



D5.2 Understanding the Marketplace UPDATE

Report – Executive Summary

Report on the European Automotive Apprenticeship
Marketplace



Co-funded by the
Erasmus+ Programme
of the European Union

D5.2 UNDERSTANDING THE MARKETPLACE UPDATE REPORT

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| Report Title: | D5.2 Understanding the Marketplace Update – Executive Summary | | |
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| Responsible Project Partner: | ENGINUITY | Contributing Project Partners: | |

| Version Control | | | | |
|-----------------|------------|-----------|---------|----------|
| Version | Name | Partner | Changes | Date |
| 0.1 | Mick Feloy | Enginuity | Draft | 20-9-21 |
| 0.2 | Mick Feloy | Enginuity | Draft | 15-10-21 |
| 0.3 | Mick Feloy | Enginuity | Draft | 1-11-21 |
| 1.0 | Mick Feloy | Enginuity | Final | 26-11-21 |

| | | | | |
|----------------|--|--|----------------------|-------------------------------------|
| Document data: | File name: | D5_2_UPDATE REPORT – EXECUTIVE SUMMARY | | |
| | Pages: | 11 | No. of annexes: | 0 |
| | Status: | Final | Dissemination level: | Public |
| Project title: | Development and Research on Innovative Vocational Educational Skills | | GA No.: | 2017-3295/001-001. |
| WP title: | WP5 – Apprenticeship Market | | Project No.: | 591988-EPP-1-2017-1-CZ-EPPKA2-SSA-B |
| | | | Deliverable No: | D 5.2 |
| Date: | Due date: | December 2021 | Submission date: | 07/12/21 |
| Keywords: | Apprenticeship market, automotive market, automotive skill needs | | | |
| Reviewed by: | Neill Goodliffe (ENGINUITY) | | 26/11/21 | |
| | | | | |
| Approved by: | | | | |



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D5.2 EXECUTIVE SUMMARY

Introduction

Since the publication of the DRIVES ‘Understanding the Marketplace’ Report in 2020 the global and EU automotive sector have experienced a period of major upheaval and restructuring. While changes driven by technology development have continued, a number of other factors have also helped to reshape the sector including the impact of COVID 19, the associated recession across Europe and the different policy responses to this, together with other factors including BREXIT.

These factors have impacted on working practices and helped drive changes in skill requirements, which in turn have major implications for apprenticeships supporting the sector.

The purpose of this Report is to document these more recent patterns of change, identify the implications for the EU automotive apprenticeship marketplace, highlight a number of innovative ways in which the challenges facing the apprenticeship marketplace have been tackled and set out practical suggestions moving forward.

The Full Report can be found at: [INSERT LINK](#)

Changing economic context

The automotive industry remains crucial for Europe’s prosperity,¹ providing 13.8 million direct and indirect jobs in Europe and represents 6.1% of total EU employment.

However, COVID-19 has significantly impacted on both automotive sector demand and output during 2020 and the early part of 2021. The pandemic has also been linked to significant restructuring of the automotive industry.

¹ https://ec.europa.eu/growth/sectors/automotive_en



Together with specific measures aimed at tackling the immediate health impacts of COVID-19, many countries in Europe have announced specific stimulus packages for the automotive industry to help combat the impacts of COVID on the industry.

There are some signs of a more optimistic outlook for the automotive sector for the rest of 2021 and beyond. However, one industry expert expects that the Western European automobile market will need about ten years to climb back to the size it was in 2019.²

While pre-COVID longer term drivers of skills change still remain, the pandemic and associated restructuring of the industry have resulted in both immediate and longer term shifts in skill requirements. For example, an increased short term demand for skills such as knowhow in relation to minimising the risk of the spread of COVID and skills to engage in increased remote working, together with increased demand for skills associated with an acceleration of longer terms trends due to COVID including an acceleration in the trend towards electrification of vehicles and automation.

These changes have significant implications for the design and implementation of apprenticeships. In particular the need:

- To adapt apprenticeship delivery approaches to reflect new ways of working as a result of the pandemic
- To ensure the apprenticeship offer reflects new and emerging skills including those relating to the rapid move to electric and other ‘energy’ vehicles
- For apprenticeships to be flexible enough to adapt to fast changing skill requirements at the same time as ensuring they continue to provide apprentices with the foundations for long term career progression in the industry; and
- To make sure the apprenticeship offer is relevant to the massive upskilling challenge facing the automotive industry as well as for new entrants.

