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The Future of the German Dual System

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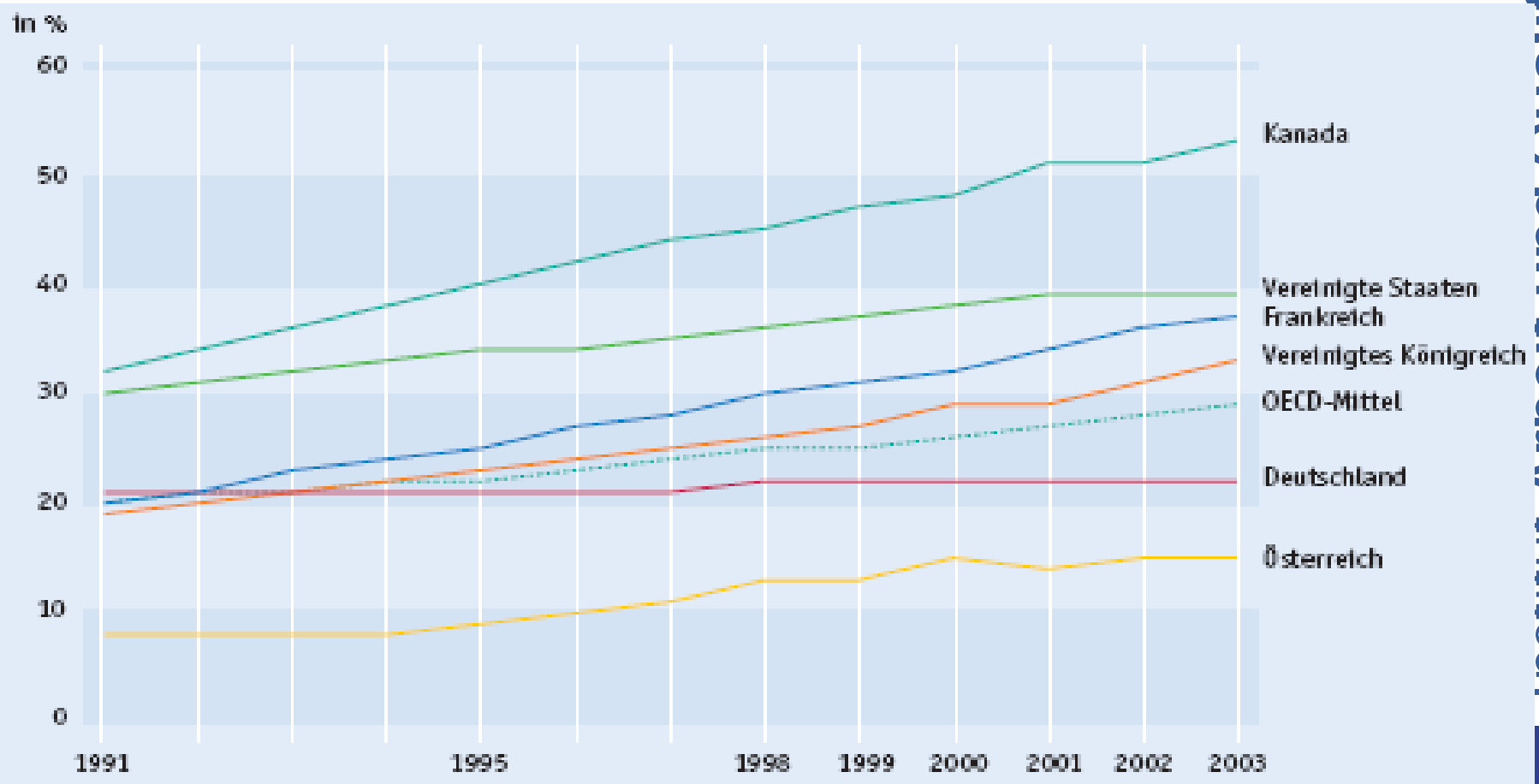
Dual System embedded in German society

- Increasing importance of the dual system since the 60's (1964 63% without vocational training, today 15%)
- High reputation among employers, school leavers and parents
- Mutual enforcement of institutions: VET, collective bargaining, codetermination, work organizations, career structures, innovation policies and economic specialisation
- VET crucial element in innovation strategies – not primarily „social policy“ for weak school leavers
- „High skill equilibrium“ (Finegold/Soskice 1988)

