliver apprenticeship training for employers. They can also provide apprenticeship training to their own employees (260 providers are employers) or those of connected companies, and can act as subcontractors for other providers;

¹⁵ <https://www.gov.uk/national-minimum-wage-rates>

¹⁶ <https://www.gov.uk/guidance/register-of-apprenticeship-training-providers>

- Employer providers (260): These are employers who directly deliver apprenticeship training to their own employees or those of connected companies. Providers that meet this requirement can also act as subcontractors;
- Supporting providers (380): These can enter into subcontracts with main providers and employer providers to deliver apprenticeship training. This can be up to a maximum value of £500,000 per year in total. For organisations with no recorded history of apprenticeship delivery, the limit is lower. <https://www.gov.uk/guidance/becoming-an-apprenticeship-training-provider>

Apprenticeships have until recently included gaining a qualification (including, recently, at higher levels including degrees) as part of ‘apprentice frameworks’ which also include the compulsory attainment of English and Maths qualifications for those without them; and there are ‘awarding bodies’ such as City & Guilds who have been responsible for organising assessments and awarding qualifications. Now a qualification is no longer required (see ‘recent issues’ below)

Involvement of governments and social partners: There are no States or regions in England so the national government is responsible for the apprenticeship system. An Institute for Apprenticeships (IfA) has been set up with the primary role of developing apprenticeship standards (see next section). The former National Apprenticeship Service has been incorporated into the Department of Education. Unions and employer bodies are involved in tripartite discussions and various apprenticeship bodies, although the trade unions are not represented on the IfA Board.

Recent issues and developments: There has been vocal opposition to the expansion of the system with quality issues raised (e.g. Pullen & Clifton, 2016). Various reforms to the system over recent years as a response to reviews such as the Richard Review (2012), have tightened up apprentice practices including the introduction of a minimum duration of 12 months and a minimum number of hours of employment for apprentices. New ‘apprenticeship standards’ are now replacing the former apprentice frameworks. These standards are developed by groups of employers, and need not necessarily include a qualification. A UK-wide apprenticeship levy was introduced from April 2017 requiring all public and private sector employers with an annual payroll of three million pounds or more to pay 0.5 per cent of their payroll figure for apprenticeship training. A ‘digital account’ is created for each employer, and the levy can be offset by employing apprentices. A new funding system was introduced shortly after this. These developments led to a drop in apprentice recruitment which is likely, however, to be temporary.

Intermediary organisations

The English apprenticeship system also has two main types of organisations (apart from training providers, known as Apprenticeship Training Providers) involved with apprenticeships:

- Group Training Associations which are basically training centres formed by groups of employers; and
- Apprenticeship Training Agencies which employ apprentices and ‘lease’ them to employers in the same way as Group Training Organisations do in Australia.

These intermediary organisations do not have much prominence, for example not being mentioned in a recent OECD review of apprenticeship in England (Kuczera & Field, 2018) or in a government briefing paper on apprenticeships for the English parliament (House of Commons Library, 2019).

The two main intermediary types are described by LSIS (2013b) thus:

- GTAs provide support on accessing, managing and delivering training for a group of employers to encourage their involvement in Apprenticeships, and they represent an important employer-led mechanism allowing small- and medium-sized companies especially to benefit from a shared training capability with economies of scale they could not achieve individually;
- In contrast, ATAs directly employ and manage individuals who undertake their Apprenticeship whilst being placed within a 'host employer'. The ATA also co-ordinates the training activity for the Apprenticeship which is delivered through Skills Funding Agency contracted approved training providers.

There is some overlap between these types of organisation, with a small number of organisations holding both roles; and some also being Apprenticeship Training Providers (ATPs – see Appendix 1). The main focus of this section will be on Apprenticeship Training Agencies, as they are the closest to what is usually understood as an intermediary organisation.

