Integrated strategy Initiative for Strengthening the supply of APPrenticeships in TEXtile sector

TEXAPP

TASK	1.2 – National Reports – TMTE

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1 Framework

The Hungarian Society of Textile Technology and Science (TMTE) is a public benefit (non-profit) organisation and a knowledge centre of the Hungarian textile, garment and textile care industry. The professional organisation which has rich traditions has actually 80 companies and 250 individual experts as member.

We sent our invitation to participate in the present assessment through several communication channels to business enterprises of the T&C sector:

- we delivered presentations during events arranged for professionals about the TEXAPP project,
- we sent direct mail messages to the enterprises registered in our database,
- we used also the channels provided by Internet: we published our call in TMTE's website and Facebook page.

In total, we received 54 evaluable answers from companies (49 companies answered all questions and 5 companies not filled all questions). The total number of workers employed by respondent companies is 3 928.

The following documents were used, for a more detailed analysis of the questionnaires:

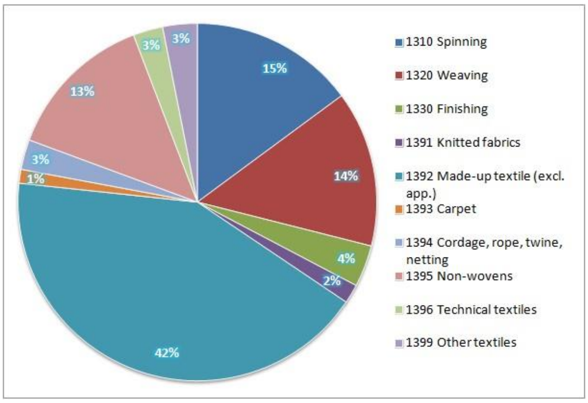
- GENERAL ECONOMIC ENVIRONMENT AND EVOLUTION OF THE TEXTILE/CLOTHING INDUSTRY IN 201 6, Report for EURATEX by Association of Hungarian Light Industry (AHLI) (April, 2017)
- A summary of a nation-wide survey carried out by Bobbin Ltd. between September 2016 and 15 January 2017, among enterprises active in sewing operations. (http://www.bobbin.hu/?bb001)
- A presentation held by Texture Ltd. in the second half of 2016, concerning the results and findings of a survey carried out among companies producing working apparel (see Professional Day on 7 March 2017).
- Recommended approaches proposed to solve the problems encountered in training courses focused on textile and clothing industry and textile laundering. (http://www.mksz.org/sites/default/files/javaslatok_a_textil-ruhaipari_agazat_problemainak_orvoslasara_v6.pdf). Published by AHLI in 2016
- Closure of the Study on a research program titled: "Assessment of demand for adult training in sectors of textile and clothing industry, textile laundering and the leather and shoe industries, with particular regard to the distance learning programs". Published by TMTE (October, 2009)

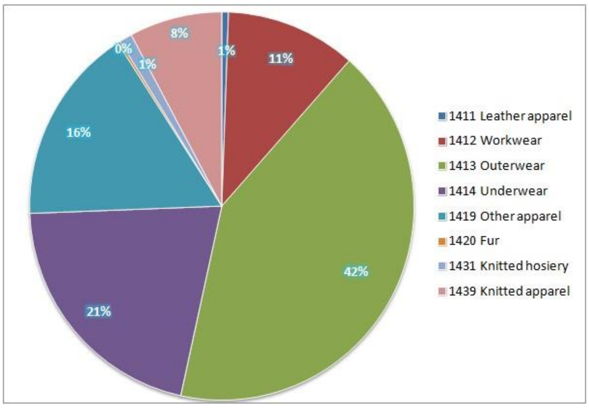
Unfortunately, the survey performed in 2009 marked the last attempt to perform a **comprehensive study** concerning issues related to vocational (further) training and adult training. Since the Hungarian system of education was transformed from top to bottom between 2013 and 2016, we have taken into account only the findings yet valid under the changed circumstances.

2 Introduction of the Hungarian T&C sectors

The following figures show the breakdown of the production into subsectors by value:

Textile industry: Clothing industry:





After a good year in 2015, the performance of Hungarian textile industry strongly declined in 2016 in comparison with 2015. On the other hand, the production of clothing industry was higher than last year. The output of clothing industry increased by over 5% in 2016.

The figures show that domestic sales have strongly increased, while export sales lost again some share both in textile and clothing industries:

NACE	Indices of sales %					
	Total		Domestic		Export	
	2015	2016	2015	2016	2015	2016
13 Textiles	110.1	88.3	109.4	123.3	114.1	81.6
14 Clothing	88.5	105.3	90.3	120.1	87.7	98.3
1413 Outerwear	90.8	100.9	97.7	114.3	88.1	95.1
1414 Underwear	90.9	87.9	81.8	129.0	92.5	81.7

In line with the sales figures, the number of companies registered show a decrease in the last year:

	Registered corporations (companies and partnerships)			Sole proprietors with license		
	2016	2015	Index	2016	2015	Index
Textile	932	981	0.95	1340	1129	1.19
Clothing	2103	2272	0.93	2093	1987	1.05
Total	3035	3253	0.93	3433	3116	1.11

The following table shows the number of companies in different staff categories. The table shows that the Hungarian T&C industry is dominated by SME's:

Branch	Year	Staff categories*					
		0 or unknown	1-9	10-49	50-250	> 250	Total
13 Textiles	2013	596	1110	106	38	7	1857
	2014	710	1121	112	37	7	1987
	2015	826	1134	106	36	8	2110
	2016	704	1421	103	37	7	2272
14 Clothing	2013	859	3183	324	86	13	4465
	2014	899	3116	326	85	11	4427
	2015	847	3036	295	69	12	4259
	2016	1023	2821	279	61	12	4196

*number of employees

If we compare the market data with those companies who answered to the questionnaire, we can conclude that the respondents give a good selection of the Hungarian T&C industry, an average 11-12% of the companies is represented in each sector:

	% of companies represented			
	Micro (1-9)	Small (10-49)	Medium (50-249)	Big (250+)
Textiles	0,77%	9,71%	21,62%	14,29%
Clothing	0,35%	4,30%	13,11%	33,33%
Total T/C	**0,50%**	**5,76%**	**16,33%**	**26,32%**

1. Chapter 1: General Characteristics

Chapter 1 presents the general characteristics of the companies that replied to the questionnaire. In this chapter, the data of the 54 companies will be presented for the year of establishment, number of employees, sector, turnover evolution, workforce qualifications and recruitment needs and sources.

A historic survey:

As a result of reorganisations carried out **in the textile industry** in the 1960's, large companies having many sites had been created predominantly.

Such large companies **represented every branch of textile industry activities,** from the production of yarns and various woven and non-woven fabrics to the manufacture of finished products, based on far reaching specialization. Also ready-to-wear products have been made by the knitwear industry classified to the textile industry.

Also the municipality-owned enterprises and industrial co-operatives played an important role. Private producers (mostly involved in knitwear production) deserved particular attention.

On the average, the large companies **exported 50% of their output** directly or indirectly in the form of ready-to-wear products.

The former COMECON countries were predominantly considered as market outlets, primarily the Soviet Union where the textile products were delivered in exchange for energy carriers. Considerable volumes were sold to Western Europe and to overseas markets (primarily to the USA).

The domestic textile industry produced twice as much as the household demand. (Nearly 70% of the internal demand for clothing was satisfied by selling the products of the domestic textile industry.)

After 1990, the standing of the **textile industry changed substantially.**

One of the former large companies' markets, i.e. the **Soviet market, had been closed** to the Hungarian products **almost immediately** following the disintegration of the Soviet Union and the COMECON. The **import liberalization carried out simultaneously with the loss of the primary export markets** further aggravated the situation, because cheap products from the Far East flooded the local market.

The technical level and productivity of the machinery and technologies available to the Hungarian textile industry was not adequate to make a fast swing-over towards the West European markets.

The companies' financial strength did not allow for technical development. Availability of the necessary funds was greatly restricted by the pricing system stemming from the official domestic pricing policy and, in several cases, by the need to reimburse loans used to finance development programs carried out in the second half of the 1980's.

Owing to the loss of their markets, many large companies lost their financial balance, resulting in fast cut-back of the textile industry.

In the course of the surge of privatization, Hungarian individuals (most frequently the former managers of the companies) or **foreign citizens** acquired exclusive or majority ownership. Lots of small plants were established, however, they operated obsolete equipment and lacked for adequate professional knowledge and market outlets and, therefore, many of them became bankrupt.