The German Paradox

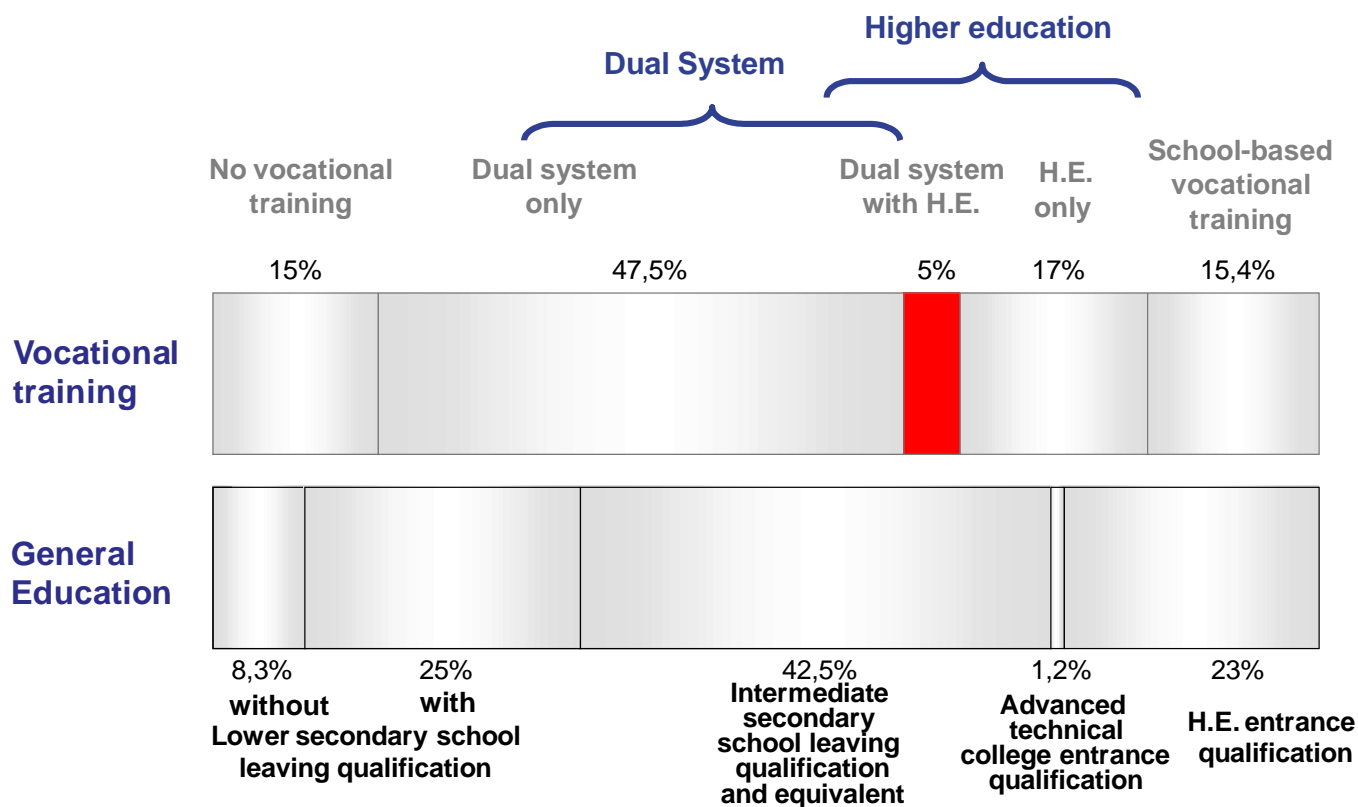
High Competitiveness – low percentage of graduates from tertiary education among big OECD countries

Share of graduates from tertiary education (25-35 years) in selected OECD countries 1991 – 2003 (in%)



Structure of qualifications in Germany.

Vocational training and general schools 2004



Source: BiBB (2007)