Recent developments across the European Apprenticeship marketplace

The pandemic has led to serious disruptions in the delivery of work-based learning, including apprenticeships over this period.³ This has also resulted in severe problems in assessment and

²Prof. Ferdinand Dudenhoeffer Director of Germany’s Center for Automotive Research;
<https://www.epicflow.com/blog/2021-automotive-industry-challenges-and-trends/>



certification. Different countries have responded to these issues in different ways as outlined in recent work undertaken by Cedefop community of apprenticeship experts⁴ which launched an internal consultation about how European countries are managing apprenticeships during the COVID-19 crisis.⁵

There have also been a number of recent announcements which will have implications for apprenticeships including:

- The European Green Deal, announced in December 2019, together with the 10-point plan to help implement the European Green Deal in relation to the automotive sector announced by ACEA;
- Endorsement in November 2020 of a new set of EU policy actions in VET for the period of 2021-2025;⁶ and
- On Tuesday 10 November 2020, as part of the European Vocational Skills Week, the Pact for Skills, a central element of the European Skills Agenda was launched.⁷ The Automotive sector, together with microelectronics, aerospace and defence industries, has been granted participation as part of the first European skills partnerships in key industrial ecosystems.⁸

The ambition of the Automotive Pact for Skills is to upskill 5% of the workforce each year, which, if achieved, would result in around 700,000 people being upskilled throughout the entire ecosystem,

³ Skills development in the time of COVID-19: Taking stock of the initial responses in technical and vocational education and training International Labour Office – Geneva: ILO, 2021.
https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_766557.pdf

⁴ <https://www.cedefop.europa.eu/en/events-and-projects/networks/cedefop-community-apprenticeship-experts>

⁵ https://www.cedefop.europa.eu/files/cedefop_community_apprenticeship_experts_synthesis_how_are_european_countries_managing_apprenticeships_to_respond_to_the_coronavirus_crisis.pdf

⁶ https://www.cedefop.europa.eu/files/osnabrueck_declaration_eu2020.pdf

⁷ <https://clepa.eu/mediaroom/automotive-selected-as-pioneer-ecosystem-to-be-part-of-the-pact-for-skills/>

⁸ <https://clepa.eu/mediaroom/automotive-selected-as-pioneer-ecosystem-to-be-part-of-the-pact-for-skills/>



representing a potential overall private and public investment of €7bn, starting with regional pilot schemes.

Many of the commitments and associated actions relating to the Automotive Pact for Skills will have significant implications for future apprenticeship development and implementation. In particular:

- Updating of intelligence with more refined development of data on skills needs and guidance to education providers could significantly enhance the updating of the content of existing apprenticeships and the development of new automotive related apprenticeships;
- The establishment of an EU-wide framework for skills and job roles building on the DRIVES outcomes could help in the design and development of apprenticeships relating to specific automotive job roles and also support the development of clearer learning pathways between different job roles;
- Measures to enhance the sharing of good practice will further strengthen the work already undertaken on this through DRIVES in relation to apprenticeships; and
- The Pact for Skills focusses on a massive increase in upskilling and re-skilling of the workforce. We would argue that apprenticeships should be an integral component of the additional training development implied by this.

Innovative practice

This report sets out a number of particular examples of innovative practice of relevance to the Automotive Apprenticeship marketplace under the following themes:

- Theme 1: Meeting the challenges of rapidly changing skills

The pace of technological change within the automotive industry is increasing rapidly, which in turn impacts on the rate of skills change. With the fast pace of industry change, skills grow obsolete quickly. The apprenticeship offer needs to be flexible enough to respond to fast changing skills.



- Theme 2: Responding to Industry 4.0

The automotive industry is rapidly transforming towards Industry 4.0 with massive advancements in technology development and processes which in turn, will lead to a major change in the skills profile of the workforce. Many jobs and processes will need to be redefined, with the emergence of a range of new specialist skills at the same time that some existing skills will diminish in importance. In relation to apprenticeships Industry 4.0 implies both the need to attract a higher level of applicant in order to be able to learn rapidly as jobs evolve and increased use of the digital training for delivery.

- Theme 3: Ensuring progression at all levels

The evidence of changing skill requirements within the automotive sector shows how these changes will impact at all skill levels. Apprenticeships are needed at every level including higher levels, with clear progression pathways between different levels.

- Theme 4: Meeting upskilling and reskilling requirements

The rapid rate of skills change has huge implications for the continuous upskilling of existing employees. The scale of this training requirement will dwarf the requirement for training of new entrants. Employers need tailored, flexible and often bite sized solutions to meet their needs. Apprenticeships need to support upskilling and provide clear learning pathways between different levels to facilitate continuous reskilling. Apprenticeships need to be flexible enough to meet these changing upskills/reskilling needs, possibly through the adoption of a more modular approach.