In the 1960's, **creation of large companies** dominated **the textile clothing industry** (like in the textile industry). Each company had several sites and **they were fundamentally expected to create new jobs in the country**. Many of them started dress making shops as a subsidiary unit of agricultural co-operatives, in order to alleviate the seasonal lack of work possibilities.

Since the output of the textile clothing industry was twice as much as the local demand, **more than half of the products was exported**. The Soviet market was one of the most prominent ones, in addition to the considerable absorbing capacity of the European market.

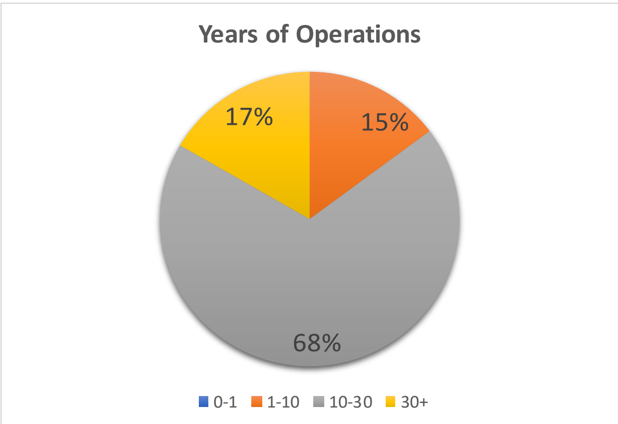
In the early 1990's, the textile clothing industry tried (unlike the textile industry) to substitute West European market outlets (primarily, by increasing the volume of wagework) for the opportunities lost in the Soviet Union and the COMECON countries.

At the beginning of the 1990's, the number of employees was slightly increased in this branch of industry, followed by stabilization and, in 1998 and 1999, this number increased again and provided work for nearly 70,000 people, in contrast to the usual 55,000 to 60,000.

Although the privatization process had taken place also in the textile clothing industry, the level of production and exports was maintained and the number of enterprises multiplied, accompanied by a significant shrinking of the individual plants' size.

At present, a considerable part of the large textile industry companies are owned by foreign entities while the biggest clothing industry workshops are operated by the state and play a special role in employment (e.g. convicts, disabled people).

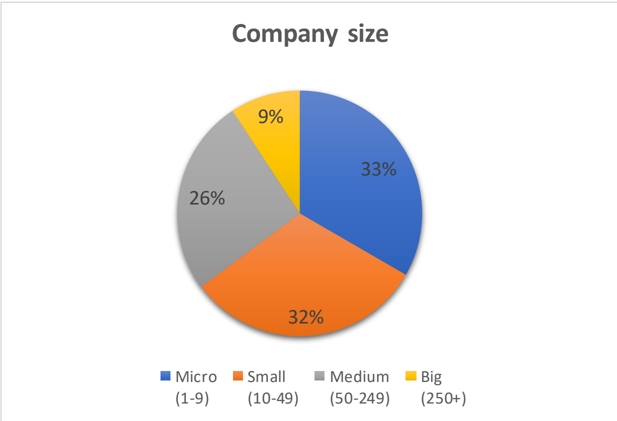
Graphic 1 - Years of operations



Of the 54 companies that responded 68% of companies' are established between 10 and 30 years. 17% are established more than 30 years and only 15% are established between 1 and 10 years.

As the data of those companies who participated in the survey shows, the majority of textile or apparel companies operating in Hungary were founded around the political change (end of 1980's, beginning of 1990's), when the state-owned large socialist companies were privatized. A smaller portion of companies (typically with long traditions) were formed as legal succession of the state-owned companies. They operate in form re-structured by the new owners (Hungarian or foreign owners), with a product line more in line with the market demands. Of course there are continuously forming new companies, typically in the SME sector under analysis.

Graphic 2 - Company size



Of the 54 companies that responded, 32% are small companies, 26% are medium, 33 % are micro and 9% are big.

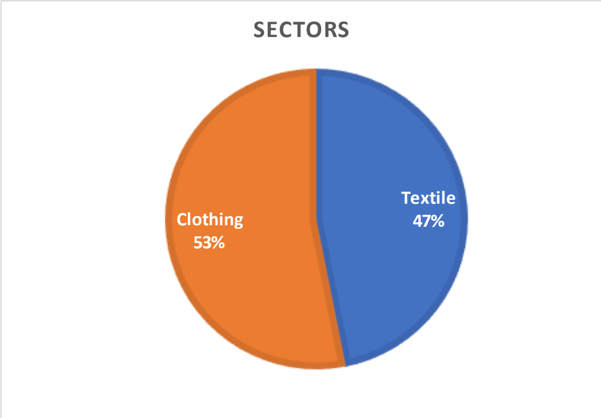
The percentage of respondents in each staff category are different from the overall industry statistics.

The following table shows the number of companies in different staff categories. The table shows that the Hungarian T&C industry is dominated by SME's:

Branch	Year	*Staff categories (%)*				
		1-9	10-49	50-250	> 250	Total
13 Textiles	2016	90,6	6,6	2,4	0,4	100
14 Clothing	2016	88,9	8,8	1,9	0,4	100

This is due to the fact, that TMTE, as the professional institution is rather in contact with SME's, not so much with the micro companies or individual entrepreneurs. Therefore the medium and larger size enterprises are represented to a larger extent in the current survey.

Graphic 3 – Sectors

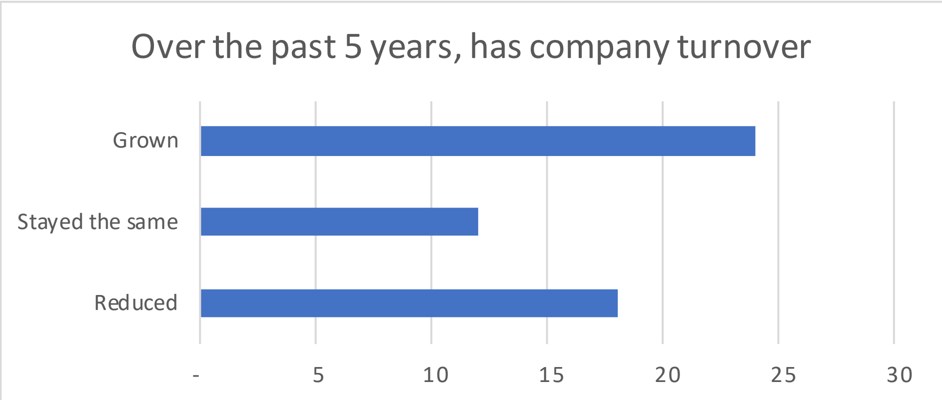


The companies are mainly form the Clothing sector (53%) and 47% from the Textile sector.

The survey was filled by more Clothing company, than those of Textile sector. This correlates with the market statistics, where the textile companies represent 35%, while the clothing companies 65%.

Please note, that the responses arrived from all part of the country, independent from the sector concentration by regions. This also shows that the activities of TMTE achieve national coverage.

Graphic 4 – Over the past 5 years, has company turnover



Of the 54 companies that replied to the questionnaire, 24 have increased their turnover in the last 5 years. 12 companies answered that stayed the same and 18 companies stated that the company's turnover was reduced.

The answers are correlating with the sector statistics. The turnover of Clothing sector shows slight increase, while the Textile sector shows slight decrease in the past one year. Both show variations over the 5 years horizon, where also the changing HUF-EUR exchange rate can influence the EUR value of the turnover.