General education and the Dual System

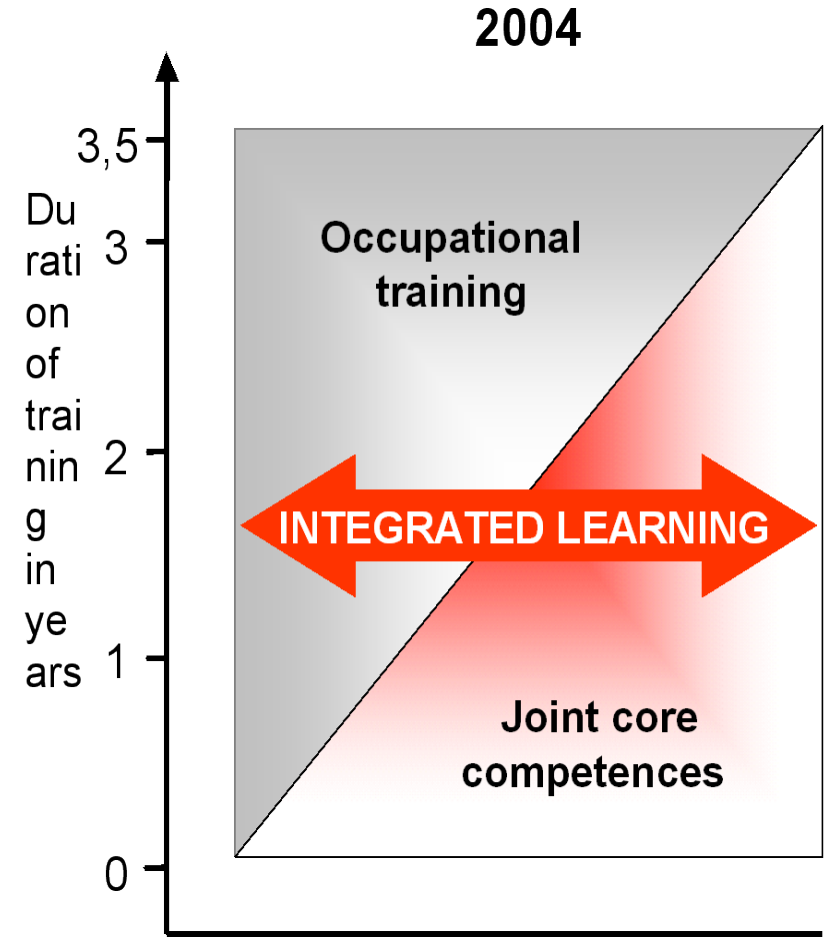
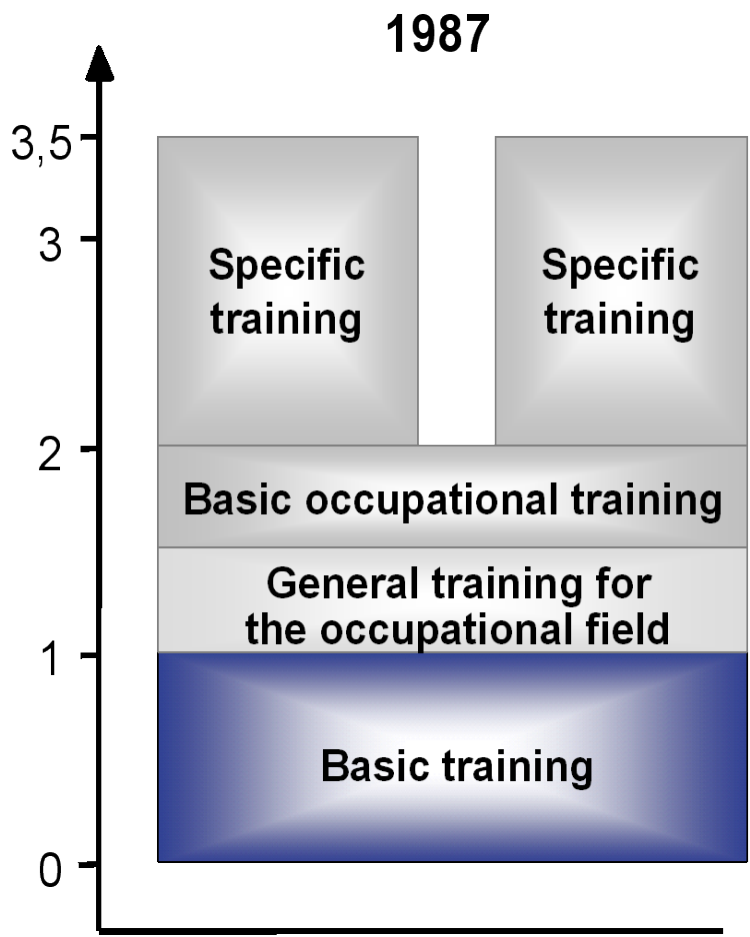
- Tripartite school system still in place in Germany
- Most apprentices broader initial education than in the past
- School leavers with different levels of general education are competing for the same training places with far reaching consequences
 - Increasing division into occupations with lower and higher theoretical requirements
 - Leavers from lower secondary schools losers in the competition - demotivating
- Conservative German school system undermining dual system at the lower end – creation of a big and heterogeneous transitional system

Internal reforms

- Substantial reduction of occupation from 900 in the 50's to around 350 in the 90's
- Creation of new occupations in new industries (IT occupations)
- Joint score skills in occupational families
- New learning forms: Learning in teams and projects which reflect modern work organization
- Problems:
 - Still too many occupations – many special interest
 - Technical solutions not advisable – Social partners have to accept occupations
 - Instead: Extension of joint score skills

