

Public Policy Memo

First Name and Last Name

Class

Date

Introduction

Rhode Island is one of the states that form the broader United States of America federal government. The capital of the state is known as Providence. On the other hand, incentives refer to inducements or activities that are meant to elicit motivational or positive influence among populations and the economy. Apprenticeship refers to the position of an apprentice. For this reason, apprentice refers to those individuals who work with various experts to learn a particular trade. Studies have shown that individuals who enroll in apprentice programs demonstrate high levels of skills and experience in the job market. For this reason, governments and employers have resorted in apprenticeship to develop skills that are relevant in the job market.¹ However, there is need to incentivize businesses to promote the apprenticeship programs. Therefore, it is against this backdrop that the paper seeks to establish whether there is the need to incentivize business in Rhode Island to offer more apprenticeship.

Problem Statement

Business in Rhode Island has been unstable to a greater extent. Experts believe the instability in the economic condition in the state is the source of high unemployment rates. However, analysts believe that resources in the state have not been fully exploited. If optimal exploitation is executed, then the problems currently facing the state will be reduced significantly. Creation of an enabling business environment is crucial in the implementation of apprenticeship programs. It is projected that growth in the number of skilled labor is bound to improve opportunities in the state thus creating more employment capabilities. It is from these opportunities that apprenticeship programs are bound to thrive. Therefore, this paper advances the knowledge that incentivizing business in Rhode Island will lead to the creation of more apprentice programs.

Incentivizing business in Rhode Island will offer more apprenticeship programs in the state thus bridging the gap between skillful and unskillful labor.

Prospective Policy Framework

Apprenticeship has been shown to have profound effects on labor development. In fact, experts believe that the high cases of unemployment can be attributed to lack of skills to fit in the labor market. Consequently, the gap between skilled labor and unskilled labor has widened over the years. Learning institutions are producing graduates who are not ripe for the emerging needs of the market. Therefore, most people have continuously been locked out on grounds for incompetency. The ripple effect is evident in the intensifying statistics of unemployment across the globe. For this reason, economists are convinced that skill development is the major solution to the reduction of unemployment. Additionally, apprenticeship is bound to improve creativity and innovation among the workforce thus favoring job creation.

Opponents of incentives in business believe that the consequences of such actions tend to overlook the welfare of employees and focus more on employers. Incentives mostly targeted to employers are intended to increase business in the economy. For this reason, governments and other authorities provide incentives with the view of increasing productivity in the economy. The aim is normal to suppress the rising cases of unemployment and promote a stable economy. However, it has been documented that employee and employer incentives tend to overlap. This implies that in some cases they tend to conflict. For example, policies or incentives that aim at

1. Chelsea Gannon, *Incentivizing Solidarity: the Kim Regime's Employment of Mafia Tactics*. 2016, 54.

improving working conditions and welfare of employees tend to increase the cost of operation. Essentially, economies that are preoccupied with the welfare of their employees more than employers tend to discourage or scare investors. Therefore, there is need to harmonize the needs of both parties to create a state of equilibrium. In this manner, both parties are bound to enjoy existing or prevailing working and operating conditions.

Provision of incentives to employers is one of the critical components in establishing apprentice programs. Apprenticeship can only thrive when the cost of operations are significantly reduced. Accordingly, this is bound to reduce the cost of training these individuals. Experts advocate the creation of an enabling environment to encourage unemployed individuals to enroll for the programs in friendly working conditions. Studies have revealed that lack of incentives among employees tends to discourage the unemployed youths and other populations from enrolling into the program. Harsh economic times are also blamed for curtailing apprenticeship on a global scale. Empirical evidence has link lack of incentives such as allowances as the leading cause in discouraging or scaring potential learners from enrolling into the apprentice program. Consequently, tough economic conditions hinder employers or potential trainers from accepting candidates.

Provision of incentives to businesses has been linked to increased productivity in most economies. In fact, empirical evidence demonstrates increased foreign activity whenever incentives are provided to businesses. Investors are attracted to environments that can permit business growth and profit generation. If they find the environment not conducive for business because of high costs of operation, then they will find other environments conducive for business. Examples of incentives that promote enabling environments for most businesses are low taxes, less stringent regulatory laws and a motivated workforce. Therefore, government and authorities that are interested in the business creation and promotion should strive to check their tax and business operating policies.² Consequently, there ought to be a balance between employees welfare and employers interest to promote cordial relationships.