The sales figures and the breakdown of total turnover of the last five years are in the following tables:

Textiles:

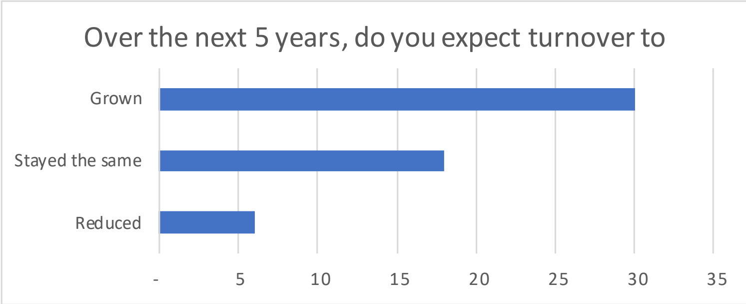
Year	Domestic sales			Export sales			Total turnover	
	MHUF	MEUR	%*	MHUF	MEUR	%*	MHUF	MEUR
2012	26 658	92.1	24.5	82 936	286.6	75.5	108 995	376.6
2013	18 592	62.6	18.8	82 139	276.6	81.2	100 419	339.24
2014	17 392	56.4	14.9	99 046	320.9	85.1	116 437	377.2
2015	20 313	65.6	15.8	108 308	349.5	84.2	128 621	415.0
2016	25 436	81.7	22.2	88 841	285.2	77.8	114 277	366.90

Clothing:

Year	Domestic sales			Export sales			Total turnover	
	MHUF	MEUR	%*	MHUF	MEUR	%*	MHUF	MEUR
2012	28 109	97.1	31.1	62 395	215.6	68.9	90 504	312.7
2013	22 858	77.0	25.6	66 293	223.3	74.4	89 151	300.3
2014	30 881	100.1	30.8	69 517	225.2	69.2	100 398	325.3
2015	29 161	94.1	31.9	62 378	201.3	68.1	91 539	295.4
2016	36 274	116.5	36.5	62 983	202.2	63.5	99 257	318.7

* total sales = 100

Graphic 5 – Over the next 5 years, do you expect turnover to

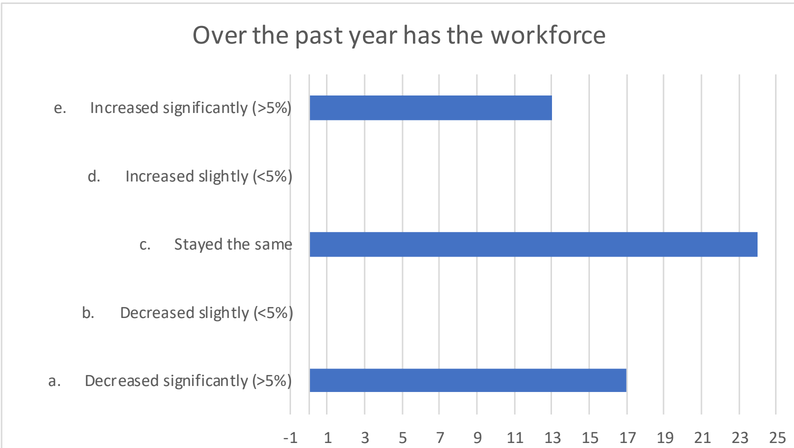


Majority of the companies are optimistic about the future outlook (30), but a large number of companies (18) predict stagnating turnover for the next 5 years.

Those who managed to grow in the past years are more optimistic that this future trend will continue, while those who stagnated expect no big opportunities but further stagnation in the future.

Growth can be experienced rather at those companies who are specialized in technical textile or deliver to industries showing growth (e.g. tourism).

Graphic 6 – Over the past year has the workforce



Regarding the evolution of the workforce, the data show that 24 of the companies stayed the same; however, it is noteworthy that 13 companies increased significantly and 17 companies indicated that workforce decreased significantly.

Also the surveys carried out by the two companies, mentioned in the introductory part, among their respective clientele proved that the decrease of the availability of skilled labor is one of the greatest concern for the enterprises, beyond the consistently increasing and generally perceivable lack of manpower. Such lack of manpower inflicts equally the companies of the textile and the clothing industry and, nowadays, the crisis appears, in practice, irrespective of the geographic (regional) location of the entity in question.

The scope of vocational education has shrunk equally in the facilities of both the secondary and higher education. The teenagers of these days reluctantly opt for learning the knacks of the textile and textile clothing profession. Even if they graduate from these schools, most of them chose some different profession. In the present system of education, the young ones have an opportunity to attend, free of charge, also another vocational school. In this industry, the wages tend to remain below the industrial average and the overall lack of manpower experienced in the industry as a whole, seems to prompt also other people erudite in other professions to look for other possibilities.

From among the questions put to the clientele to assess the situation, improvement of the vocational education system was marked as the second most important condition in response to the question composed as "What is indispensably needed to keep your enterprise running?". Also the research conducted among the manufacturers of work clothing indicated (by a high 4.4 score) the restructuring and restarting of the training of seamstresses, as one of the most important tasks.

Graphic 7 – What proportion of the workforce is

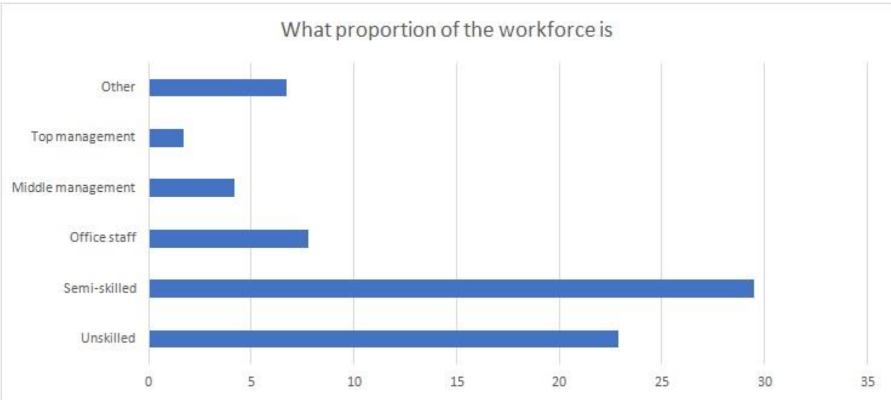


Table 1 – What proportion of the workforce is

What proportion of the workforce is					
Unskilled	Semi-skilled	Office staff	Middle management	Top management	Other
22,85	29,48	7,80	4,19	1,70	6,72

The highest percentage of workers in the 54 companies is between the semi-skiled (29,48%) and the unskilled (22,85%). Office staff with 7,80% and 4,19% middle management shows healthy proportions. Top management is only 1,70% and 6,72% represents other workers.

Graphic 8 – What qualifications does the workforce hold

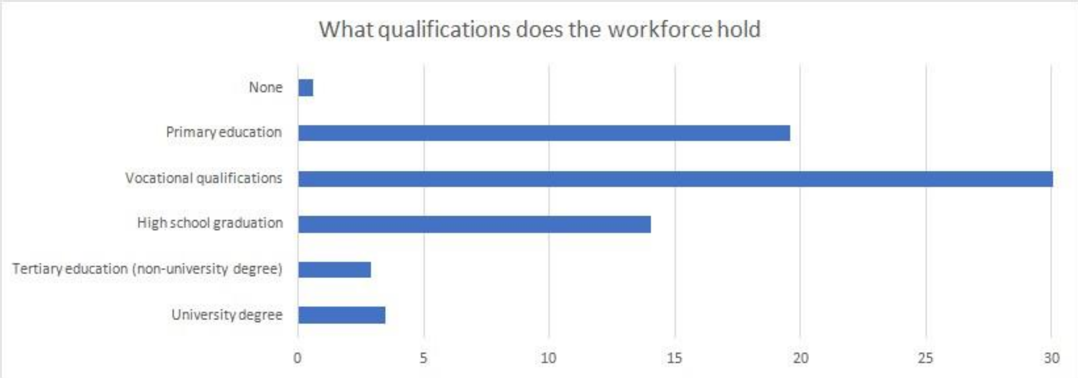


Table 2 – What qualifications does the workforce hold

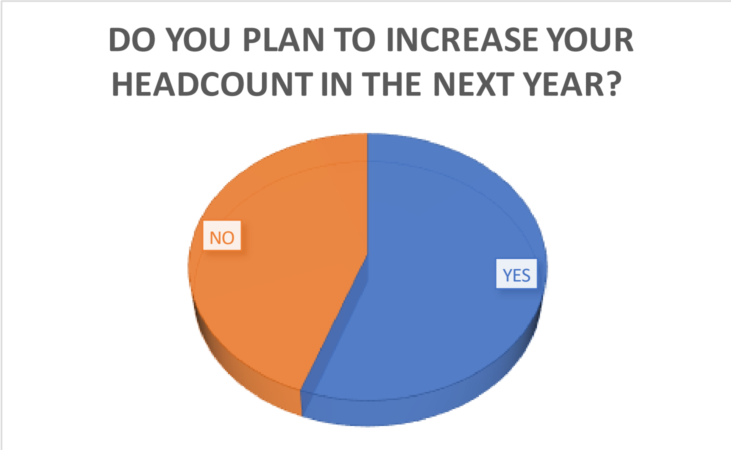
What qualifications does the workforce hold					
University degree	Tertiary education (non-university degree)	High school graduation	Vocational qualifications	Primary education	None
3,48	2,87	14,06	32,15	19,59	0,59

Regarding the qualification of the workforce, it is verified that the majority has vocational education 32,15%, then 19,59% only have primary education and 14.06% present a high school graduation. However, it is found that 3,48% of workers already have university degree, followed by 2.87% tertiary education and only 0,59% with none.

