

APPRENTICESHIPS FOR EVERYONE?

An assessment of Germany's "transition system"

Bettina Kohlrausch, Friedrich-Ebert-Stiftung

Friedrich-Ebert-Stiftung (FES)

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Germany

10/148

JustJobs Index Ranking



60%

Labor Force
Participation



50%

Youth Labor Force
Participation



5.4%

Unemployment



8.1%

Youth
Unemployment

Source: These data are ILO modeled estimates provided by the World Bank. Individual authors may use national estimates.

Challenge

An increasing number of German youth are unable to access Germany's much lauded vocational training system due to increased competition and a shortage of spots.

Strategy

The German government has introduced the "transition system" – a collection of schemes aimed at providing young people a bridge between school and the vocational training system.

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The highly regulated German vocational training system is known worldwide for enabling structured transitions from school to work and offering high numbers of young people quality training that leads to good job outcomes. The dual system, which combines practical firm-based apprenticeships with theoretical school-based training, has been, and still is, strongly linked to employers and labor market demand. It provides relatively smooth transitions from school to work. Moreover, there are no formal entry qualifications for training within the dual system, meaning – at least in theory – that young people with fewer formal qualifications can still progress toward a high-quality job.

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During the last two decades, however, the transition from school to vocational training has changed, particularly for low-educated young people – those with lower secondary degrees or less education (see **Box 1**).¹ Rising numbers of youth fail to start regular training immediately after leaving school.² Instead, they often enter schemes of the so-called transition system.³ The transition system is constituted by all kinds of training, education and labor market schemes that are meant to facilitate the transition from school to training, but do not provide approved vocational certifications.

This chapter assesses the extent to which the transition system is providing effective linkages between school and formal vocational training for vulnerable young people in the German labor market. First, it discusses two different explanations for why transition system programs are growing. The next section describes the transition system and who enters it, providing

an evaluation of the system's ability to channel young people toward positive employment outcomes. Finally, the chapter highlights some of the system's success stories and discusses ways forward to ensure that Germany's globally lauded vocational training system continues to put young people on a path toward high-quality employment.

Box 1. An overview of the German educational and vocational system

SCHOOLS

The German school system stands out for its early tracking, which places some students on academic pathways and others on occupational or vocational tracks.

Academic track: *Gymnasium*, or grammar school, is for students pursuing an academic education. Its intention is to prepare students for entry into higher education. *Gymnasium* runs through class 12.

Occupational track: *Hauptschule* and *Realschule* – or lower and intermediate schools – run through class 9 and 10, respectively. These schools provide a basic education and generally prepare students for a craft or industrial-based occupation. For the purposes of this chapter, these occupational schools are called “lower secondary schools,” providing “lower secondary degrees.”

VOCATIONAL AND SKILLS TRAINING

Many young people in Germany opt for vocational training following their secondary schooling. They have two options:

- 1) Dual system: Germany's much lauded dual system combines practical firm-based apprenticeships with theoretical school-based training. It has become increasingly difficult for low-educated young people to gain entrance into this system, leading to the rise of the “transition system” – the subject of this chapter.
- 2) Full-time vocational schools: Vocational training also takes place in full-time schools. These schools arose for areas of employment that are not craft or industrial-based.

School to work transitions in Germany: The challenge of integrating low-skilled young people

The nature of the German vocational education and training (VET) system presents clear advantages and disadvantages in terms of its ability to deliver good job outcomes to people from different educational backgrounds. These pros and cons are interlinked.

Regulated jointly by employers, unions and the state, the German VET system has long been considered an exemplary model for facilitating smooth transitions from school to work, creating a productive workforce, and ensuring that people have access to high-quality employment. The institutional advantages are clear. The training is firm-based, which enables close linkages between the vocational system and the labor market and ensures that apprentices are not only trained in a skill, but also socialized into a work environment.⁴ Training is occupation-specific and highly standardized, making the skills obtained transferable across firms.