Similarly, a stable economy will tend to have circulating income. Increased opportunities are bound to create employment and thus increase the purchasing power of the people. Such conditions will encourage individuals to develop the need to advance or develop their skills in certain fields or industries. The resulting scenario is one where individuals are willing to enroll for apprenticeship while employers are ready to take in apprentices. In this case, it means that trainers are in a position to motivate their candidates through incentives such as allowances and income for candidates to use for their upkeep. It is worth noting that these individuals have bills to attend to while at the same time developing their skills. Therefore, when they deem the existing conditions to be unfavorable, they may opt out of the program and find other rewarding activities. Existing conditions may compel them to abandon these programs that may prove beneficial in future.

Overall, a functioning economy is bound to promote or establish enabling environments for apprenticeship. It is worth noting that businesses and governments should invest heavily in developing talents and skills through apprentice programs. The ripple effect is that availability of skilled labor in the economy is bound to promote the optimal exploitation of an economy's resources thus boosting productivity and creation of employment opportunities. Apprentice programs also check the adverse expatriate effect that is common among developing economies.

2. Jeffrey A. Cantor, *21st-Century Apprenticeship: Best Practices for Building a World-Class Workforce: Best Practices for Building a World-Class Workforce*. ABC-CLIO, 2015.

Effective programs and available opportunities are also bound to check the challenge of brain drain that is common among experts or skilled personnel who lack the chance to apply their skills.

Methodologies

Various indicators can be used in determining the success of apprenticeship in Rhode Island. As discussed earlier, successful apprentice programs tend to alleviate most adverse effects in the economy. Thus, an economy that is grappling with economic upheavals is a clear model of one that cannot sustain apprentice programs. Reasons could be the lack of businesses to provide apprentice opportunities, lack of motivation by the workforce to enroll in the programs, and insufficient funds or capital to manage the apprentice programs.³ Therefore, a performing economy is bound to promote apprenticeship while nonperforming economies are bound to hinder the programs.

Unemployment rates are one of the indicators that can reveal the viability of apprenticeship in a country. A country with a high number of unemployed individuals is bound to witness lower rates of apprentice programs in the absence of favorable incentives to employers. For this reason, Rhodes as a state has demonstrated very few programs due to high unemployment rates.

Existing education policies are also indicators of apprentice program in a country. Programs such as internship or practicum are examples of apprentice program where skills are transferred from skilled to less skillful personnel. Additionally, workforce development is another indicator of apprentice programs. Economies preoccupied with workforce development tend to have numerous trainee programs. For this reason, both education and workforce policies ought to be improved in order to create more programs in the state.

The state of infrastructure in the economy is another indicator that could be used to assess the viability of trainee programs in the state. Currently, the conditions of infrastructure in the economy are not in a position to spur growth. This implies that essential resources for boosting business in the state are compromised. Also, the state of the economy could also be used to establish whether the economy is in a position to support business activities and promote investment. Currently, the economic conditions in the state are not viable to support trainee programs. It implies that employers are also facing tough times thus minimizing costs to a larger extent. Therefore, there is the need to improve these sectors to promote both short and long term projects in the state. Consequently, the trainee or apprentice programs will increase in numbers thus accommodating most individuals or the unemployed segment of the population.

Analysis of Options and Alternatives

In a bid to improve the state's economic competitiveness and business growth, legislations ought to be enacted that promote apprentice programs. With the increasing demands in the job market coupled with higher costs of education, solutions ought to be developed that cater to address the high rates of unemployment in the state of Rhodes Island. It is worth noting that apprenticeship is the oldest form of formal education. Therefore, the state ought to step up in accommodating youths and unskilled labor into these programs.

The current statistics of active apprentice in the state is approximately 1400 individuals. It is evident that apprentice tends to earn high wages compared to their counterparts in the job

3. Julie Marie Curti, "*Strategies for equitable climate change adaptation: lessons from buyback and elevation programs in Rhode Island.*" PhD diss., Massachusetts Institute of Technology, 2015.

market. Therefore, the government should incentivize businesses with an aim of creating more trainee opportunities.⁴ The government is bound to increase the number of interested individuals thus closing the gap between skilled and unskilled personnel.

Approaches that Motivate Businesses to Offer More Apprenticeship

Offer Funding Incentives

The state should strive to develop legislations that aim at providing incentives to businesses. The move is likely to reduce operating costs of businesses thus creating an opportunity for apprentice to be accommodated. Incentives could assume the form of tax credits for businesses that enroll people for the program. This is one way for creating an enabling environment for businesses in the state. Tax incentives for businesses are likely to offset the cost of training apprentice. The overall effect in the economy is an increase in businesses that accepts trainee programs. The apprentice programs would have a direct impact in the level of skills of the general population. It is to say that more people would be enlightened and empowered to face the challenges that the economy may experience. In the long run skilled manpower will be increased and more people will have the first hand experience of job or work experience. In brief the workforce would be exposed to formal or informal working environment in earnest.