Occupations and training curricula in the German metalworking trades 1987 and 2004

- 1987 - 45, 1987 - 16, 2004 – 5 occupations

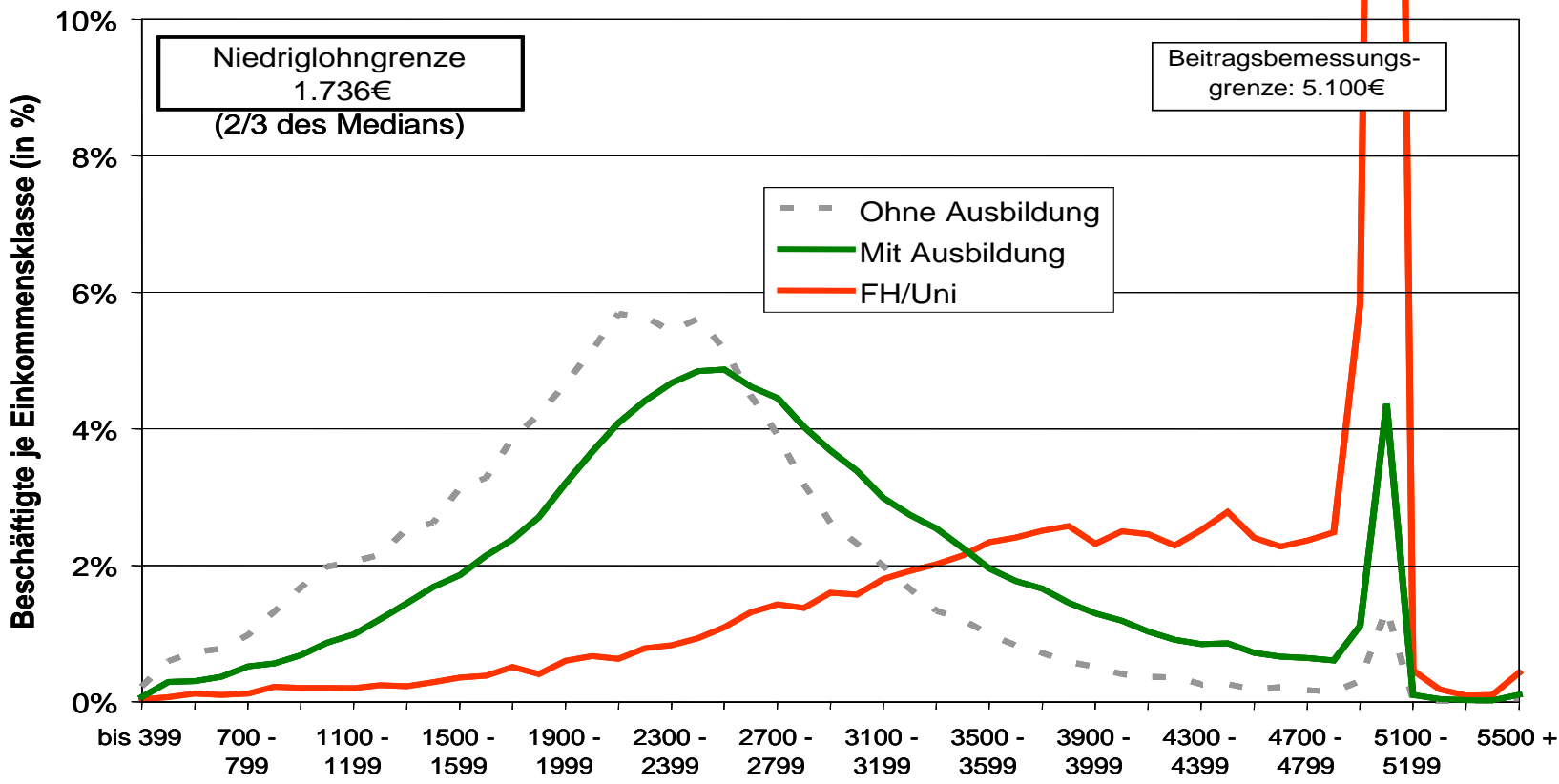


Links with further training

- Generally recognized advanced vocational courses offered for all dual and school-based occupations (Master, technician, business administrator) – grants are available („MeisterBAFöG“)
- Around 10% of skilled employees are participating
- Creation of career pathways: In the past most middle managers in Germany recruited from the shop floor – Problem: now competition with university graduates
- Links with labour market policy strong in the past: Retraining of unemployed into generally recognized occupations – Problem: links cut with the Hartz laws in spite of good labour market outcomes of retraining