The companies are compelled to substitute unskilled workers for the missing skilled labor. Also the above diagrams and tables indicate the significant proportions of unskilled workers (in general, they had attended only an 8-class elementary school) in this branch of industry.

The employees having certificates issued by higher education schools are, in general, members of the small teams of management.

Graphic 9 – Do you plan to increase your headcount in the next year?



The graphic shows that companies plan to increase their headcount, 30 companies answered yes and 24 companies answered no.

Graphic 10 – Do you have problems recruiting staff?

Vast majority of companies are having troubles at recruiting staff, 76% of the companies answered yes to the question.

Graphic 11 – What sources do you use for recruiting?

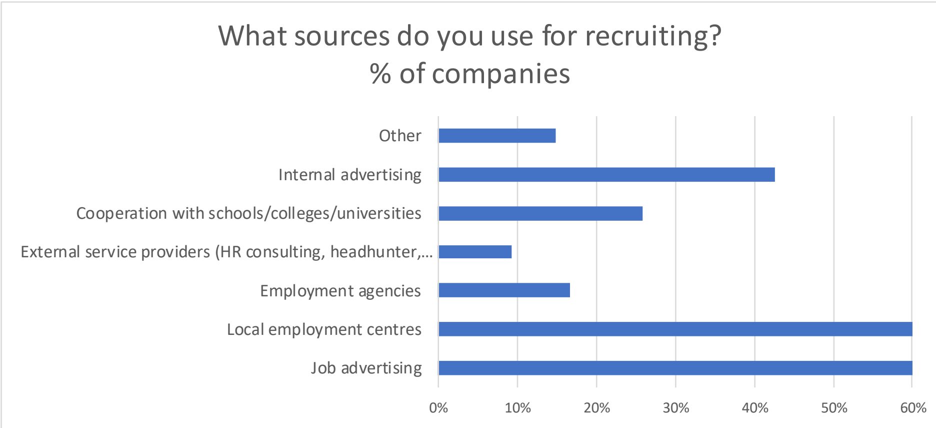


Table 3 – What sources do you use for recruiting?

What sources do you use for recruiting?						
Job adverti-sing	Local emp-loyment centres	Employment agencies	External service pro-viders (HR consul-ting, headhunter, etc.)	Cooperation with schools/coll-eges/universities	Internal ad-vertising	Other
44	33	9	5	14	23	8
Job adverti-sing	Local emp-loyment centres	Employment agencies	External service pro-viders (HR consul-ting, headhunter, etc.)	Cooperation with schools/coll-eges/universities	Internal ad-vertising	Other
81%	61%	17%	9%	26%	43%	15%

When questioned about the sources that they use in the recruitment process we found that the most common is ‘Job advertising’ (81%), followed by ‘Local employment centres’ with 61% and ‘Internal advertising’ with 43%. ‘Cooperation with schools/colleges/universities’ were selected by 26% of companies, followed by ‘Employment agencies’ with 17% and ‘External service providers’ with 9%.

2. Chapter 2: Demographics about the company and HR

Chapter 2 analyse the training, human resources and quality companies' strategies. In this chapter, the data of the 54 companies will be presented.

Graphic 12 – Does the company have a training/HR strategy?

Table 4 – Does the company have a training/HR strategy?

Training/HR strategy		
Yes	No	N/A
21	33	0

Majority of the companies (33) do not have a Training / HR strategy.

Graphic 13 – Does the company operate Quality standards?

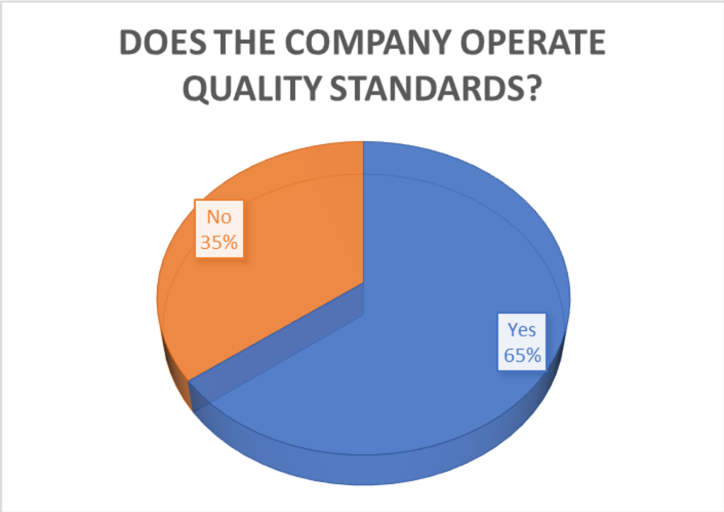


Table 5 – Does the company operate Quality standards?

Does the company operate Quality standards?	
Yes	No
35	19

19 of the 54 companies answered that operate without quality standards. This number show us that there is a concern in companies with quality process, responding with that to the market demands.

Graphic 14 – Type of quality standards?

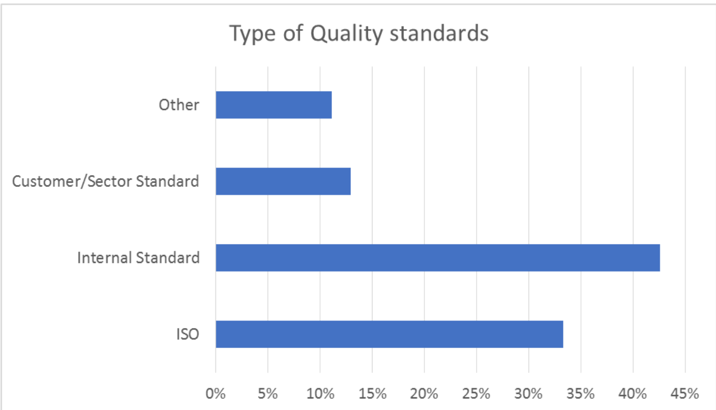


Table 6 – Type of quality standards?

Type of Quality standards			
ISO	Internal Standard	Custo-mer/Sector Standard	Other
18	23	7	6

The companies that answered positive regarding the quality standards use mainly internal standard (23), or ISO (18), some Customer/sector standard (7) and Other (6).

Graphic 15 – Usage of internal training capacity?

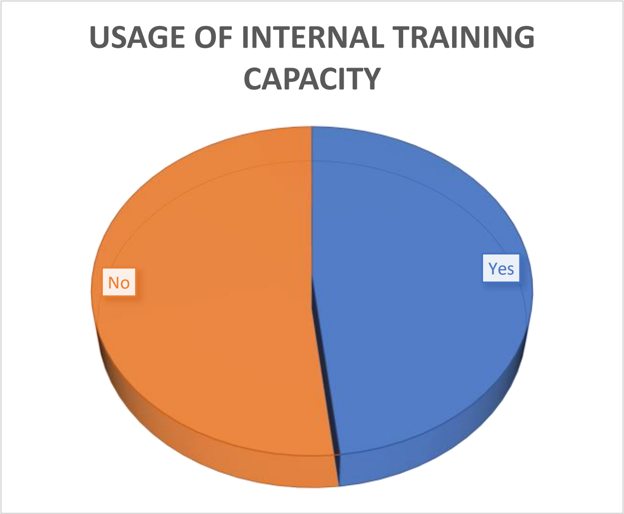


Table 7 – Usage of internal training capacity?

Usage of internal training capacity	
Yes	No
26	28

Almost half of the companies (26) use their internal training capacity.

Graphic 16 – Usage of external training providers?