Group Training Associations

Unlike Australian GTOs, whose name is somewhat misleading, Group Training Associations (GTAs) are actually organisations that provide training. A 2012 report by a Commission established by the peak body of GTAs, GTA England and the National Apprenticeship Service (Institute of Education, 2012, led by Professor Lorna Unwin) found that *'GTAs are important intermediary organisations supporting the workforce and business development needs of Small and Medium Sized Enterprises (SMEs) at local level. They also provide large employers with the consistent high quality training they need in different areas of the country, and support them to build capacity in their supply chains. Nationally, GTAs make a significant contribution to the organisation and delivery of high quality apprenticeships.'*

It explained their growth since their introduction in 1964 following the Industrial Training Act thus: *'GTAs helped to support employers who could not locally source the integrated combination of theoretical knowledge and practical off-the-job training they required for the first year of their apprenticeship programmes. In many cases, the new GTAs established training centres to serve this need. In the remaining years of the apprenticeship, the off-the-job training would focus primarily on the study of theoretical knowledge, which could be delivered by local colleges of Further Education (FE). Over time, most GTAs developed their expertise sufficiently to be able to service all of the off-the-job training for an apprenticeship, though some continue to collaborate with colleges and other types of training provider.'* Originally, GTAs operated mainly in the engineering and construction sectors, and these sectors are still the main focus of their business.

The national association, GTA England, to which most, but not all GTAs belong, provides the following description of GTAs' operations at <http://www.gta-england.co.uk/what-is-a-gta/>.

"Group Training Associations (GTAs) are training providers that deliver a unique experience to learners and employers alike: developing and delivering outstanding training for industry by industry.

- *Public-Private learning partnerships*
- *40 GTAs in key industrial areas*
- *Employer-subscribed training centres*
- *15,000 associated employers*
- *High quality provision, with success rates typically exceeding national averages"*

“For over forty years, GTAs have represented the first truly public-private learning partnerships where employers subscribe to off-the-job training centres in order to provide efficient, expertly delivered skills. Today there are over 40 GTAs across the country located in key industrial areas, serving the needs of industry where industry needs them most. Find them here.¹⁷ Typically, a GTA is a company limited by guarantee and a registered charity whose objects require that surpluses be reinvested. There is usually a group of subscribing member employer companies from which senior executives are drawn to form a GTA board.”

An example of a GTA’s web page aimed at recruiting apprentices is provided below. This indicates that while GTAs are primarily training providers, they also broker the recruitment of apprentices on behalf of the employers with which they work.

Engineer YOUR Future with Midland Group Training Services (MGTS)

We have been helping to create ‘Engineers of the Future’ for more than 50 years, working in partnership with a diverse range of local, regional and national engineering companies, from the automotive, aerospace, medical, food and drink, and manufacturing sectors.

We are now delivering the new standards apprenticeships for the engineering and manufacturing sector, as well as the new engineering technician standard, in product design and development, mechatronics, toolmaking and machining.

Last year, we recruited 185 engineering apprentices nationwide. We are now seeking applications from young people for our 2018 intake. Please apply online now via www.mgts.co.uk/apprenticeships. Your application will then be distributed to all of our partner companies seeking apprentices.

For more information, visit or contact: www.mgts.co.uk

The 2012 Commission into GTAs advocated a more systematic development of GTAs as numbers were felt to be low; and the development of a code of ethics and a registration process. The report noted some confusion, on behalf of respondents to the Commission, between Apprenticeship Training Agencies (see below) and GTAs. It recommended that the roles of the two types of agencies should be more clearly differentiated and defined.

The key strengths of GTAs were seen in the report as follows (Unwin et al., 2012, p. 23):

- The way they have evolved over time in relation to a specific geographical location and set of activities means [that] by their nature they operate at a functional economic scale;
- Their governance structure and values means that employers trust them and have confidence in their ability to provide high quality training and impartial business advice;
- Their focus on specific areas of skill means that they have a great depth of knowledge and capacity to develop occupational expertise.

