



2017-10-02

Improving Engagement of Construction Industry Firms in Apprenticeship Training in a Post-Recession Economy

Eoghan O'Murchadha
Dublin Institute of Technology

Roisin Murphy
Dublin Institute of Technology, roisin.murphy@dit.ie

Follow this and additional works at: <http://arrow.dit.ie/beschrecon>

 Part of the [Adult and Continuing Education Commons](#), [Other Business Commons](#), and the [Real Estate Commons](#)

Recommended Citation

O'Murchadha, E. & Murphy, R. (2017) Improving Engagement of Construction Industry Firms in Apprenticeship Training in a Post-Recession Economy, *Seventh Research Conference of the International Network for Innovative Apprenticeships (INAP)* 2-3 October, 2017.

This Conference Paper is brought to you for free and open access by the School of Surveying and Construction Management at ARROW@DIT. It has been accepted for inclusion in Conference papers by an authorized administrator of ARROW@DIT. For more information, please contact yvonne.desmond@dit.ie, arrow.admin@dit.ie, brian.widdis@dit.ie.



This work is licensed under a [Creative Commons Attribution-NonCommercial-Share Alike 3.0 License](#)



Modern Apprenticeships: Widening Their Scope, Sustaining Their Quality

Proceedings of the Seventh Research
Conference of the
International Network for Innovative
Apprenticeships

2-3 October, 2017

Robert I. Lerman and E. Adaeze Okoli (editors)



Improving engagement of construction industry firms in apprenticeship training in a post-recession economy

Eoghan Ó Murchadha and Róisín Murphy

*School of Surveying and Construction Management, Dublin Institute of Technology,
Bolton Street, Dublin, Ireland*

Summary: The Irish economy is currently experiencing a recovery phase following a 'lost decade' of growth due to the severe economic downturn of 2007. While the construction industry in Ireland is recording increased output, and improving rates of employment, in the vital economic and labour market sector of apprenticeship there is a significant lack of engagement. Without employer buy-in to apprenticeship training, there exists potential future skills gaps and lack of efficacy of the construction industry. This increasingly likely possibility is disquieting, not just for the possible impact upon the future of apprenticeship but also for the Irish economy as a whole, given its reliance upon the capacity of the construction sector to deliver domestic requirements and meet the building and infrastructural needs of foreign direct investment.

Keywords: apprenticeship, engagement, Ireland, skills

Introduction

The current model of apprenticeship training for craft related trades in Ireland, the Standards Based System (SBS), has been in operation since 1993. Since its inception, this model of training was regarded as a major success in the provision of high quality training, providing industry with a cohort of highly qualified tradespeople. These individuals entered the labour market at the beginning of the 'Celtic Tiger' economic boom for Ireland and consequently helped enable the delivery of the plethora of major construction and infrastructural projects of the period. The result was nothing short of the SBS being exalted as a model of excellence in apprenticeship training.

Recession

However, upon the impact of the devastating economic downturn of the 2000s, it became apparent that the previous economic boom had disguised the fact that the SBS was overly-reliant upon employer engagement to succeed. For an individual to be registered as an apprentice, he/she must first find an employer. As a result, the apprenticeship system in Ireland suffered an overwhelming collapse as approximately 23 percent of construction firms - potential employers of apprentices - became insolvent (DKM 2016). In addition, many solvent firms underwent significant changes, such as downsizing employee levels, to remain viable.

Employment

Consequently, direct construction employment, of which apprentices are included, reduced by more than 60 percent (Central Statistics Office 2016). The knock-on effect to apprenticeship was a reduction in the number of registrations of new

apprentices by circa 76 percent. This was such a diminution of apprenticeship engagement that by 2010 there were more unemployed than employed apprentices in Ireland (SOLAS 2015).

Methodology

All points discussed herein are based upon the literature review of ongoing PhD research. Since a decline of such proportions in apprenticeship has never been recorded in Irish history, no national literature currently exists from which to draw stimulus. Thus, this paper examines the determinants of the current training system in Ireland.

As this work is ongoing, it does not purport to be conclusive. However, the aim is to prompt inquisitorial evaluation of stakeholder engagement given the symbiotic relationship between apprentices and employers within the industry.

Stakeholder research study

As the matter of employer engagement in apprenticeship is of extreme importance to the construction industry in Ireland, the national construction employers' representative body, the Construction Industry Federation (CIF) has commissioned a research study of its membership on the issue. The study is currently in its first phase which is a quantitative analysis of employer engagement in the use of trades and apprenticeships. It is intended that the findings of the research study will be published in the form of an industry report by the CIF in Q4 2017.

Demand and Supply

The Irish economy is currently in recovery; the construction industry is recording positive output; construction employment is increasing and yet there is a lag in the recorded number of new apprentice registrations (DKM 2016). As stated, for an individual to become an apprentice in Ireland, he/she must first be employed. Despite the economic recovery and growth in the construction sector there remains a reluctance by firms to engage with apprenticeship training. Given the dependence by potential apprentices upon employers' willingness to engage in training it is vital that the conditions for employer buy-in be examined and supported.

SBS Training Model

Ireland's SBS apprenticeship training model is a dual based system. True to the ethos of blended learning, it divides an apprenticeship into phases of *on-the-job* and *off-the-job* training. The SBS utilises 'block release' periods of *off-the-job* training as opposed to 'day release'. The downside of this structure from the employers' perspective is that the *off-the-job* phases leave firms without apprentices for large periods of time (10 – 20 weeks).

Though there is yet no definitive reasoning as to the lack of employer engagement, it is reasonable to assume that 'block release' makes apprenticeship training unattractive to many companies. Though anecdotal, this preposition is based on the fact that over 90 percent of construction firms in Ireland are 'micro firms', having less than 10 employees (DKM 2016). It is likely that such small firms are ill equipped to release an employee (apprentice) for five months to *off-the-job* training.