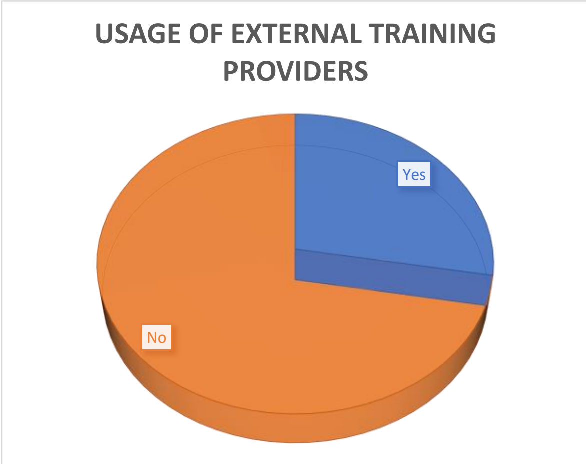


Table 8 – Usage of external training providers?

Usage of external training providers	
Yes	No
15	39

Only 15 companies answered that an external training provider is used.

3. Chapter 3: Apprenticeship characterization

Chapter 3 presents the companies' knowledge about apprenticeships, trying to analyze their involvement with the apprenticeships systems.

Graphic 17 – knowledge about apprenticeships

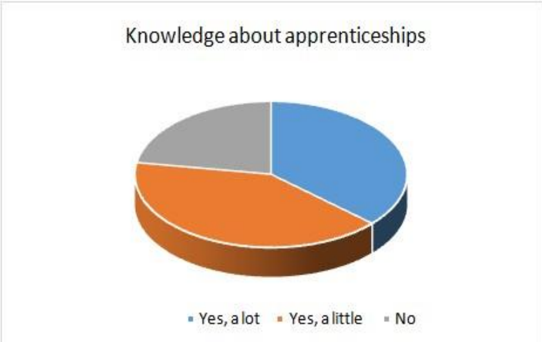


Table 9 – knowledge about apprenticeships

Does your organisation know about apprenticeships?		
Yes, a lot	Yes, a little	No
18	20	11

Out of the 54 companies 5 have not provided an answer to this question. The data indicate that 18 companies are very informed about apprenticeship, and 20 more companies have a little knowledge. Only 11 companies have indicated that there don't have any knowledge about this issues.

Graphic 18 – Source of apprenticeship

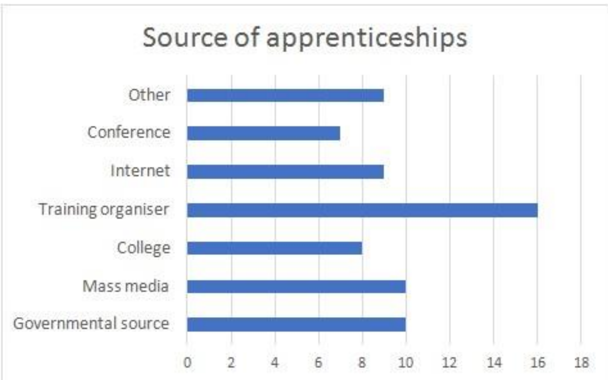


Table 10 – Source of apprenticeship

Sources of apprenticeships						
Governmental source	Mass media	College	Training organiser	Internet	Conference	Other
10	10	8	16	9	7	9

For the companies that answered that have a little and a lot knowledge about apprenticeships, the main sources of information selected are: training organiser (16); governmental source (10); mass media (10); internet (9); other (9); college (8); and conference (7).

In Hungary the Chambers of Commerce (local or regional) play an important role in communicating and education SMEs. Out of the 9 companies who have selected "Other" as source of information, 5 have gathered information on apprenticeship from such Chambers. Additional 4 companies have information from own previous experiences on apprenticeship.

Graphic 19 – Experience in apprenticeships

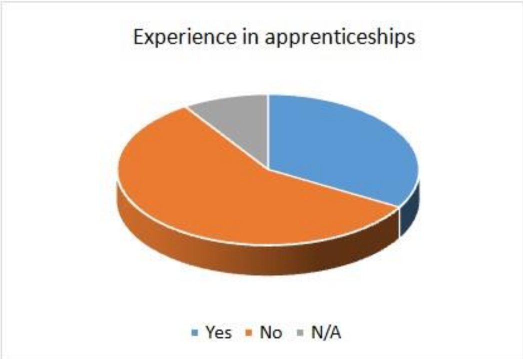


Table 11 – Experience in apprenticeships

Experience in apprenticeships		
Yes	No	N/A
18	31	5

In relation to experience in apprenticeships, 49 companies answered this question. The number of companies with experience in this issue is relative low, only 37% of the companies have experience with apprenticeships (18). However is important to try understanding why 31 companies do not have experience and 5 indicated N/A.

Graphic 20 – Possibilities for apprentice's recruitment

Table 12 – Possibilities for apprentice's recruitment

How likely are you to recruit an apprentice over the next 2 years			
Likely	Unlikely	Very likely	Very unlikely
14	16	7	12

Most of the 49 companies that answered this question (57%) indicated that they do not think about currently on recruiting apprentices in the future. exists the possibility for apprentice's recruitment, (12) very likely, (17) likely. 7 companies say that do not need a apprentice's in the next 2 years.

In correlation to their knowledge on apprenticeship, those companies who have no knowledge are less likely to recruit apprentices. Those who have a little knowledge still 70% indicate that they are rather unlikely or very unlikely to recruit apprentices. Out of those, who have a lot knowledge on apprenticeships, 60% have indicated they are rather likely or very likely to recruit apprentices.

Graphic 21 – Which of the following areas might you recruit in an apprentice

Table 13 – Which of the following areas might you recruit in an apprentice

Which of the following areas might you recruit in an apprentice						
Business Administration	Technical	Customer service	Manufacturing	Marketing	Finance	Other
3	9	0	17	1	0	0

Regarding to the areas identified by the companies as most important, the following areas are highlighted: manufacturing (17), technical (9). Some in Business Administration (3) and marketing (1).

Graphic 22 – Already participated in apprenticeship or plan recruiting an apprentice

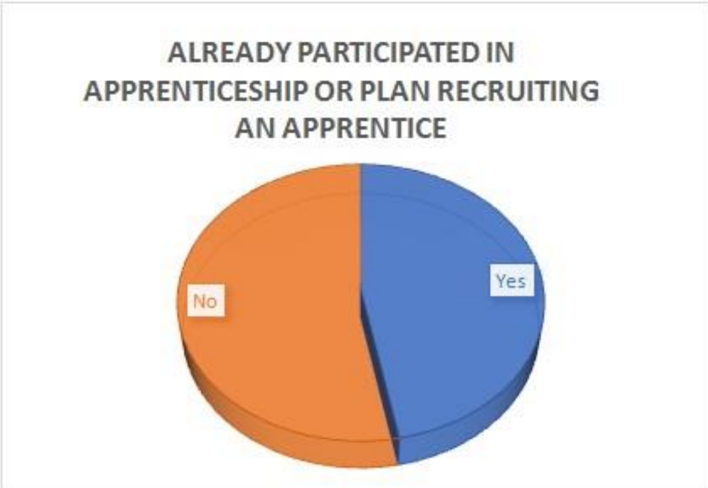


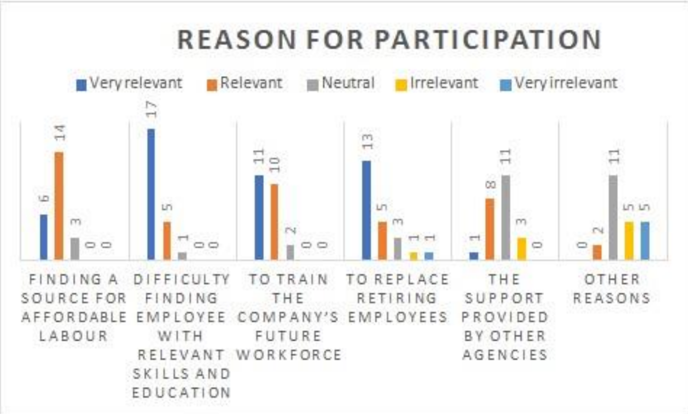
Table 14 – Already participated in apprenticeship or plan recruiting an apprentice

Have you already participated in apprenticeship or plan recruiting an apprentice	
Yes	No
23	26

23 of the 49 companies reported having already participated in apprenticeship or indicate that plan recruiting an apprentice.

If we look at Graphic 20 we unfortunately see, that those, who have previous experience with apprentices, only up to 61% are considering to recruit an apprentice over the next 2 years.