Funding

Group Training Associations are funded primarily from government contracts to deliver apprentice training (‘Skills Funding Agency’ contracts). They may also undertake fee-for-service training for employers (Unwin et al., 2012). GTAs have a very small profit margin, with Unwin et al. (2012) reporting that some had been losing money; and are said to find it difficult to purchase new training equipment.

¹⁷ It should be noted that this interactive map does not function correctly, like the Australian AASN map.

Apprenticeship Training Agencies

These agencies ('ATAs') recruit, employ and arrange training for apprentices on behalf of employers. Like Australian Group Training Organisations, on which they were modelled (LSIS, 2013b), ATAs function as the employer of the apprentice. Unlike GTAs, ATAs were recently introduced (2012) and were instituted by government rather than evolving naturally. They were introduced to help the government of the day achieve its target of three million apprentice commencements within a specified period of years (See Appendix 1).

There is a register of approved ATAs <https://www.gov.uk/government/publications/apprenticeship-training-agencies>. Organisations apply to be listed on the register through an application process to the Education and Skills Funding Agency. There are 114 ATAs currently. Inspection of the list indicates that following types exist: training providers, public or private; labour hire agencies; industry associations; consulting firms; and some which appear as though they may be stand-alone ATAs. 30 have the name 'apprenticeship' in their title; while a further nine have the acronym 'ATA' in the title. Thus, 39 (34%) have a main focus on apprenticeships, but analysis of each provider's web site would be necessary to determine how many undertake other apprentice-related activities besides being ATAs.

The guidelines for ATAs provided as part of the application process¹⁸ state

- *'The Apprenticeship Training Agency (ATA) model is intended to support the delivery of a high-quality apprenticeship programme with employers who wish to use the services of an ATA to source, arrange and host their apprentices. This could be for several reasons including them not being able to fulfil or commit to the full framework or length of time needed, short term restrictions on employee numbers, or uncertainty about the value of an apprenticeship.'*
- *The distinctive feature of the ATA model is that it is the ATA that acts as the apprentice's employer and places them with a host employer. The host employer pays the ATA a fee for the apprentice's services; this fee being based on the wage agreed with the host (at least the minimum apprentice rate) and the ATA management fee.'*

The documentation makes it clear that ATAs are funded to find new apprenticeship places, not to replace existing ones, and that they are to focus on young people and on small and medium enterprises. The evaluation by LSIS (2013b) indicated that this was occurring. There was also reference in that evaluation to freelance and 'micro-organisations'.

While there is no specified code of conduct, the guidelines list five key 'behaviours', each with sub-points. The five behaviours are as follows:

1. An ATA is an organisation whose main business is employing apprentices who are made available to employers for a fee. They must be set up as a distinct legal entity. [ATAs must] [r]eport that the apprentices are employed by an ATA in the individualised learner record (ILR);
2. An ATA will always aim to contribute to a high-quality apprenticeship experience. To ensure this they will make the quality of apprentice's working and learning experience central to all they do;
3. An ATA will focus on the creation of the new apprenticeship opportunities with employers who wish to benefit from using the ATA model to engage an apprentice(s). They should complement not displace directly employed apprenticeships;
4. An ATA will agree clear terms with all the employers, providers and apprentices that they work with. These terms should reflect best practice in the delivery of an apprenticeship;

18 dera.ioe.ac.uk/29678/1/ATA_GUIDANCE_DOC_JUNE_2017.pdf

5. ATAs must make themselves aware of and comply with all relevant Employment Law and Regulations including those included in the Employment Agency Regulations.

ATAs are required to pay at least the minimum apprentice wage. They must offer a minimum of 30 hours a week of employment. Apprentices can work at more than one host employer at the same time. As the ATAs is the legal employer, ATAs also need to comply with the employer guidelines for apprenticeship in England, which contains some special provisions for ATAs. If a placement at a host employer ends, ATAs are expected to find alternative work for the apprentice. ATAs are expected to help their apprentices find permanent employment at the conclusion of the apprenticeship.