Entgeltverteilung nach Qualifikation, Westdeutschland 2003

(Sozialversicherungspflichtige Vollzeitbeschäftigte)



Quelle: Beschäftigtenstichprobe BA, IAQ - Berechnungen

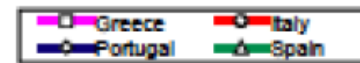
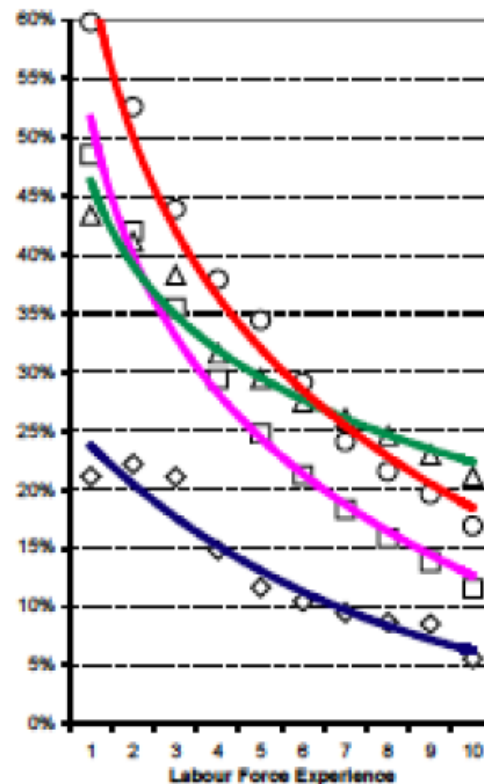
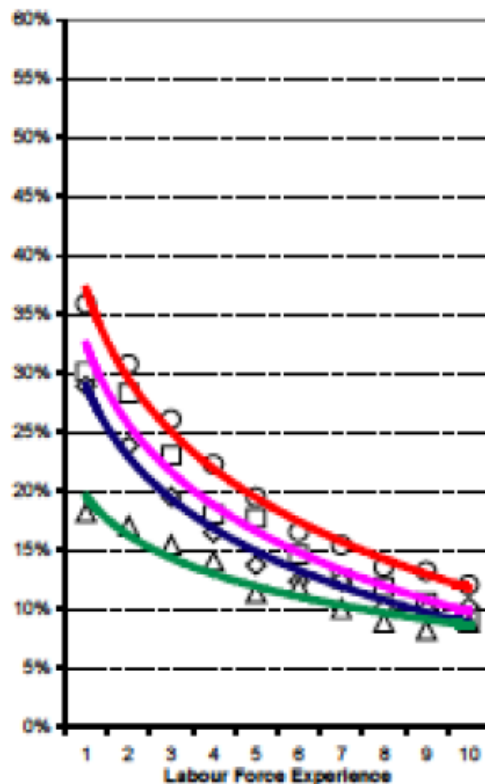
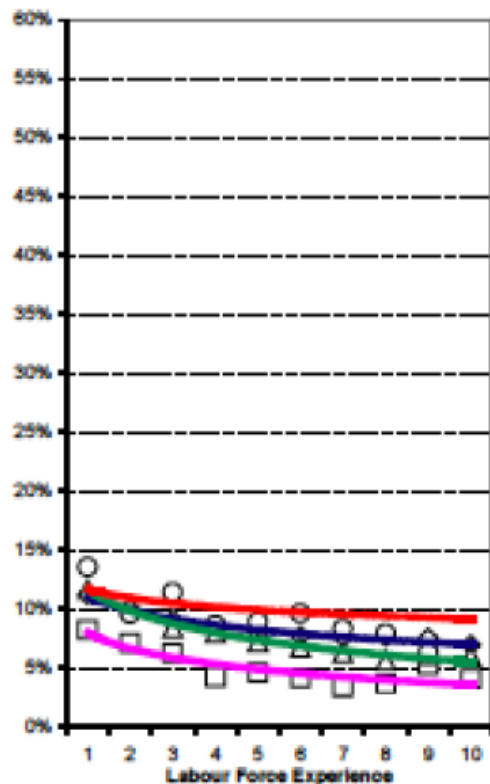
Links with the labour market (I)

- High cyclical variations in demand for and supply of apprenticeships
- Stabilization of training rate (apprentices in % of employees) at the level of 6% in recent years by training pacts, collective agreements, and subsidies
- Strong opposition of employers against levy systems
- Young age cohorts are getting smaller - Main challenges for the state
 - Reduction of subsidies
 - Reduction of school based „Ersatz“courses
 - Linking preparatory courses with apprenticeship contract