- Theme 5: Understanding the EU automotive apprenticeship offer

There are wide variations across the EU in terms of overall apprenticeship models adopted, with significant differences in the overall apprenticeship offer, funding mechanisms, quality assurance procedures, overall governance arrangements and delivery methods. This makes comparison of the different apprenticeship offers across different EU countries quite difficult. Tools are needed to help employers and individuals understand the apprenticeship offer across different nations.

- Theme 6: Encouraging SME involvement in apprenticeships

Small and Medium Sized Enterprises (SME's) face particular challenges in relation to taking on Apprentices. This includes greater difficulties in recruiting candidates which meet their particular needs, and providing the required learning and development for their employees. Many SME's also struggle to offer the range of skills required by Apprenticeships in a work setting, given their particular specialisms. It will be important to improve apprenticeship related support to SME's



including the creation and strengthening of networks and alliances, developing appropriate resources and tools, fostering teaching and training and sharing experiences of innovative practice.

- Theme 7: Increasing international labour mobility

As automotive supply chains become increasingly globalised in nature, by contrast apprenticeships tend to be focussed nationally or even more locally. This poses challenges for employers and for the mobility of apprentices seeking employment across national boundaries. Recognition of apprenticeships by different employers is also a problem in some cases. Initiatives that support a move towards a single market for automotive apprentices across the EU will be important. However, given the diverse national approaches currently in place for the development and implementation of apprenticeships this is unlikely to be practicable, at least in the short term. More realistic approaches from a company perspective to enable recognition across national boundaries are likely to be initiatives such as 'dual certification'.

- Theme 8: Responding to COVID 19

Prior to the COVID 19 outbreak apprenticeship delivery was typically characterised by a high level of learning on the job, in the workplace, including learning by shadowing staff or gaining practical skills from a colleague. During periods of lockdown imposed as a result of COVID 19 this traditional approach has not been possible, with delivery having to change to an online approach. Restrictions posed by COVID have underlined the need for a range of innovative approaches at all apprenticeship stages, including not only an increased reliance on on-line delivery of learning, but also for assessment of apprentices.

- Theme 9: Addressing diversity and image

A range of innovative solutions are required to address the poor image and diversity issues within the sector. Apprenticeships can play an important role in helping to tackle diversity challenges and wider recruitment issues facing the automotive sector.

- Theme 10: Maximising available funding

The ways in which apprenticeships are funded vary widely across different EU countries with a mixture of different funding arrangements evident including approaches that place funding responsibilities entirely or partially with employers, entirely as a government responsibility or through tax subsidies, social security funding or partial government reimbursements. There are a



number of examples of innovative ways in which funding has been used to maximise apprenticeship take up.

- Theme 11: Involving apprentices

It is important to involve apprentices themselves in the planning and improvement of apprenticeships. Available evidence highlights the wide range of benefits to the involvement of apprentices throughout all stages of development and implementation of apprenticeships, as underlined by a recent CEDEFOP report that indicates that focussing the policy process around apprentices' is essential for relevant future skills development.⁹

- Theme 12: The need for close dialogue between employers, providers and other stakeholders

Many of the current and likely future skill requirements within the automotive sector are quite complex. It is also the case that apprenticeships need to balance the need for equipping apprentices with the skills required for successful careers in the automotive industry with the need to meet employers' specific changing skill requirements. This highlights the importance of not only understanding these requirements in detail, but the need for a close and continued dialogue between employers in the sector together with schools, colleges, universities and other providers of apprenticeship training to ensure the apprenticeship offer evolves in line with these changing skills requirements.

Practical Implications and Next Steps

The Report summarises a number of practical suggestions for improving the current European apprenticeship marketplace serving the automotive sector and next steps in relation to the DRIVES Project to help achieve these actions.

Five main types of recommendations are set out, these being those relating to:

- Sustaining DRIVES initiatives after DRIVES funding ceases;
- Identification and publicising of further examples of innovative practice;
- Improvements to skills Intelligence;
- Measures to improve flexibility of apprenticeships as a tool for upskilling/reskilling; and

⁹ European Apprenticeship Network, 'Cedefop-ETF conference- what do learners think?' 2020, '[Cedefop-ETF conference – what do learners think? – European Apprentices Network](#)



- Other practical recommendations.

These recommendations have been developed taking into account funding for the DRIVES Project will cease at the end of March 2022 and in the light of recent major developments across the automotive ecosystem including the recently announced Automotive Pact for Skills, the associated Automotive Skills Alliance (ASA) and a number of key EU wide initiatives.

Specific recommendations relating to the potential future role of the Automotive Skills Alliance (ASA) in taking forward these recommendations are also set out.