ATAs must be established as separate legal bodies. As the guidelines refer to ATAs also being GTAs, it is clear that separate entities can be established under one umbrella. The guidelines note that the operation of ATAs will be regulated 'through the normal work of bodies such as the Employment Agency Standards Inspectorate, Ofsted and Awarding Bodies'.

The following extracts from one ATA's web site explains the system very clearly from an employer point of view.

ATAs offer a unique approach to the recruitment of apprentices. They are specifically designed to support employers who wish to take on an apprentice but are unable to in the current economic climate. In particular they can support employers whose order book will not currently allow them to commit to employing an apprentice for the full period of the Apprenticeship, but know that they will need fully trained employees when the economy picks up.

The distinctive feature of the ATA model is that it is the ATA who acts as the apprentice employer and who places them with a host employer. The host employer pays the ATA a fee for the apprentices' services; this fee being based on the wage agreed with the host and the ATA management fee.

The ATA model offers other benefits for the employer. These include;

- Support with recruitment – finding the right apprentice to meet the employers' needs;
- Responsibility for the wages, tax, National Insurance as well as administration and performance management;
- Supervision of the apprentice during the Apprenticeship period;
- Links with an approved training provider and support to both the apprentice and host employer throughout the Apprenticeship.

Also key is the flexibility the ATA can offer both to the employer and to the apprentice. If circumstances change the ATA will find alternative and appropriate employment for the apprentice giving them the reassurance that they can continue their Apprenticeship, whilst ensuring the employer knows they have this option. This flexibility also applies where employers may not be able to offer all aspects of a framework but linking them with other host employers allows the full range to be covered.

What are the benefits for employers?

Apprenticeship Solutions take the hassle and risk out of apprenticeship recruitment and employment which means the opportunity to recruit is not only easier but much more viable for businesses of all sizes.

If, after recruiting an Apprentice with Apprenticeship Solutions, your circumstances change and you are unable to retain an apprentice, then we are obliged to find alternative appropriate employment for the apprentice giving them the reassurance that they can continue their Apprenticeship, whilst ensuring the employer knows they have this option – it truly is risk free!

The Apprenticeship Solutions offer is about providing real flexibility to the delivery of high-quality Apprenticeships. This flexibility is not only about the hosting arrangements, which are similar to those of agency staff, it also applies where employers may not be able to offer all aspects of a framework and so apprentices may be linked with other host employers allowing them to gain the necessary experience to achieve their Apprenticeship.

For the young person the ATA gives another route into an Apprenticeship which can offer them the opportunity to experience a range of employers and increased security around the continuation of their Apprenticeship.

Benefits of using the Apprenticeship Solutions service include:

- You define the role and the wage;
- We screen, skills test and interview candidates from our large database of applicants;
- We provide you with a shortlist of the most suitable candidates for your job role;
- We organise the associated government funded training;
- We are responsible for the wages, tax, National Insurance;
- We undertake the administration and performance management of the Apprentice;
- We provide high quality training, support and guidance throughout the duration of the Apprenticeship; and
- If you are no longer able to support the Apprentice, we find alternative employment.

<http://apprenticeshipsolutions.org.uk/apprenticeship-solutions/what-is-apprenticeship-training-agency-ata>

There appears to be little firm data available publicly about the performance and efficacy of ATAs. A critical article about ATAs (Robertson & Offord, 2016) suggested that apprenticeship 'starts' (commencements) through ATAs were low, having plateaued from 2013–2015 inclusive at between 1300 and 1400 each year. The figures were disputed by the then association of ATAs – the Confederation of Apprenticeship Training Agencies (CoATA). CoATA's rebuttal of these figures included an assertion that one ATA employed over 500 apprentices alone. CoATA appears no longer to exist, as its web site is inactive. No recent figures on number of ATA-employed apprentices or proportions of apprentices who are ATA-employed are available; however LSIS (2013b) notes that at that time most ATAs had small numbers of apprentices – in the tens rather than hundreds.