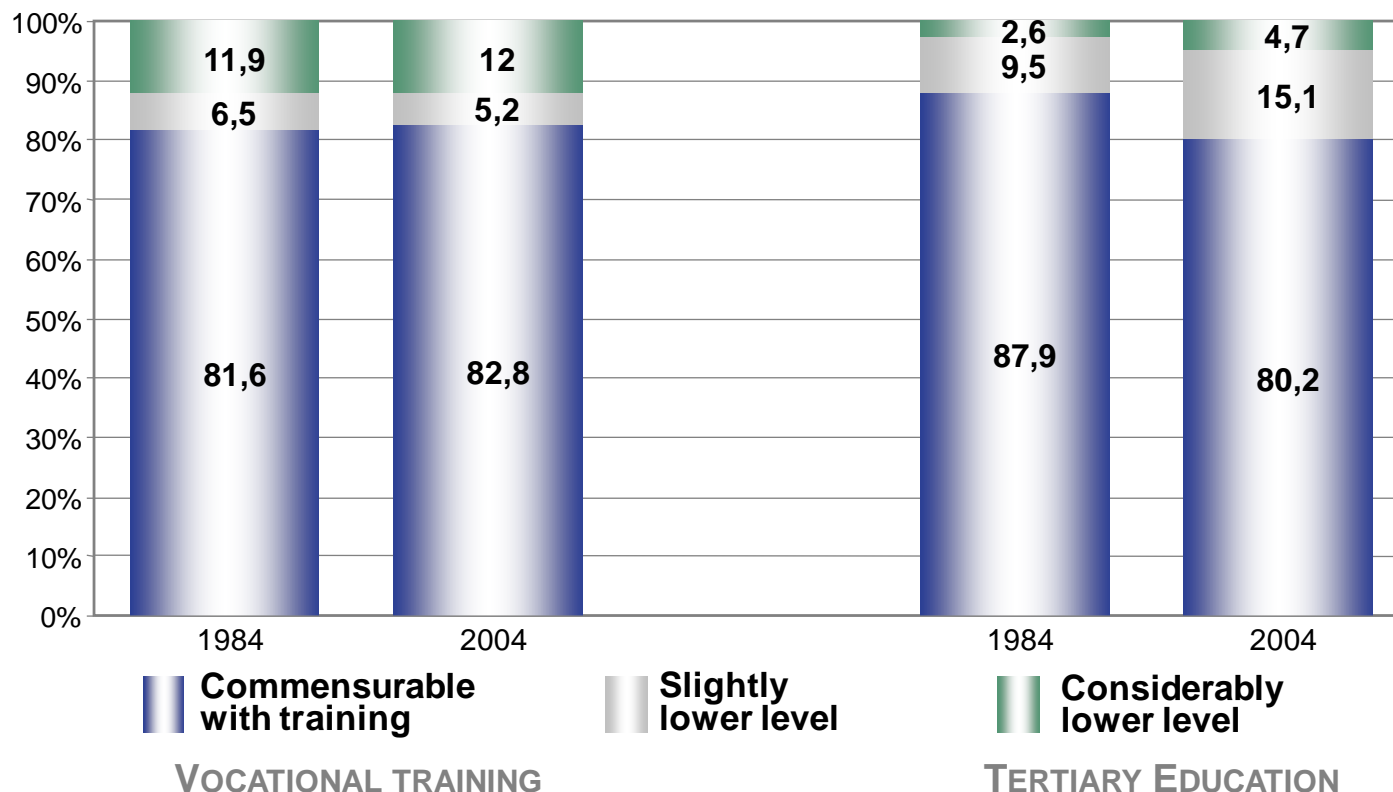
Links with the labour market (II)

- High cyclical variations in demand for and supply of apprenticeships – but school based system also dependend on the labour market
- Stabilization of training rate (apprentices in % of employees) at the level of 6% in recent years by training pacts, collective agreements, and subsidies
- Strong oposition of employers against levy systems
- Young age cohorts are getting smaller - Main challenges for the state
 - Reduction of subsidies
 - Reduaction of school based „Ersatz“courses
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Transition from Education to Work: Unemployment rates and labour force experience (in years): ISCED 3 leavers (1990's)