On the other hand, a high standardization of vocational qualification makes it difficult to switch between occupations. The result is stratification. As Allmendinger notes: “Stratification...affects the match between education and social structure. In stratified educational systems, there

is a tight coupling of the educational system and a differentiated occupational structure; in unstratified systems the coupling is loose.”⁵ Tracking begins early, and career options are therefore limited at an early stage of professional development.

Indeed, comparative research on training systems demonstrates that systems providing higher and more standardized levels of vocational skilling often create an insider-outsider problem, where the lowest qualified are threatened with exclusion from the system.⁶ In recent years this insider-outsider problem has become increasingly evident within the German VET system.

The close linkages with labor market have long made vocational training an attractive alternative to academic training, particularly for those possessing only lower secondary degrees (see **Box 1**).⁷ But in the course of educational expansion, there has been a devaluation of lower secondary degrees. In the post-war era, the majority of students attended lower secondary schools. Nowadays only a minority attend, mainly children from lower socioeconomic backgrounds.

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Employers have negative associations with those holding only a lower secondary degree. When it comes to apprenticeship placements, these young people are displaced by those holding higher secondary degrees.⁸

Groups with lower levels of education – young people holding only a basic education (ISCED 0-2)ⁱ – are much more vulnerable in the labor market than their better educated counterparts (**Figure 1**). The discrepancy between unemployment rates of 15- to 24-year-olds holding only education on ISCED Level 0-2 and the unemployment rates of those holding education on ISCED level 3-4 has been increasing. While in 1992 the difference was 1.2 percentage points, it had risen to 6.2 percentage points by 2011.

Thus, low-educated young people in recent years have been excluded from the labor market at higher rates.⁹

As shown in **Figure 1** and extensively documented by research on the school-to-work transition in Germany, a completed vocational qualification (either academic or nonacademic, ISCED 3-4 or ISCED 5-6) is the most decisive

precondition for successful and sustainable labor market integration.¹⁰ Beyond this general rule of thumb, young people holding no or only a lower secondary degree now face a growing risk of exclusion from training that provides approved vocational qualification.

The chances of young people who hold no degree or only a lower secondary degree entering

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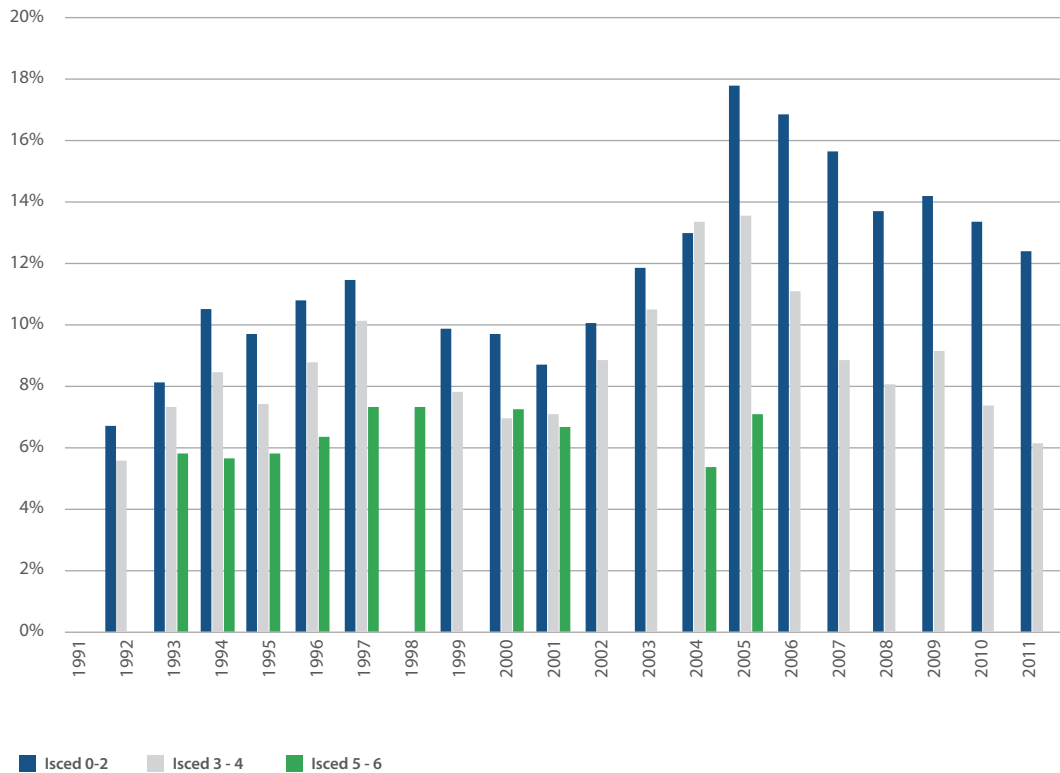
regular training directly after school are low: only 26 percent of those holding no school degree at all and 42 percent of those holding a lower secondary degree start regular training immediately after school. Even within the regular training system, there is a