Limitation

When businesses are coerced to provide apprenticeship programs the good faith and attention disappears. In the end it would be some mandatory program that would lack in quality and goodwill. In its place the businesses would lower the level and quality of those programs leading to ineffective quality programs. In the conventional sense businesses offer trainee programs out of their own volition and will. Forcing them to offer the same will beat the logic as to why the programs were initiated in the first place.

Creation and Expansion of State Subsidies for Apprenticeship Programs

Governments can directly pay schools and other business setting g to offer trainee programs of learning. This is to say that the state would cover that cost of the program. As such the businesses and schools will provide the expertise and learning environment necessary to achieve the same. In all fairness this is to say that the trainee programs would form part of the mandatory business cycle and work nature of any investment. Presumably, it would be inculcated and included in the learning and business cycle of investments.

Limitation

Involvement and funding of apprentice programs by the government is a risky move especially to tax payers. In the event that the programs are not successful the burden of the project is always shifted to the tax payers. Naturally, it would be expected that individuals would work to increase their expertise and their capabilities as they wish. This is because their work and employment spectrums would benefit themselves greatly as compared to the tax payers would cover the cost of such programs. Thus it is the discretion and prerogative of individuals to enhance their skills without burdening the tax payers. Relatedly, this is a political misdemeanor on the part of the government especially in light of economic hardships.

Waived or Lowered Trainee Fee in Colleges and Tertiary Institutions

The state may lower the learning cost and tuition fee for the trainee courses in institutions of higher learning. The intention would be to encourage more people to pursue such courses with

4. Alison Dickson Quesada, MUPP Frank Manzo IV, and MPP Dale Belman. "A Weakened State: The Economic and Social Impacts of Repeal of the Prevailing Wage Law In Illinois October 7, 2013." (2013).

little hustle. In all fairness accessing higher education is out of reach for many people. Making positive progress to reduce this gap is welcomed because more people would access higher learning training on the same. Therefore, reducing the cost of learning would encourage more people to enroll in such courses and benefit accordingly.

Limitation

Reducing and waiving the cost of tuition and learning is tantamount to reducing the quality of education. Learning institutions and lecturers need money and resources to run and be motivated respectively. Thus, reducing cost would mean lesser pay to the lecturers and trainers hence low morale and less output on their part. Consequently, this would mean that the quality of trainee programs will be compromised.

Creation of Institutions that Feed Investments and Businesses with Ready Apprentices

The state can institute an agency or a body of people such as youths who would be relayed for businesses for learning. Specifically, the government can create a special agency where youths awaiting employment would be trained and provided with an enabling environment to build their capacity and allow them to learn life skills. This agency would be a feeder program that would give the investment and businesses ready people to learn in the trainee program. Theoretically, such a person would be well equipped and willing to engage in gainful trainee programs.

Limitation

When the government is overly involved in the provision of social services it risks losing the capitalistic edge. Ordinarily such services should be left to the private sector. Thus when the government is overly involved in them it may muzzle the private sector out of such space. Politically, it may be erroneous when the state has a firm grip in the life dynamics of the economy. Assumedly, such a grip may extend to other spheres of the society such as areas of free

The government of Rhode Island has made deliberate attempts and efforts to improve the infrastructural capacity along the major business installments. This has been done to ensure that transportation between businesses is eased up. Naturally, the success of businesses relies on the mode of transportation. Thus the government has made this incentive to ensure that the flow of business is not interrupted under whichever circumstances. This implies that investors will be attracted in the state and thus create opportunities that will increase trainee or apprentice program. It is important to mention that Rhode Island is a relatively less developed state that lags behind in terms of infrastructure. Thus the deliberate attempt by the government to improve infrastructure is direct testimony of an incentive. As a result more investment opportunities would be realized because the cost of doing business in the area would be relatively less. As such the operational cost would be reduced. In the same line of thought increased investments directly implies that the investors would have the impetus and imperative to expand their employee and apprentice capacity. This means that incentives lead to direct increase of apprenticeship opportunities.