An evaluation, published by LSIS (2013b) and undertaken by an independent research firm, found many advantages to the system, but also some problems:

The ongoing expansion in the number of ATAs, since their inception through the pilot in 2009, has in many cases solidified the view that there are a number of newer organisations that purport to be ATAs who are not running an ATA in accordance with the spirit of the ATA Framework. There is a concern that the offer provided by such organisations to apprentices is not of the quality expected of any Apprenticeship. (LSIS 2013b: 32).

However as this report was published before the registration process began (and indeed seems to have contributed to the establishment of the registration system), it is unknown whether these problems still exist. The report noted that some stakeholders believed that poor quality ATAs could be affecting the apprenticeship 'brand'. It seems that another evaluation would be timely; however the other changes in the English system (see Appendix 1) may make ATAs a second order issue currently. However the increasing complexity of the English system, in expecting employers to take more responsibility in designing apprenticeships, could well make utilizing an ATA more attractive to employers.

Funding

Information about funding for Apprenticeship Training Agencies is not readily available. A sum of 7 million pounds was provided by the National Apprenticeship Service in a pilot scheme, to establish the first ATAs (Robertson & Offord, 2016). It appears, however, from a guide to setting up an ATA (LSIS, 2013a) that by that date no government funding was available: 'ATAs do not receive public funding to meet the operational costs of running the business' (LSIS, 2013a: 20)¹⁹. The LSIS (2013b) report discussed the difficulties for ATAs in maintaining a sustainable financial position. ATAs may, however, be eligible for other government funding, and indeed are specially mentioned in the training provider guidelines (see Appendix 1). However the provisions for ATAs in these guidelines are very difficult to interpret.

The advice provided in the guide to establishing an ATA reminds ATAs that ATAs are a 'high volume, low margin activity and that cash flow could be problematic. Perhaps worryingly, the guide advises aspiring ATAs how to finance start-up of their business through a bank loan or overdraft. The guide suggests ATAs could derive income from the following sources (LSIS 2013a pages 6, 22, and 21), based on what ATAs were already seen to be doing:

- An administration fee of a proportion of the apprentice's salary;²⁰
- Taking income from the training provider such as a fee or a percentage of the government income that the training provider receives;
- Charging employers a membership fee;
- A fee to employers for finding them an apprentice;
- A fee to employers for services provided (Three times a year is suggested).

Financial issues are clearly important in the ATA operating environment. One ATA appears from its web site to sell its services by guaranteeing that it would recover employers' apprenticeship levy fee:

The UK's very first Apprenticeship Training Agency

The London Apprenticeship Company only do Apprenticeships. That's it. We don't do anything else. But we do everything 'apprenticeship' that you'll ever need.

We can recruit apprentices for you; we can design apprenticeships that up-skill your existing employees; you can outsource your apprenticeship scheme to us and use our 'fit-for-purpose' apprentice payroll and HR; we'll design, deliver and manage the training of your apprentices; we'll coach and mentor them too; and we'll make sure that you'll recover 100% of your apprenticeship levy.

<http://www.londonapprenticeship.co.uk>

¹⁹ However as mention is made of needing to meet performance targets, it is possible that funding is associated with those targets

²⁰ This is presumably paid on top of the transfer of funds for the actual wages payable to the apprentices, as is implied by the Apprenticeship Solutions web site example provided above.

India

Overview of apprenticeship system

Nature of the economy and of the apprenticeship system: India has a population of 1.3 billion (2017) and a labour force of 473 million. Unemployment is low and the median age is only 26.6 (2017). The economy is largely informal, with agriculture accounting for almost half of the employment. The formal economy is has recovered quickly from a post-GFC downturn and is primarily service-based. The apprenticeship system is very small for the size of the country (only around 300,000 people in 2014, less than 0.01% of the workforce) even though, theoretically, employers of certain types were, until 2014, supposedly required by law to employ apprentices. Apprenticeships are governed by the Ministry of Labour and Employment in conjunction with the Ministry of Human Resource Development, and there are six Regional Directorates of Apprenticeship Training covering India. Apprenticeship is governed through the Apprenticeship Act 1961, and until recently the Act and the system remained fairly static. Apprenticeships may vary in length from 6 months to 4 years and systems are in place for adding new occupations. TVET in general, including apprenticeship, is not seen as an attractive or aspirational pathway for young people. There is a large informal element to apprenticeship, both the formal and the informal labour market.

