

The Dual System of Vocational Training in Germany

1. Introduction

Youth unemployment in Germany is relatively low: In March 2013 persons up to 25 on average 7, 6 %. The average overall unemployment rate at the same time was only slightly lower: 5, 4 %

There are several reasons, among them good economic performance, in particular in the manufacturing industry and a highly skilled workforce. The latter is linked to the dual system of vocational training which I will focus on in my remarks.

I will leave out higher education in universities and quasi universities. Those who leave these institutions of higher education, at least in principle, do not have problems to find a job in Germany.

The dual system of vocational training has a long tradition and is highly developed in Germany. The difference between skilled and unskilled workers has always played an important role. The high standard of apprenticeship training is due to the system through which those skills are acquired. Recently it has attracted high attention abroad.

2. The Apprenticeship

The notion of the skilled worker in Germany is not primarily related to actual skills but to the successful termination of a period of apprenticeship, and admission is by examination only. The structure of the apprenticeship is regulated by the Federal Act on Vocational Training of 1969, significantly amended in 2005.

According to this act, apprenticeship is organized as a dual system, practical training in the enterprise combined with theoretical education in special schools for vocational

training. These schools are part of the national educational system. The teachers there are public servants.

In order to be able to offer apprenticeship an enterprise has to be recognized **as** location for apprenticeship by state authorities. This means that it has to meet specific requirements listed up in the law. The same applies to entities created by collective agreement in order to provide apprenticeship. Thereby smaller companies join forces to establish an appropriate location just for the sake of providing apprenticeship. Among all companies in Germany only a bit more than 1/5 (21,7 %) are offering apprenticeship.

The persons responsible for the vocational training in the companies also have to meet specific requirements by passing specific exams. Persons are only entitled to provide vocational training if they are qualified in the specific profession and if their personal integrity is beyond doubts. Again the details are specified in the law. Of course, these persons only are responsible for the respective vocational training as such. They certainly can delegate under their supervision specific tasks to employees in the company.

Apprenticeship in the context of the dual system of vocational training is only possible for a listed number of occupations recognized as professions by the Federal Government. This list, of course, is changing due to the fact that new professions arise and old ones die away. More important is the fact that this list has diminished dramatically. In the early seventies of last century there were more than 600 such professions, in 2012 only 345. This has to do mainly with the changed perspective of the purpose of apprenticeship. Formerly the professions were shaped in a very narrow way and the idea was to teach all the skills needed within this narrow concept. Now the idea is to broaden the scope of a profession to offer more possibilities in the labour market. And the attempt is no longer to focus merely on the skills of the specific profession but to teach how to learn and how to become able to transfer knowledge to new challenges and new situations.

For each profession a pattern of apprenticeship is established by Government. This means that it has to be determined whether the apprenticeship for the respective profession lasts two or three years, what kind of skills are to be acquired, how the sequence of the training program is to be organized and how practical training in the

company and education in the schools for vocational training are to be combined. Companies are obliged by law to give the apprentices time off for going to school. And all these steps of practical vocational training and school education are to be documented.

According to the amended statute of 2005 up to one fourth of the apprenticeship can be performed abroad if it serves the purpose to be achieved. Of course, it is again up to state control whether the enterprise abroad and the persons responsible for the vocational training fit into the overall concept. The idea is to internationalize the vocational training in times of globalization. This so far in actual practice mainly plays a role in specific sectors as for example in banking, insurances, tourism etc.

Apprenticeship ends with the exam. Special examining committees are set up. From the viewpoint of the enterprise they are external institutions. Details of the examinations are regulated by statute. The procedure of the examination is very elaborate. Due to the homogeneous structure of these examinations all over Germany the standard of vocational training remains, at least in principle, equal no matter where the apprenticeship takes place. This is the main reason for the high esteem this highly formalized system of vocational training still enjoys.

After having finished the primary school requirements and after having passed the final exams of the general school system young people can apply **for** apprenticeship. In the past there were often discrepancies between offer and demand, there were many more applications than offers. This has fortunately changed. Due to the greater willingness of companies to offer apprenticeships (in their own interest, they badly need skilled workers) and to the demographic development (low birth rate) the numbers of offers and demands are now almost equal. However a problem remains: the aspirations of those who look for apprenticeship and the offers are not necessarily congruent because the persons looking for apprenticeship are interested in other professions than in those offered. So quite often the youngsters only get the second or third choice. But all actors involved are trying to do their best, to find an apprenticeship for all applicants. For the future it is not considered to be a serious problem.

Those who leave school and do not meet the requirements for apprenticeship can apply for being put into a so called transition period where they are trained to become

fit for apprenticeship. The number of those people is steadily decreasing. Presently they amount to about 250 000.

In 2012 a bit more than 550 000 apprentice contracts were concluded. Technically speaking, the contract between an apprentice and an employer is not an employment contract. But according to the law the rules and principles governing the employment contract are to be applied, except in cases where the statute expressly states an exception or if the application of labour law would not be compatible with the nature and the aim of the apprenticeship. This latter exception evidently creates many problems of interpretation. The obligations of both sides, the person responsible for the apprenticeship and the apprentice, are listed up in detail in the statute. The list of obligations of the person responsible for the apprenticeship also contains the obligation to shape favourably the apprentice's character. It may well be doubted whether this still is a good idea. More important is the fact that this person is obliged to provide all material necessary for apprenticeship for free. The general obligation aims to do everything to make the apprentice capable to act in the profession.

By statutory definition a contract of apprenticeship is always concluded for a fixed term. The contract automatically ends with the end of the apprenticeship. If the apprentice does not pass the examination, the contract is automatically extended until the next examination, which the apprentice is allowed to repeat once. The extension is possible at most for a year.