Commensurateness of employment to level of qualification in 1984 and 2004, in %

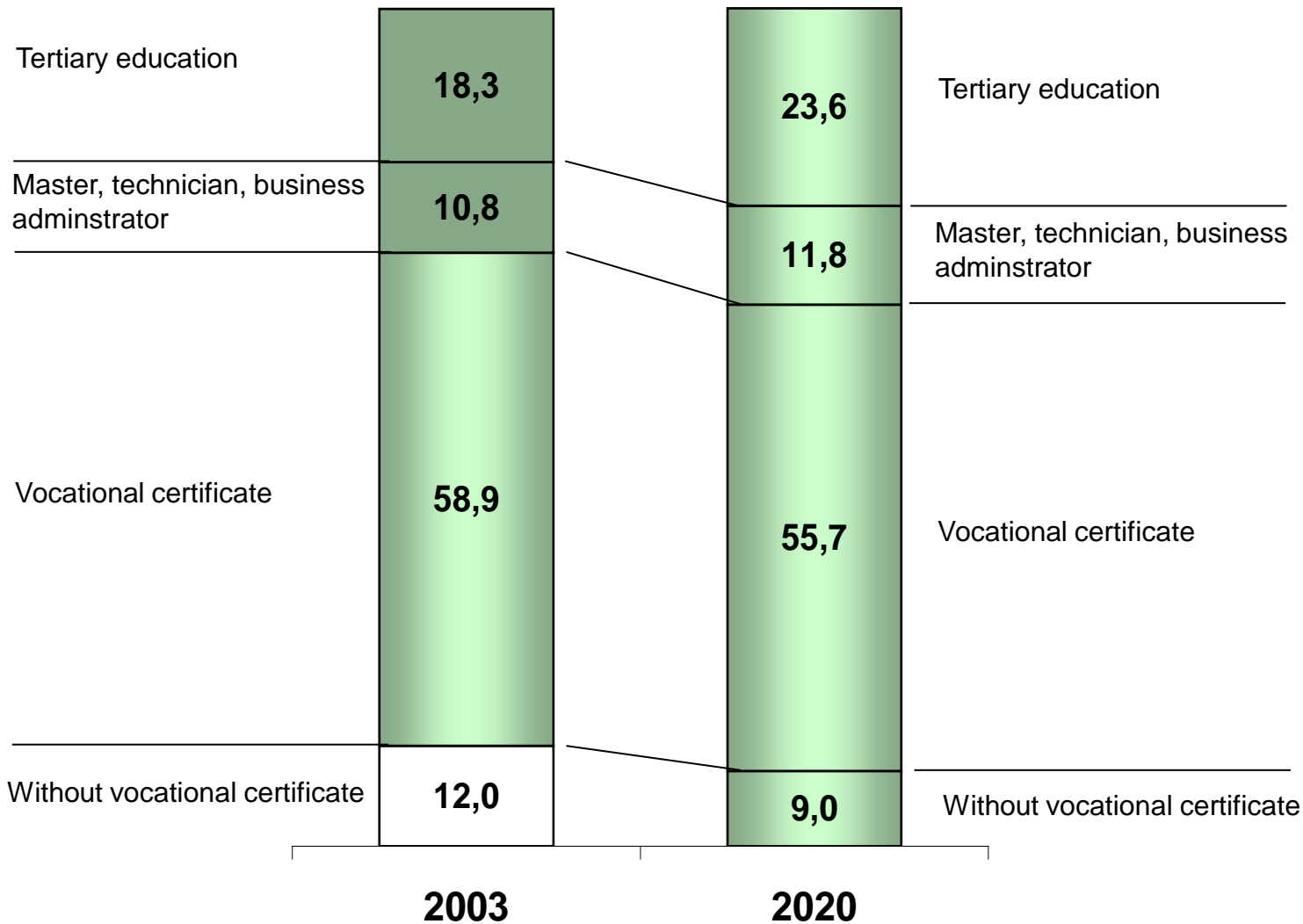


Source: Konsortium Bildungsberichterstattung (2006)