Occupational coverage: While there are 258 apprentice occupations, around half of these are in 'engineering and technology'. Until recently there were substantial numbers in only nine occupations ('designated trades', as opposed to other 'optional trades') with under-representation of service, agricultural and business sectors.

Participation: Apprenticeship is open to all over the age of 14 year. Participation has, however, been quite low, especially as the Apprentice Act imposed physical fitness requirements, and most apprentice 'seats' were in occupations generally undertaken by men, and in urban areas. Discussions about participation have focused on the following groups: women, people in rural areas, people from certain castes and those with disabilities (Smith, Brennan Kemmis & Comyn, 2014). Apprentices receive a stipend but no salary. Since 2016 the stipend has been linked to the minimum wage, at State level, beginning at 70% of the minimum wage in the first year and increasing thereafter (Nandan, 2016). Apprentices are not classified as workers although they are covered by worker compensation legislation.

Training and assessment: Employers have been required by regulation to provide a certain amount of on the job training – 'basic training'. Off the job training is provided at public Industrial Training Institutes or private Industrial Training Centres or other training providers. Those who have undertaken prior training at one of these training providers enter the apprenticeship with shortened training periods. An apprenticeship certificate is awarded on successful completion, but no formal qualification. There is centralised curriculum for the 258 courses, developed by a Central Staff Training and Research Institute and approved by a Central Apprenticeship Council. All courses are currently being redeveloped. Employers can devise their own curriculum for 'Optional courses'.

Involvement of governments and social partners: Apprenticeship systems operate at national, State and local levels. The social partners are involved in policy discussions, including the employer peak bodies such as the Confederation of Indian Industries, and also in implementation of apprentice training. State bodies to promote apprenticeships provide marketing and workshops for employers. Apprentice contracts are registered by Regional Directorates of Apprenticeship (for larger companies and the public sector) and by State Apprenticeship Advisors for other companies.

Recent issues and developments: Multiple concerns have been identified by stakeholders over the years (Smith & Brennan Kemmis, 2013) including overly strict regulation for employers, limited occupational coverage, the low rate of employment of apprentice graduates, and the inadequate stipend for apprentices. Some of these were addressed in changes to the Apprentice Act in 2014, which removed the strict penalties imposed on employers for even small breaches of regulations, and removed specific on-site inspections for apprenticeships; and were also reflected in a new National Policy for Skill Development and Entrepreneurship in 2015 which included, among many other provisions, a strategy for marketing apprenticeships to young people and to enterprises, and more apprentice places in the service sector. The 'National Apprenticeship Promotion Scheme' was launched in 2016 (MSDE, 2016; Nandan, 2016), primarily to increase apprenticeship numbers in medium and small enterprises, providing assistance (25%) to companies to pay the stipend and to fund the 'basic training'. There is an aim to train 5 million apprentices by 2020. An apprenticeship portal has been introduced, which provides information for would-be apprentices and employers, as well as an on-line system for registration of apprentice contracts: <https://apprenticeshipindia.org/>.

Intermediary organisations

Third Party Agencies

As part of the large-scale apprenticeship reforms developed over the past five years, intermediary organisations called Third Party Agencies (TPAs) have been introduced. These are also referred to as 'Third Party Aggregators' in some documents. The purpose of these agencies, as set out in the 2016 call for empanelment of TPs²¹, is to 'promote Apprenticeship Training in industries including MSMEs [micro, small and medium enterprises]. TPAs act as a facilitator between apprentices and establishments under the Apprentices Act 1961' (Directorate General of Training, 2016). The Operational Framework for Apprenticeships document (MSDE, 2016, p. 10) provides Industry Chambers as one example of Third Party Aggregators, specifically for clusters of MSMEs.