The probation period in an apprenticeship may last between one and four months. During probation time the apprentice can quit and the person responsible for apprenticeship can dismiss at will and without any term of notice. However, afterwards the apprentice enjoys utmost job security. He or she only can be dismissed for grave reasons which make it absolutely intolerable to further continue the apprenticeship. This only happens in very exceptional cases. The apprentice to the contrary can quit with a term of notice of four weeks if he or she wants to give up the profession and change to another one.

One of the big problems for apprentices is remuneration. The statute guarantees "adequate remuneration" which is very unspecific. Remuneration has to be increased for every year of apprenticeship: low in the first year and higher in the second and third year. Remuneration is not to be understood as compensation for the

apprentice's work but as payment to assist the apprentice in making his or her living. In most areas the remuneration is fixed in collective agreements. And even for the relationship with apprentices not covered by the collective agreement in a specific branch, reference is made in the individual apprentice contracts. So at least for the big majority for apprentices there is a numerical minimum remuneration. In 2012 the average of these remunerations fixed by collective agreements amounted to 737 € in West Germany and 674 € in East Germany per month. The average for Germany as a whole amounted to 730 € (climbing up by 4,3 % since 2011). There are big differences of the average apprentice remuneration between different sectors, ranging from 968 € for carpenters down to 454 € for hair cutters in West Germany, and 885 € for mechanics down to 269 € for hair cutters in East Germany. So far only in the public service the average is equal for West and East: 792 €.

Whatever these figures may tell us, one thing is clear: the remuneration of an apprentice is much lower than the remuneration of somebody who remains unskilled and goes to work right after school. Even if I cannot offer exact figures of the remuneration of such unskilled workers in an early stage and even if there are certainly big differences, the average is way above apprentice's remuneration. The average wages of full time employed workers in Germany in 2013 range from 4.500 € per month in banking and insurances down to 2.000 € in the gastronomic branch. That's why many young people prefer not to enter an apprenticeship and rather make money as early as possible as unskilled or semi-skilled workers. This, of course, is especially true in times of almost full employment. However, this is **a short minded perspective**. In a mid-term or long-term perspective the skilled apprentices are in a much better position. First they earn more as skilled workers. And they have good chances to be promoted. Most important is another aspect. Having successfully terminated an apprenticeship in the dual system is in Germany considered to be a **sign of success**. Even for professions which are quite different than what the apprenticeship was for, the chances at the labour market are much better compared to those without such a certificate. The mere fact that somebody has gone through this highly structured system of dual vocational training is highly estimated by the companies and considered to be a clear indication of high quality. In the past the dual system of apprenticeship often was criticized as being too rigid and too inflexible. However, these critics have proved to be wrong. The system not only is able to adapt

to new challenges but also to maintain its specific character as an important element of quality production in the workforce.

Once the apprenticeship is over the question arises whether the employer is obliged to offer the apprentice an employment relationship. The answer according to the law is **no**.

There has been, however, an exception for quite a while. Works council members as well as members of juvenile delegations (for the employees below the age of 18) enjoy far reaching protection against dismissals. This protection turned out to be ineffective in the case of apprentices who were members of the juvenile delegation. Since the contract of apprentices is always concluded for a fixed term, and since a contract for a fixed term terminates automatically when the period has expired, no dismissal is necessary to terminate the contractual relationship with an apprentice. This is why protection against dismissal turned out to be useless. In 1974 the Act on Works Councils, therefore, was amended. Apprentices who are members of the juvenile delegation and whose contract expires during the term of office are entitled to be employed afterwards. According to the amendment the employer can only refuse further employment if facts are given which would justify a dismissal of a works council member, a very rare case.

This exception, however, only refers to a small group of people. All other apprentices are in danger not to get an employment afterwards or only a fixed term employment. Therefore, trade unions try to improve the situation. The first great success was achieved by the metal workers' trade union in 2012. According to the collective agreement for the industries of metal and electricity employers in principle are obliged to employ apprentices after apprenticeship for an indefinite period. If the employer can prove that more apprentices were taken than further on needed, the respective apprentices only have a right to be employed for at least 12 months. The details are to be agreed upon with the works council.

3. Conclusion

The big advantage of the apprenticeship as sketched in my short remarks is its reliability. One can trust into the system and into its outcome. It is not just accidentally whether somebody is skilled or not. This extremely complicated and to a certain

extent also bureaucratic structure is not only highly efficient. It is no exaggeration if it is considered to be the backbone of our economy which has no choice but to compete with quality products and quality services in the global context.

There is now discussion whether it might make sense to export this system abroad. I have my doubts. The system is deeply rooted in the German culture and mentality. And it needs a very complex infrastructure to properly function. This infrastructure again is linked to the overall framework in Germany and, therefore, cannot be simply transferred elsewhere.

It should be added that apprenticeship is only one element of the program of vocational training in Germany. The Federal Act on Vocational Training also contains rules on further training in order to adapt to new circumstances or to acquire additional skills for promotion. And it contains rules for retraining for another profession. Further training and retraining can be conducted under the responsibility of a company or by an external institution. If it is conducted under the responsibility of a company, the works council has significant co-determination rights referring to the persons conducting the training and the persons who should participate in the training. In addition the employer has to discuss with the works council whether training is to be introduced and in what way as well as whether employees should be entitled to participate in external training programs. Without going into any detail: apprenticeship is only considered to be the first important step, others are to follow. However, empirical studies show that those who would need further training most urgently normally do not participate. Those who are already well trained profit most of these programs. And mainly those programs are concentrated in the bigger companies.

The situation is by far not ideal. Nevertheless the dual system of vocational training is an asset of the German economy which barely can be overestimated.