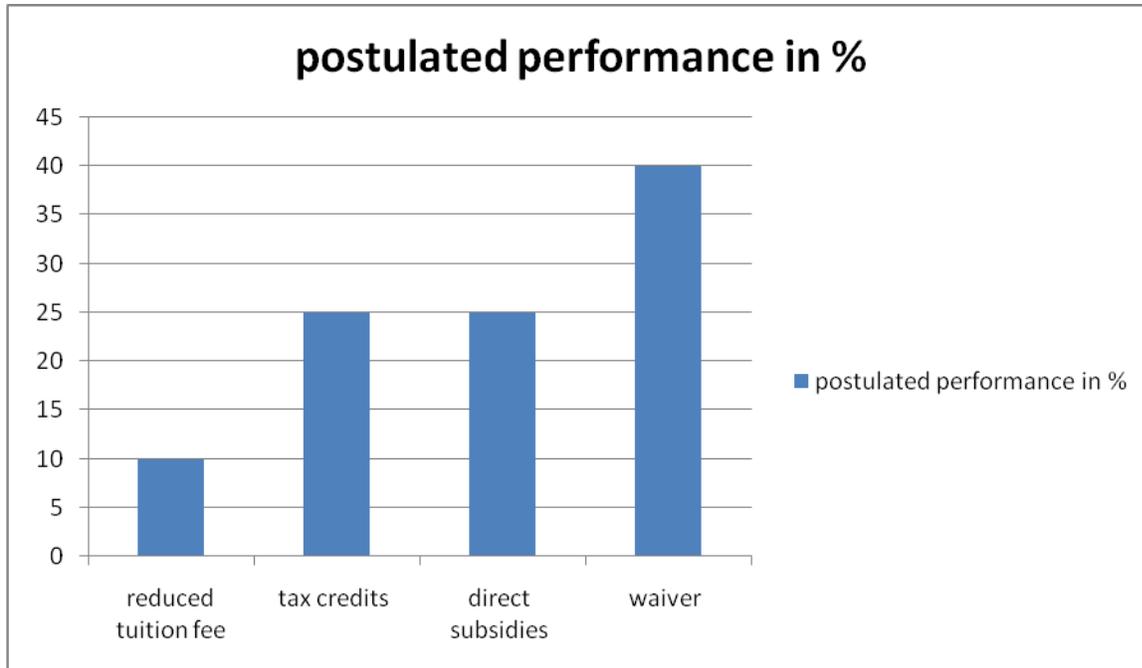


Table 1. Authors estimation based on empirical evidence

Recommendations

Introducing incentives are critical and beneficial because it allows the business environment to be competitive and amiable. It is to say that once benefits and incentives are introduced and put in a business setting, the general mood of competitiveness would improve and as a result more apprenticeships would be realized. In the conventional business environment, the main and overriding agenda is usually to make profits and lead to increase in the revenue streams. In turn, it would be viable and possible for the business to expand its resource base and center. One essential consideration for apprenticeship is that it helps to tackle any prospects of the shortage of skills of manpower especially when they would be trained to handle the work requirements that other permanent and pensionable employees handle. In the long run, the apprentices or the employee would be empowered because their marginal productivity would be improved. As such, they would be best placed to engage in their private businesses that would improve the marginal output of the workers and the economic spectrum of the society such as in Rhode Island.

Another important consideration and reason as to why the eventual reality of apprenticeships is essential are that they would help to reduce the prospects of turnover of the businesses. The businesses would have continuity and flow of work such that the overall productivity chain would run without any interpretation.⁵ In all aspects and fairness, the consistency and flow of work rely heavily on the believable or permanent employees. Thus, if the business would be run without any interruption, it means that there would be consistency and the continuous stream of work without any undue cuts or interruptions.

5. Tricia M. Leahey, Leslee L. Subak, Joseph Fava, Michael Schembri, Graham Thomas, Xiaomeng Xu, Katie Krupel et al. "Benefits of adding small financial incentives or optional group meetings to a web-based statewide obesity initiative." *Obesity* 23, no. 1 (2015): 70-76.

Another important consideration and benefit of offering incentives such as free tax holidays or subsidies to the businesses in Rhode Island imply that more investment opportunities would be encouraged. As a result, bigger investors would be encouraged to put their capital and resources in the county because they would encourage the business friendly environment. In the conventional sense and aspect, when a foreign investor is enticed by the tax regimes and the provision of subsidies in a country, they would increase the amount of investment in such a place. This would mean that they would have an increase in the level of investment and subsequently imply that the employable space of the apprentices would be increased. It is to say that if the country receives increased investments, it would require more people to work either on full term or temporary basis. As a result, the investments or businesses would open its base to hire more people in their apprenticeships due to the incentives provided such as the tax holidays or subsidies.

Additionally, political incentives such the moral support from the authorities is a welcome move on the part of the government as it will give the businesses the impetus to advance their business agenda. In the conventional sense and aspect, the political support and sustenance from the government are proper to encourage the business spaces in Rhode Island. A practical case and instance are when the government or the political authorities routinely appreciate the tax reminiscence and collection of a company. Also, it can issue the political decree that would cushion the foreign investments against the prevailing local economic disturbances or challenges.

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