The introduction to the guidelines for TPAs (MSDE, 2018a) emphasises that currently only 400,000 trade apprentices are employed, from a formal workforce of 100 million. As it is mandatory under the Apprentices Act for employers of over 40 people to engage apprentices equivalent to 2.5% of their workforce, there is much room for expansion even to achieve the mandatory requirement.

The Apprentice Act has provision enabling 'several employers to join together either themselves or through an agency approved by the Apprenticeship Adviser... to provide apprenticeship training to the apprentices under them according to the guidelines issued from time to time by the Government'. TPAs, it is implied, are introduced under this provision and specifically aim at reaching the target of 5 million apprentices, particularly young people and particularly in MSMEs. It could be inferred that TPAs are partly introduced as a way of helping employers meet their mandatory requirements for apprentice employment, which have traditionally been ignored rather than upheld in the Indian system (Smith, 2017a).

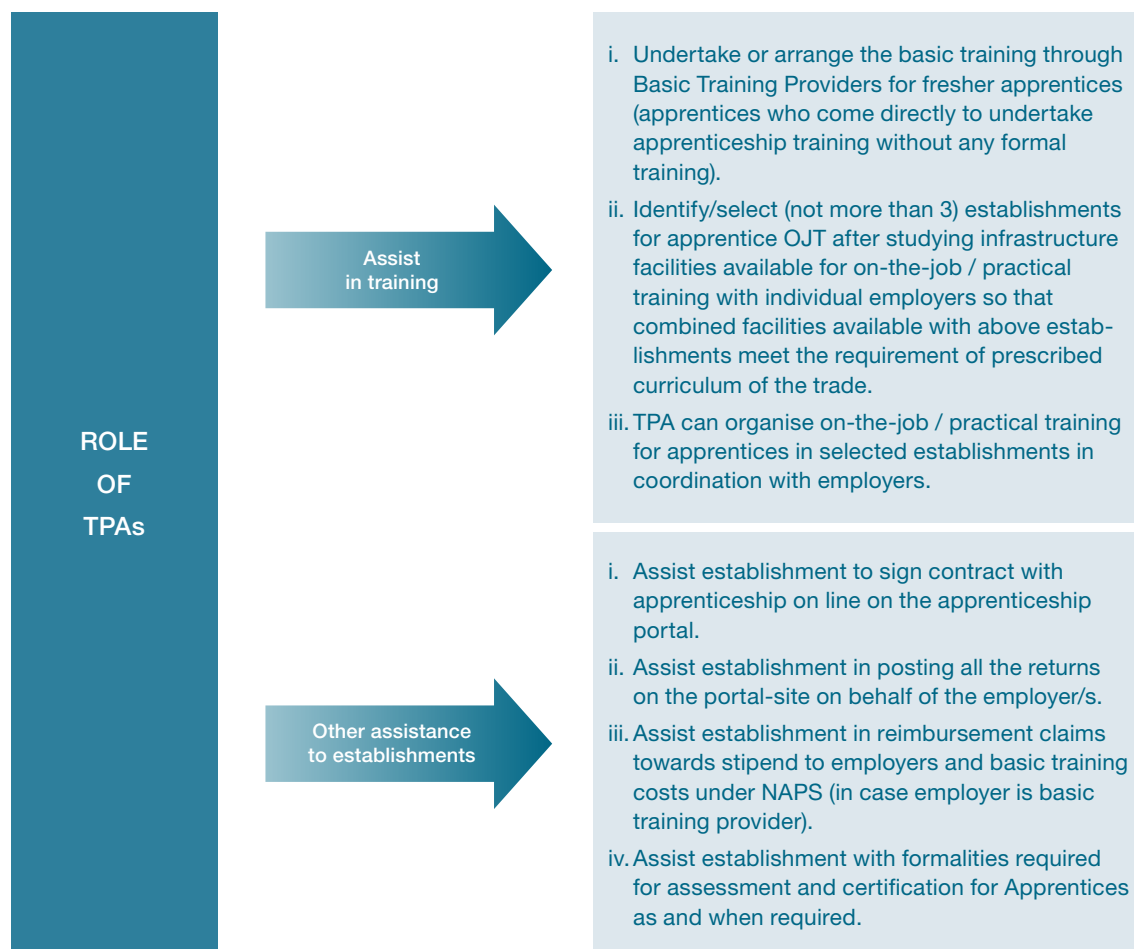
Revised guidelines were issued in 2018, at the same time as revised guidelines for Basic Training Providers and Guidelines for Courses. Thus the initiative is set in the context of other, related, reforms. TPAs' main role is summarised in Figure A2 below, which illustrates that they have a role both in training matters and in other matters.