Links with tertiary education

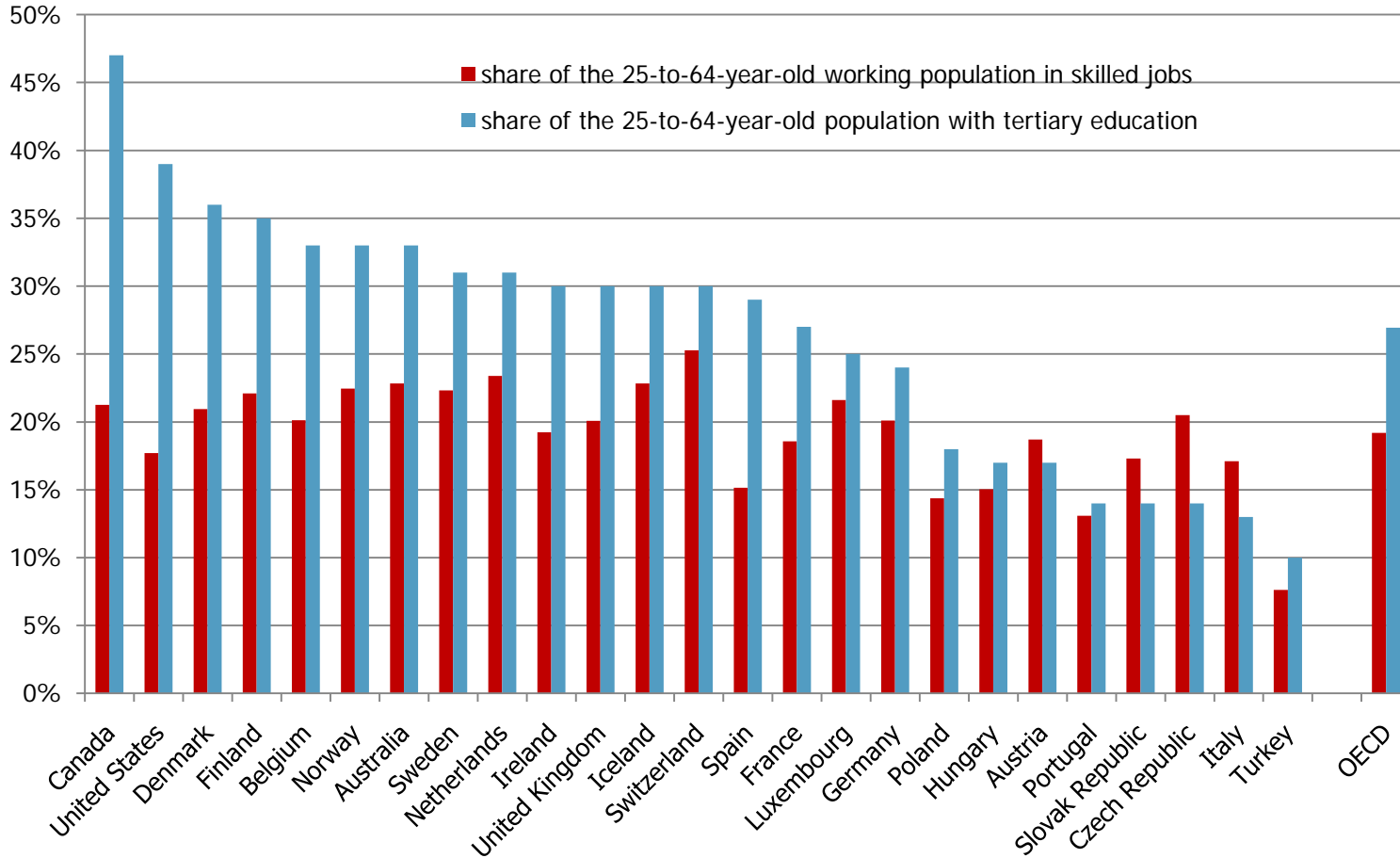
- In the past certificates form dual training not bivalent – Abitur needed for university
- But typical consecutive pathways: dual training and then Fachhochschule/University – time consuming
- Now certificates of advanced vocational courses entitle for higher education – but rarely used
- Grass-root development: Dual study (around 50 000 young people) – strong interests of companies of combining practical and theoretical learning
- Low share of graduates from tertiary education not a problem:
 - IALS Study shows similar levels of competencies of graduates from higher education in the US and from VET in Germany

Labour demand by skill level in Germany 2003 and 2020 (in %)



Share of population in skilled jobs and share of population with tertiary education (2006)

share of the 25-to-64-year-old working population in skilled jobs (ISCO 1-3 Managers, Professional, Technicians and Associate Professionals) and share of the 25-to-64-year-old population with tertiary education (2006)



Source: OECD, Education at a glance 2008

Conclusions

- Dual system made responsible for outdated school system – cannot compensate these problems
- Strong support by employers and population
- Dual System „secret“ of German competitiveness
- Next decade: change from „oversupply“ to „undersupply“ – Redesign of training policy needed
- Less occupations would be better – joint core skills „Ersatz“-Strategy
- Huge project: Integration of school-based occupations in dual-system
- Better „bottom-up“ strategies in higher education than orientation on average OECD figures of university graduates
- Upgrading VET: Equal status of advanced vocational courses in European Qualifications Framework (EQF)

Bosch, Gerhard, Charest, Jean (Eds.), Vocational Training International Perspectives Routledge, London 2010

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Das Berufsbildungs-system in Deutschland.
Aktuelle Entwicklungen und Standpunkte,
Wiesbaden 2010