Graphic 23 – Reason for participation



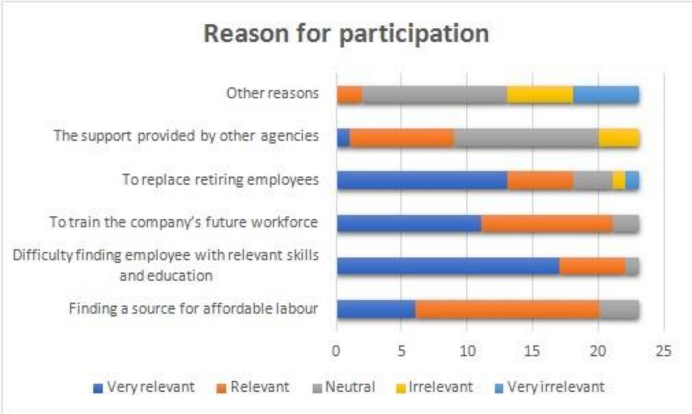


Table 15 – Reason for participation

Reason for participation	Very relevant	Relevant	Neutral	Irrelevant	Very irrelevant
Finding a source for affordable labour	6	14	3	0	0
Difficulty finding employee with relevant skills and education	17	5	1	0	0
To train the company's future workforce	11	10	2	0	0
To replace retiring employees	13	5	3	1	1
The support provided by other agencies	1	8	11	3	0
Other reasons	0	2	11	5	5

The main reasons selected by the 23 companies who previously answered that already have participated in an apprenticeship or plan recruiting, are as follows (ordered by relevance):

- Difficulty finding employee with relevant skills and education (17 very relevant and 5 relevant);
- To train the company's future workforce (11 very relevant and 10 relevant);
- Finding a source for affordable labor (6 very relevant and 14 relevant);
- To replace retiring employees (13 very relevant and 5 relevant).

Graphic 24 – To what extent you agree to the following statements, in relation to apprenticeships

Table 16 – To what extent you agree to the following statements, in relation to apprenticeships

To what extent you agree to the following statements, in relation to apprenticeships	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The rules applying to apprenticeships are easy to understand	5	15	21	7	1
The relevant authority provides me with the necessary information	5	19	18	6	1
The regulations are difficult to apply	3	20	19	6	1
The administration workload is acceptable	0	10	26	12	1
The practical training time spent at the company is sufficient	0	13	20	14	2

The 49 companies have given in many cases Neutral as answer. The companies with no previous experience rather remained neutral or expressed disagreement that could be the reason for not participating. However, we can note that:

- The relevant authority provides me with the necessary information – from those companies who have previous experience with apprenticeship, 78% agree or strongly agree, from those who have no previous experience still 38% selected agree or strongly agree. Those 7 companies who have indicated disagreement, 4 has previous experience with apprenticeship;
- The regulations are difficult to apply – 19 companies remained Neutral, 23 are rather agree and only 7 companies found that regulations are not so difficult to apply. Out of those companies who thing the regulations are difficult to apply, 61% already have previous experience;

- The rules applying to apprenticeships are easy to understand – 21 selected agree or strongly agree but the majority 21 selected neutral. Those 8 companies who have selected disagree or strongly disagree, only 37% have previous experience;
- The practical training time spent at the company is sufficient – 13 selected agree; 20 selected neutral and 16 selected disagree.
- The administration workload is acceptable – 10 selected agree; 26 selected neutral and 13 selected disagree;

The last three statements are the ones that met the greatest divergence of answering.

Graphic 25 – What are the main challenges that you foresee with apprenticeships?

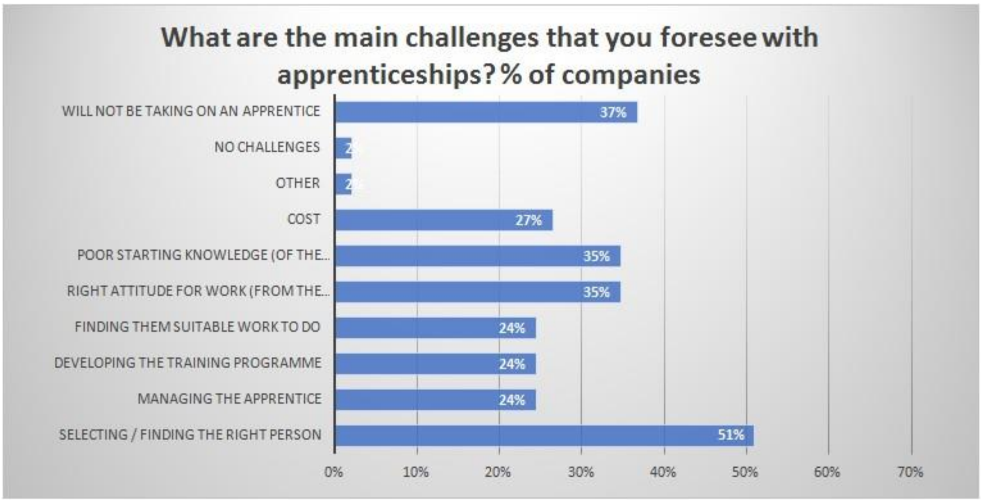


Table 17 – What are the main challenges that you foresee with apprenticeships?

What are the main challenges that you foresee with apprenticeships?									
Selecting / finding the right person	Managing the apprentice	Developing the training programme	Finding them suitable work to do	Right attitude for work (from the apprentice)	Poor starting knowledge (of the apprentice)	Cost	Other	No challenges	Will not be taking on an apprentice
25	12	12	12	17	17	13	1	1	18
Selecting / finding the right person	Managing the apprentice	Developing the training programme	Finding them suitable work to do	Right attitude for work (from the apprentice)	Poor starting knowledge (of the apprentice)	Cost	Other	No challenges	Will not be taking on an apprentice
51%	24%	24%	24%	35%	35%	27%	2%	2%	37%

We got the answer from 49 companies in this question.

We verified that the companies identified some challenges with foreseen apprentices, the following four was the most outstanding:

- Selecting/finding the right person (51%);
- Right attitude for work (from the apprentice) (35%);
- Poor starting knowledge (of the apprentice) (35%);
- Cost (27%)

Graphic 26 – What help would be useful when recruiting an apprentice?

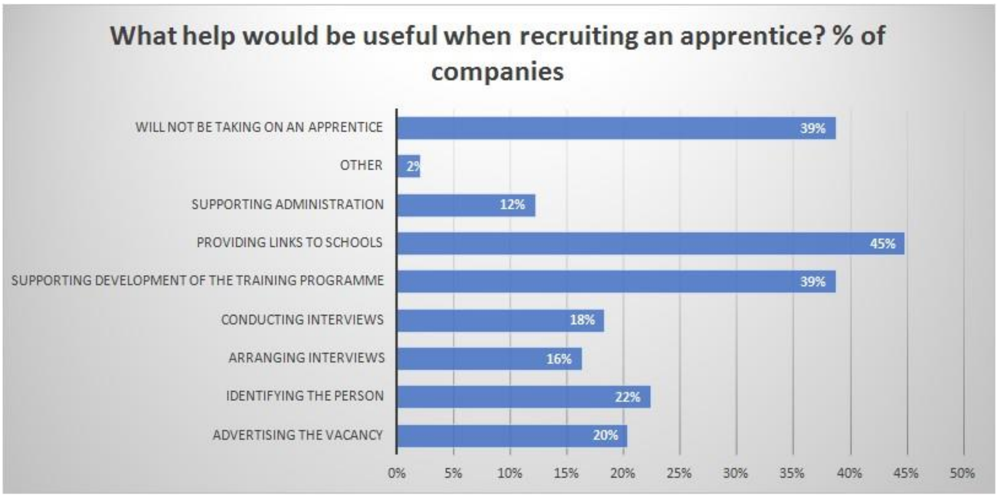


Table 18 – What help would be useful when recruiting an apprentice?

What help would be useful when recruiting an apprentice?								
Advertising the vacancy	Identifying the person	Arranging interviews	Conducting interviews	Supporting development of the training programme	Providing links to schools	Supporting administration	Other	Will not be taking on an apprentice
10	11	8	9	19	22	6	1	19
Advertising the vacancy	Identifying the person	Arranging interviews	Conducting interviews	Supporting development of the training programme	Providing links to schools	Supporting administration	Other	Will not be taking on an apprentice
20%	22%	16%	18%	39%	45%	12%	2%	39%

Regarding to the type of help that would be useful to receive when recruiting an apprentice, 39% of the companies selected "providing links to schools" with 45%, followed by "supporting development of the training program" and "identifying the person" with 22% of responses.