One item missing from the diagram but described in the guidelines (MSDE, 2018a) is: 'to find [and] attract candidates for apprentices and match with companies.'

21 <https://hcvtmis.gov.in/Pages/FileDownload.aspx?fileId=217>

While the TPA is expected to undertake the above activities, the company is still the employer, paying the stipend, and is still responsible for making sure the components of an apprenticeship are undertaken. Also the employer has the responsibility for workers' compensation under the Apprentice Act. Thus, the use of a TPA does not remove responsibilities from employers, but the TPA carries out many of the operational administration of the apprenticeship. The document does not provide any information about how TPAs are funded, except that they may charge the companies for administrative support and must not charge apprentices.

Figure A2. Role of Third Party Agencies



Source: MSDE, 2016, p. 21²²

To be a Third Party Agency, a number of requirements must be met. The organisation must already be registered as a company or society/industry association or similar; It must have five years or more experience working in a related field e.g. training/education, letters of support /industry association; it must have a registered office, infrastructure and 'expert team' to undertake its functions; it must have letters of support from at least 20 companies saying they would use the services of the TPA for apprentices; the organisation or related concern must not have been 'blacklisted' by any organisation.



TPA applications can currently be made at any time. There is an application form which covers the requirements. The Apprenticeship Division of the National Skill Development Corporation reviews the application to ensure the eligibility criteria are met and then a committee of officials from the MSDE, DGT and NSDC considers the application. Further verification may take place and the committee may wish the applying organisation to make a presentation.

If appointed the TPA is empaneled for three years. There will be periodic reviews and an organisation can be removed at any time 'if it is not performing well as a TPA'. The TPAs are expected to 'maintain a high level of professional ethics.'

Lists of approved TPAs are publicly available. As of December 2018, 22 TPAs were on this list (MSDE 2018b) Inspection of the list and the TPAs' websites – where available – indicates that some are training or education providers including universities, industry associations, or foundations or trusts. Interestingly, one organisation claiming to be a TPA (January 2019) which is also a labour hire company, is not on the list of approved providers. The latter organisation's web site makes a point of reminding employers that they will be able to pay a cheap stipend under the scheme. The websites of the currently approved TPAs do not generally foreground their role as TPAs.

As TPAs have yet to be evaluated and the numbers are very small, their effectiveness is not known. Some potential effects can be proposed. Das (2015) has argued that previous skill development initiatives were sometimes not effective because they failed to reach the targeted enterprises. The introduction of TPAs could be an effective way of doing this, as it adds an extra party with an interest in marketing to enterprises. TPAs could also be a way of meeting another criticism of the Indian apprenticeship system in that it has failed to become an integral part of the TVET system (Mehotra, 2018). By potentially scaling up the number of apprenticeships, it is more likely that apprenticeships will become part of the formal system, gain more status, and potentially include qualifications.

Finally it should be emphasised that the requirements to be a TPA are extremely stringent, and the Ministry retains the right to strike a TPA from the register at any time. This, at least in theory, considerably reduces the possibility of misuse of the TPA system by TPAs.

Funding

There is no publicly-available information about funding sources. It seems that TPAs currently fund themselves from employer contributions, but it is reported that the government may be announcing a government funding scheme later in 2019.

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