difference in later labor market outcomes based on qualification at the time of entry. If they gain entry into the regular training system, youth with lower secondary degrees often find that the only apprenticeships available to them are in the craft or retail sectors, where employment outcomes are weaker.¹¹ In other words, even completion of vocational training does not guarantee successful and sustainable labor market participation.¹²

ⁱ International Standard Classification of Education (ISCED) facilitates comparisons of educational attainment across educational systems. Levels 0-2 refer to pre-primary, primary, and lower secondary schooling. ISCED 3-4 refers to upper secondary and post-secondary non-tertiary schooling (i.e. vocational programs). ISCED 5-6 refers to university or post-university education.

Figure 01

Unemployment rates of 15- to 24-year-olds by education level in Germany



Source: Statistische Ämter Des Bundes und Der Lander. (Statistical Offices of the Lander and the Federal Statistical Office). Labor Force Survey. See footnote on page 14 for explanation of ISCED.

The emergence of the “Transition System”

All of the factors that put lower secondary degree holders at a disadvantage in accessing apprenticeships are exacerbated by the fact that the number of people seeking apprenticeships is growing faster than the number of placements. The reason for this mismatch in demand and supply of apprenticeships is multifaceted. On the one hand, employers claim that youth leave the school system – particularly lower secondary schools – without the skills and qualifications necessary to meet employers’ expectations of apprentices.

On the other hand, if there is indeed a “trainability” gap, this could be understood as part of the transition from an industrial to a knowledge- and service-based economy. Many occupations have undergone a process of “upskilling”, making training more challenging for employers.¹³

In either case, it is clear that many who seek good job outcomes by entering the vocational training system are left behind. In response, the government has evolved schemes for these young people who are unable to find apprenticeships. The goal of these programs is to integrate youth with lower educational qualifications into the regular training system by addressing their individual needs and preparing them for recognized vocational programs. These schemes make up the “transition system.”¹⁴

The transition system consists of all kinds of training, education and labor market schemes, none of which provide formal accreditation. These programs are organized by job centers (state government institutions), vocational schools, or private players assigned by state governments. They vary considerably in terms of their success at integrating young people into the regular training system and are often criticized for being inefficient.¹⁵ The schemes have four main objectives:

- Second chance qualification: Young people with no degree or lower secondary degrees are given the chance to increase their level of qualification. They can attain lower or intermediate secondary degrees (see **Box 1**) that are combined with more occupation-oriented skills.¹⁶
- Vocational orientation: These schemes seek to improve participants’ “trainability” by focusing on individual deficits such as low numeracy or literacy or on personal problems such as drug addiction. Beyond this, young people receive applied training or internship opportunities to help them gain insights into their occupational interests and competencies.¹⁷
- Vocational preparation: In these programs, basic occupational qualifications are provided. The qualifications can sometimes be accepted

as credit toward a regular training qualification. As an example, a participant in one of these programs might obtain basic mechanical skills or learn how to drive a special vehicle, like a forklift truck.