If we relate these responses to graphic, 24 we find that the companies understand the rules but have relative low confidence in finding the right persons, with the right attitude. Also, rules are difficult to apply and companies would mainly need support in developing training programs.

4. Chapter 4: Familiarizing with apprenticeship

This chapter identifies companies' knowledge of eligible support for recruiting an apprentice and seeks to identify the training needs of companies as well as to understand the reasons why companies do not recruit an apprentice.

Graphic 27 – Experience with apprenticeship and financing support

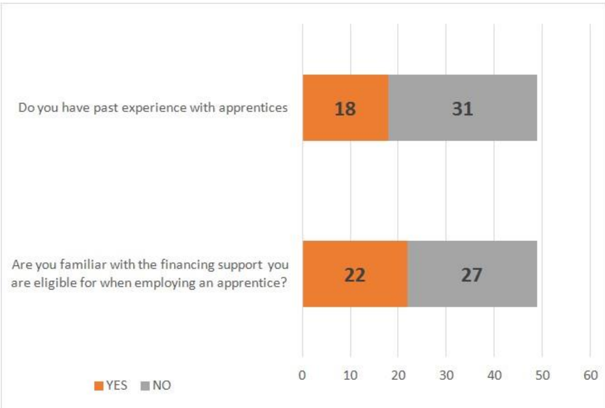


Table 19 – Experience with apprenticeship and financing support

	Are you familiar with the financing support you are eligible for when employing an apprentice?	Do you have past experience with apprentices
YES	22	18
NO	27	31

Regarding the knowledge about financing support for employing an apprentice, we can note that only 18 companies (37%) have it.

Graphic 28 – If you decided NOT to recruit an apprentice, what were your main reasons for doing so?

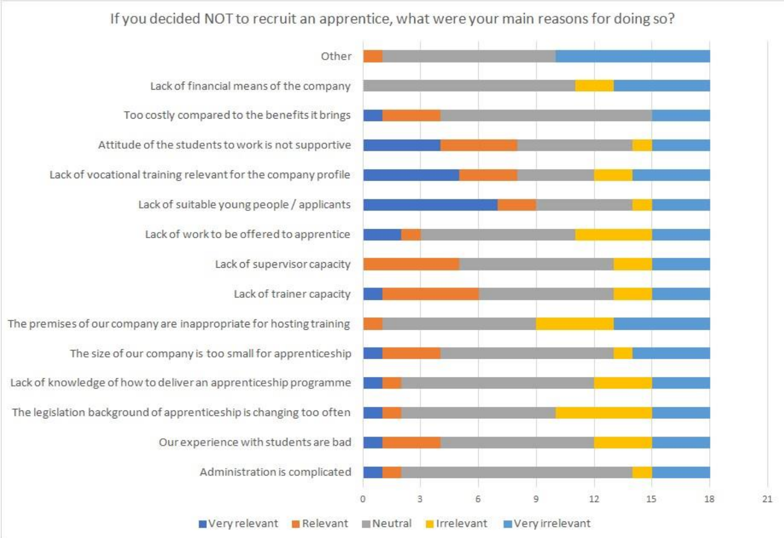


Table 20 – If you decided NOT to recruit an apprentice, what were your main reasons for doing so?

If you decided NOT to recruit an apprentice, what were your main reasons for doing so?	Very relevant	Relevant	Neutral	Irrelevant	Very irrelevant
Administration is complicated	1	1	12	1	3
Our experience with students are bad	1	3	8	3	3
The legislation background of apprenticeship is changing too often	1	1	8	5	3
Lack of knowledge of how to deliver an apprenticeship programme	1	1	10	3	3
The size of our company is too small for apprenticeship	1	3	9	1	4
The premises of our company are inappropriate for hosting training	0	1	8	4	5
Lack of trainer capacity	1	5	7	2	3
Lack of supervisor capacity	0	5	8	2	3
Lack of work to be offered to apprentice	2	1	8	4	3
Lack of suitable young people / applicants	7	2	5	1	3
Lack of vocational training relevant for the company profile	5	3	4	2	4

Attitude of the students to work is not supportive	4	4	6	1	3
Too costly compared to the benefits it brings	1	3	11	0	3
Lack of financial means of the company	0	0	11	2	5
Other	0	1	9	0	8

18 company answered the question above, selecting the reasons for not recruiting an apprentice on a scale between very relevant and very irrelevant.

We verified that most of companies choose to select the neutral option for most of the reasons listed for not recruiting an apprentice.

However, we can note that the main reasons for not selecting apprentices were:

- "Lack of suitable young people / applicants"
- "Attitude of the students to work is not positive"
- "Lack of vocational training relevant for the company profile".

Further reasons companies selected were:

- Lack of trainer capacity
- Lack of supervisor capacity
- Size of our company is too small for apprenticeship
- Our experience with students is bad

Graphic 29 – Out of the following, is there any training that you need but are not able to source locally?

Table 21 – Out of the following, is there any training that you need but are not able to source locally?

Out of the following, is there any training that you need but are not able to source locally?					
Business skills	Operations / process training	Management skills	Health and Safety skills	Finance skills	Other
10	24	4	3	6	3
Business skills	Operations / process training	Management skills	Health and Safety skills	Finance skills	Other
20%	49%	8%	6%	12%	6%

When questioned about necessary training but not found in a local source, 49% of the 49 companies indicated “Operations/process training” followed by “Business Skills” with 20% and “Finance Skills” with 12% of answered.

Under “Other” training Sales skills or industry relevant but not core professional skills were listed (e.g. plastic works).

5. Chapter 5: Apprenticeship in organisation & impact of apprenticeship

In this chapter, the results will be presented for the questions related to the companies' experience with apprenticeships. Namely the number of apprentice who completed a period of apprenticeship and how many were hired, as well as how many remained in the company after one year. It will also analyze the reasons for not hiring apprentices and why they not completed the apprenticeship.

Graphic 30 – Past experience with apprentices

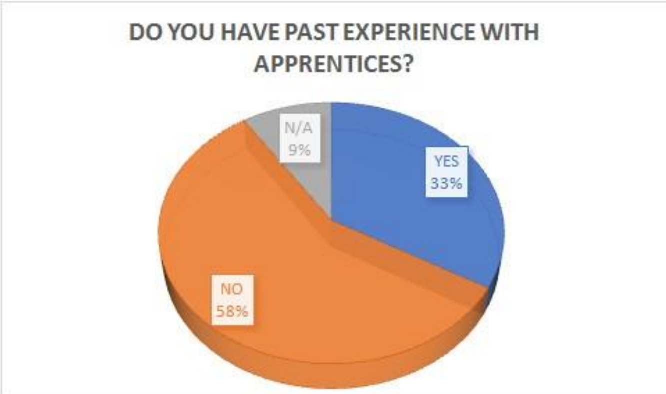


Table 22 – Past experience with apprentices

27. Do you have past experience with apprentices?			
YES	NO	N/A	TOTAL
18	31	5	54

Of the 49 companies, only some 33% have experience with apprentices.

Although the companies reveal the need for more qualified workers, there is still some resistance to the apprenticeships programs.

Graphic 31 – Experience with apprenticeship and % successfully finished, directly employ or working