Review of Apprenticeships

Given the toll of recession upon the apprenticeship system in Ireland, the government announced a review of apprenticeships with an aim to addressing the

issues concerned (Department of Education and Skills 2013). However, rather than addressing the disarray surrounding the existing current trades, the government unveiled an action plan aimed at expanding apprenticeship, as a paradigm of education, to other areas of industry (Department of Education and Skills 2016).

Though this action is meritorious, this was, potentially, a lost opportunity to assess employer sentiment in Ireland, regarding existing apprenticeships. The review engaged the entire community of stakeholders to apprenticeship in Ireland and yet failed to assess the determinants of engagement in training and more importantly, the barriers facing employers at the time.

Impact of the economic downturn

The impact of the recessionary conditions of the last decade upon the industry are clearly evident in terms of the number of new entrants to apprenticeship. Within the construction sector, those designated as 'wet trades' have struggled to remain viable. New apprentices in the trades of *Painting and Decorating* and *Plastering* have declined from hundreds annually to single digit figures while the trade of *Floor and Wall Tiling* has ceased to register any new apprentices since 2013 and has consequently been rendered a 'dead trade' (SOLAS 2015).

This trend is not merely confined to the 'wet trades'. Similar concerns are expressed for the 'wood trades' where the traditional mainstay trade of *Carpentry and Joinery* recorded new apprentice registrations equivalent to just 19 percent of its pre-recession peak. In addition, to bolster the ailing trades of *Cabinetmaking* and *Wood Machining*, it was decided to amalgamate the two into a single new trade: *Wood Manufacturing and Finishing*. As of year-end 2016, registrations for this trade were less than the 2008 *Cabinetmaking* figures alone, which were recorded after the impact of the economic downturn.

Future problems due to non-engagement of employers

Ireland's construction industry faces two significant future problems based on the singular issue of a lack of training. Firstly, without a supply of new apprentices each year, there will inevitably emerge a future skills shortage. In fact, such an issue has already been noted (DKM 2016). Moreover, as can be seen from the issues relating to *Floor and Wall Tiling* above, a skills shortage will inevitably lead to a skills gap and the inexorable result of lost skills and knowledge.

The second significant threat facing the construction industry is a lack of future management. Construction project teams are made up of several academically qualified individuals e.g. the engineer, the architect, the quantity surveyor (cost manager). However, the construction manager, the person charged with overseeing the actual construction work is usually of a vocational background. It is by virtue of this distinction that the construction manager has the knowledge necessary to oversee the construction works. Those skills, often tacitly developed, from his/her progression from apprentice to tradesman to foreman etc. sets the construction manager apart from the 'academic' members of the project team.

As before, if there are no new apprentices entering the knowledge cycle, then there will ultimately be no new tradesmen and consequently no new vocationally trained construction managers.

Overcoming barriers

It is understandable that many employers are cautious about investing in training while the difficulties of the recession are a fresh memory. However, during the

economic downturn, many employers turned to the use of agency provision for trades due to the lack of 'in-house' available skills. This is rationally antithetical as the use of qualified trades from an outside source is more expensive than 'in-house' labour. External trade agencies charge in the order of 1.5 times the trade rate for supply. This course of action may be convenient but is in fact economically fallacious.

Cost benefit of apprenticeship

Ireland's apprenticeship pay rates are based on a percentage of a qualified tradespersons rate (Fig. 1). As an apprentice is paid significantly less than a qualified tradesperson, it is a sagacious strategy for a firm to employ apprentices instead of outside labour. The difficulty is in getting employers to believe that investment in training is a prudential management strategy.

Figure 1: Apprenticeship pay rates in relation to qualified trade rate

1 st year	2 nd year	3 rd year	4 th year	Qualified
33%	50%	75%	90%	100%

It is likely that employers would rebut the above notion, claiming it to be ostensible given that apprentices are not actually capable of carrying out the work of a qualified tradesperson. This argument is, however, merely liminal and somewhat improvident.

When considering the productivity of an apprentice, it is postulated that he/she will begin to be productively of benefit to the employer after the first year of training (Spear 2014). Furthermore, the employer's investment in the apprentice will break even before the end of the second year.

As a result, when considering value for money, apprentices are a far more prudential choice of labour than employing external sources, given their capacity for high productivity at a lower rate of pay.

Conclusion

As there are currently no definitive results detailing the explicit barriers to apprenticeship, it has been possible only to highlight the determinants of apprenticeship and highlight subjective barriers. It is hoped that the aforementioned CIF report will provide valuable empirical findings which through analysis and discussion may help clarify the drivers of employer engagement and aid the development of a phronetic strategy for the benefit of all stakeholders to apprenticeship.

Literature

Central Statistics Office. 2016, Person aged 15 years and over in Employment by Sex, NACE Rev 2 Economic Sector, Quarter and Statistic. Available at: <http://www.cso.ie/px/pxeirestat/statire/SelectVarVal/saveselections.asp> [Accessed 15 November 2016].

Department of Education and Skills. 2013, Review of Apprenticeship Training in Ireland. Available at: <http://education.ie/en/Publications/Policy-Reports/Review-of-Apprenticeship-Training-in-Ireland.pdf>

Department of Education and Skills. 2016, Action Plan to Expand Apprenticeship and Traineeship in Ireland 2016 – 2020. Dublin: Department of Education and Skills.

DKM. 2016, Demand for Skills in Construction to 2020. Dublin: Construction Industry Federation.

SOLAS. 2015, Apprentice Registrations 2007 – 2014. Dublin: SOLAS.

Spear, P. 2014, The ROI of Apprenticeships. Hertford: The Institute of the Motor Industry.