- Prevention: An increasing number of schemes are targeted at students enrolled in lower secondary schools and aim to facilitate their transitions from school to regular training before they have graduated.¹⁸

Second chance or dead end?

Analysis of participation patterns within the German transition system reveals that this approach has certain problems. With growing numbers of young people participating for at least one year in schemes of the transition system, these issues must be highlighted. At the same time, the transition system boasts some success stories, which this section will also examine.

“Storing” not qualifying

Recent research on transition patterns concludes that half of all young people entering the system never start regular training programs, while the risk of a long stay in the system is exacerbated for lower secondary degree holders.¹⁹ Approximately 6 percent of young people holding lower secondary degrees who left the general school system in 2002 stayed longer than 30 months

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in the transition system. One quarter of them are unemployed. These findings show that, for a large share of people, the transition system has the quality of “storing” rather than qualifying.²⁰

Solga,²¹ for example, shows in her studies that these schemes sometimes have stigmatizing effects, since potential employers perceive these young people as being less capable than those straight out of school.²² Moreover, chances of leaving the system for fully qualifying training depend not only on individual competences and school performance, but are pre-determined by socio-economic characteristics, such as migrant background.²³ In this regard, the increasing segmentation of the training system stratifies young people according to their educational and ethnic background.

Another critique of the transition system is that young people pass from one scheme to another with the programs failing to target their particular challenges.²⁴ This perception is confirmed by the 150,000 young people leaving the educational system every year without approved regular occupational qualification. These people may have attended schemes of the transition system, but they have never managed to successfully enter regular training. Despite the massive expansion of the transition system, the problem of educational poverty is not being solved. The social costs are severe. Most of these people are not able to develop stable careers and ultimately depend on social welfare instead.²⁵

Best practices: successful schemes within the transition system

Despite the phenomena of “storing,” the German system is quite successful in integrating youth into some kind of training, even if its quality and segmentation need improvement. Even immediately following the economic crisis, the so-called NEET (“not in education or employment”) and youth unemployment rates remained low compared to other European countries.

Moreover, some of the transition system programs have achieved success in bringing young people attending lower secondary schools into regular training. The core principle of successful programs is early intervention, which occurs while young people are still attending school and aims to improve their understanding of different occupations, their motivation to learn, and the practical relevance of their education. These programs establish separate classes in which the students attend two days of practical training a week. The two main innovations of these programs are:

- First, the programs follow a preventative approach. Young people are eligible to join as soon as they have been identified as at-risk of failing school or at risk of an unsuccessful transition after school.
- Second, the program establishes strong linkages to firms at a very early stage. While attending school, the students are already doing long-term internships (two days a week) during the regular teaching time (at the cost of a reduced curriculum).

“The core principle of successful programs is early intervention, which occurs while young people are still attending school.”

Evaluations of these programs have shown that the approach can be successful in bringing students into vocational training.²⁶ It turns out that the most effective measure for promoting successful transitions into training is the long-term internship. Longer internships and particularly the performance of job-related tasks increased the odds of a successful transition.

Unsurprisingly, young people with high levels of conscientiousness and good working behavior are most likely to be matched successfully in a long-term internship. Interestingly, school achievement and cognitive abilities do not substantially ease the matching process.²⁷ These

findings show that youth with lower secondary degrees do not necessarily fail because they are unqualified, but perhaps because firms do not give them the chance to demonstrate their abilities.

In moving forward, the German government should focus on programs that facilitate the matching processes with potential employers and establish direct linkages to the labor market. These will be more effective in making the transition program a success than those focused only on improvement of participants' qualifications.

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Endnotes

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