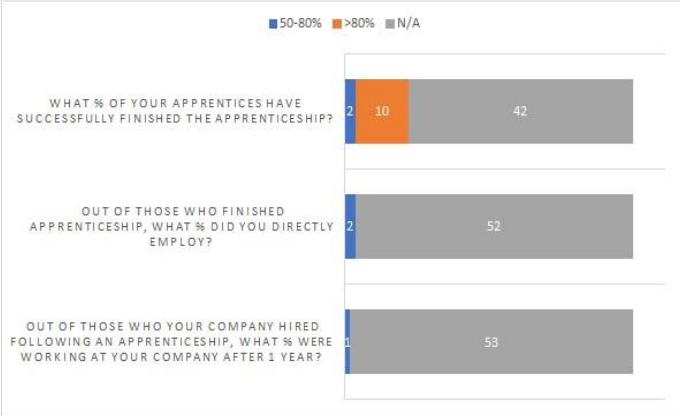


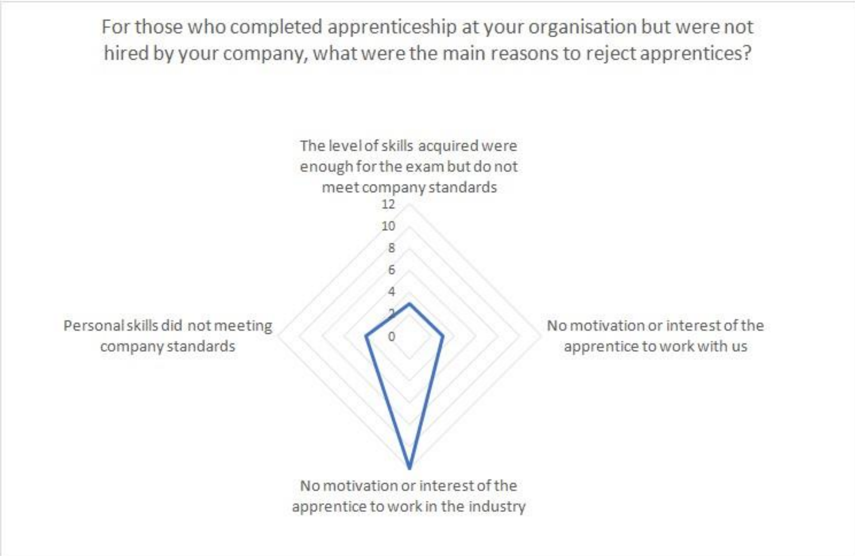
Table 23 – Experience with apprenticeship and % successfully finished, directly employ or working

	Out of those who your company hired following an apprenticeship, what % were working at your company after 1 year?	Out of those who finished apprentice-ship, what % did you directly employ?	What % of your ap-prentices have suc-cessfully finished the apprenticeship?
50-80%	1	2	2
>80%	0	0	10
N/A	53	52	42

Of the 18 companies with experience with apprentice, only very limited answers were collected, where an overall conclusion cannot be given. Please note that:

- 12 companies answered to "what % of your apprentices have successfully finished the apprenticeship", out of which answers 83% indicated over 80% success rate
- Only 2 companies answered to "out of those who finished apprenticeship, what % did you directly employ" and these companies employed 50-80% of apprentices
- Only 1 company answered "out of those who your company hired following an apprenticeship, what % were working at your company after 1 year?", where the company indicated 50-80%

Graphic 32 – For those who completed apprenticeship at your organisation but were not hired by your company, what were the main reasons to reject apprentices?

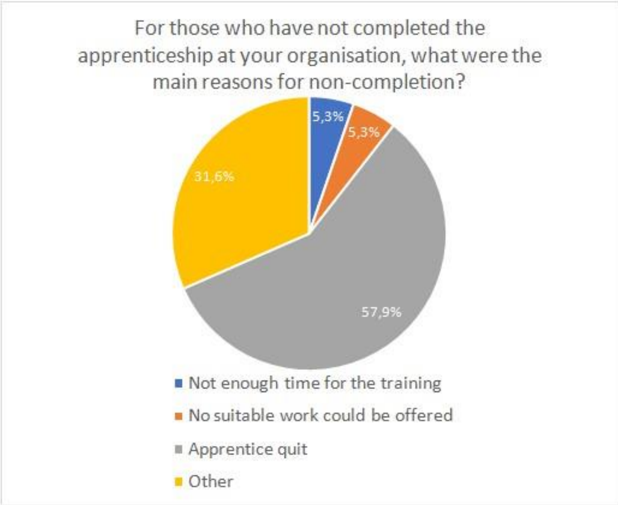


The clearly most relevant reason for not hiring an apprentice after a period of apprenticeship was "No motivation or interest of the apprentice to work in the industry".

In some other cases 'Personal skills did not meeting company standards', 'Level of skills acquired were enough for the exam but do not meet company standards' and 'No motivation or interest of the apprentice to work with us' were selected as reason for not hiring an apprentice.

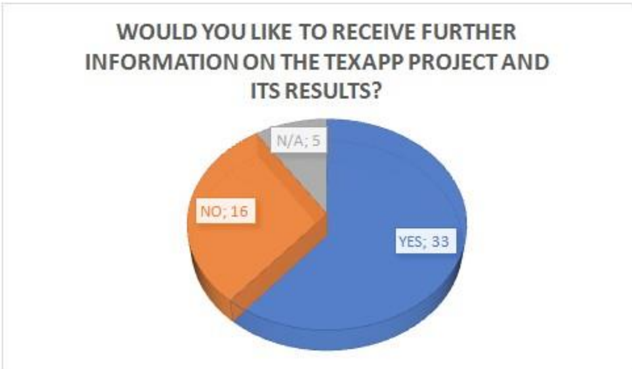
These data underlines the previous conclusions, where the companies would need more apprentices but their scepticism is based on the lack of availability and motivation of suitable candidates.

Graphic 33 – For those who have not completed the apprenticeship at your organisation, what were the main reasons for non-completion?



Of the 18 companies answered, the most selected topic (57,9%) was the 'Apprentice quit', followed by 'Other' (where the companies comments rather indicated that the apprentice is still in progress) and 'No suitable work could be offered'.

Graphic 34 – Would you like to receive further information on the TEXAPP project and its results?



33 companies want to receive further information about the project and its results, 16 are not interested while 5 companies did not answered.

6. Chapter 6: Conclusions

The textile and textile clothing industry can look back upon several centuries long traditions and keeps developing even nowadays.
Unfortunately, the "ancientness" of this branch of industry has firmed in the thinking of the society and the decision makers, everywhere in the world and in Hungary, in particular. The immense changes experienced in their activity and products are not perceived although both industries developed into a knowledge-based industry which uses the most recent results and innovations achieved in material science, technology, engineering and information technology.
Regrettably, the scope of possibilities for acquiring special knowledge in this profession has shrunk in Hungary. In the secondary vocational schools, professionals are trained, almost exclusively, for the clothing industry while education of light industry engineers qualified in well-established textile and clothing manufacturing skills has practically disappeared.
The innovative products of the textile and clothing industry are, in several areas, indispensable elements of the technological solutions underlying any sustainable development. At the same time, the complexity of the production processes requires a considerable staff of employees.

In Hungary, 80% of the employees are women. Such plants offer predominantly jobs that require on-the-job training and in many cases, i.e. in underdeveloped regions or in small country towns, they play an important role as employers.
Certain work processes of the textile and clothing industry are suitable for introducing atypical forms of employment (e.g. part-time and remote jobs) designed to conciliate the family-related and social tasks of the employees.

The following conclusions can be drawn on the basis of the questionnaire developed in the framework of the TEXAPP Project, using the analyzed data:

At the level of growth and characteristics the companies:

- are mainly micro and small companies;
- have rather increased their turnover in the last five years;
- rather expect to increase their turnover in the next five years;
- while workforce stayed the same or rather decreased over the past year;

The questionnaire applied allowed the collection of pertinent information about the experience of textile and clothing companies in the apprenticeships. Companies:

- have mainly unskilled or semi-skilled workers;
- plan to increase headcount;
- have to a large extent problems recruiting staff;
- trust job advertising, local employment centers and internal advertising as source;
- majority have no training strategy;
- majority operate with quality standards (mainly internal standards and ISO);
- majority do not use external training providers.

At the level of apprenticeship the companies:

- have a little knowledge about apprenticeship;
- know different sources of apprenticeships;
- only 37% have experience with apprenticeship;
- are aware of how to recruit an apprentice;
- technical and manufacturing areas are the most important areas for recruitment;
- almost 47% already participated in apprenticeship or plan recruiting and apprentice;
- the main reason selected by the companies for participation in apprenticeship is to find work-force;
- selecting/finding the right person is the main challenges for foresee with apprenticeship;
- need support for the development of the training program;
- need to have link to schools;
- lack of suitable young people and a lack of vocational training relevant for the company profile is the main reasons for not recruiting an apprentice;
- about 50% indicate the operations/process training as necessary training but do not found it in a local source;
- no motivation or interest of the apprentice to work in the industry, was the main reason selected for not hiring an apprentice;
- apprentice drop out was the main reason for not-completion an apprenticeship.

The need for better trained and more highly skilled employees at different levels, and at attracting the younger generation towards a career in the industry is an urgency for the textile and clothing sector.

Is also important a deeper involvement in relation to apprenticeship and that education and training should be a core issue.

There are important measures still to be adopted in order to achieve an ideal apprenticeship:

- ensure better match between qualification supply and job demand;
- establishment of media/information to make the textile and clothing sector better known and more attractive to the general public and potential recruits;
- increased dissemination of Information and apprenticeships.