

# Vocational Training and Guidance and Supporting Measures for Young Unemployed

## Cyprus Presidency Conference on Job Creation and Youth Employment

„Developing Sustainable Youth Employment  
Policies in an Era of Fiscal Constraints“

Nicosia, 22. October 2012

Dr. Ulrich Walwei

# Starting Point

- In periods of low demand for labour young persons often have difficulties to enter the labour market.
- Compared to other countries the labour market performance of young persons in Germany is quite strong.
- What are the reasons for this finding? Which role does activation play in this context?

# Agenda

Labour Market Situation of Young Persons in Germany

Institutional Background

Labour Market Policies: Prevention and Activation

Conclusions

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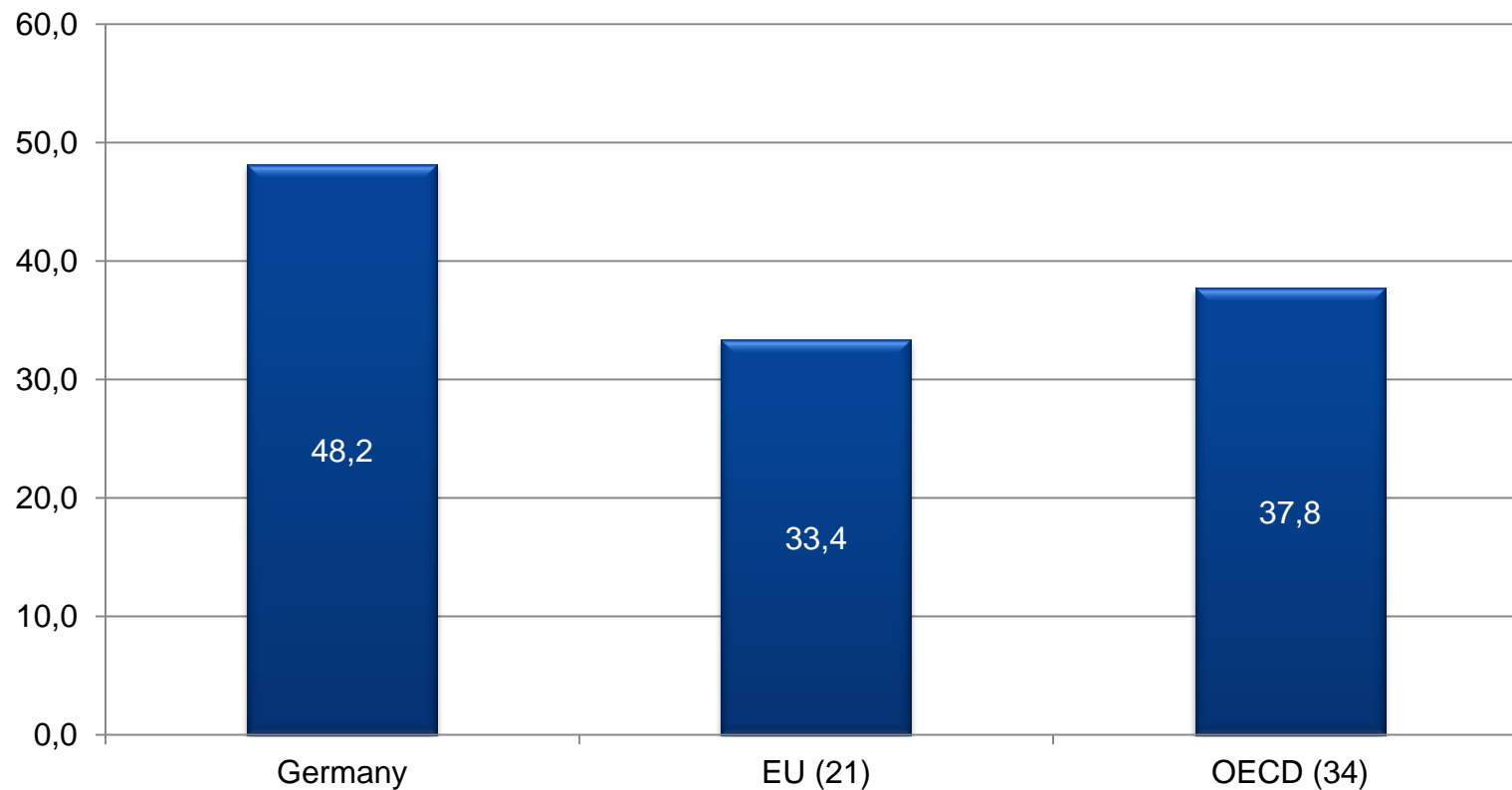
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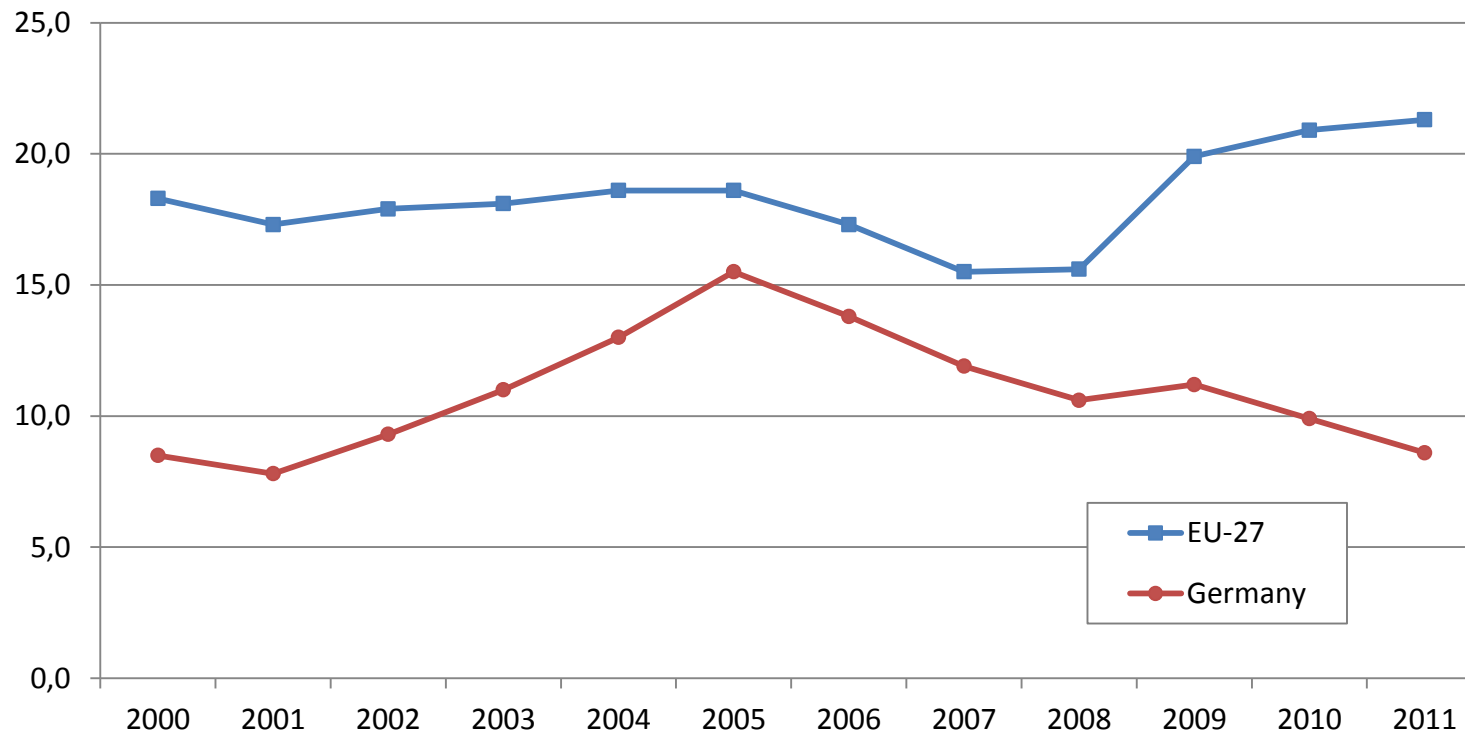
## Employment Rates of Youth (15-24)<sup>1)</sup> - percentages in Germany, the EU and the OECD, 2011 -



<sup>1)</sup> Incl. apprentices

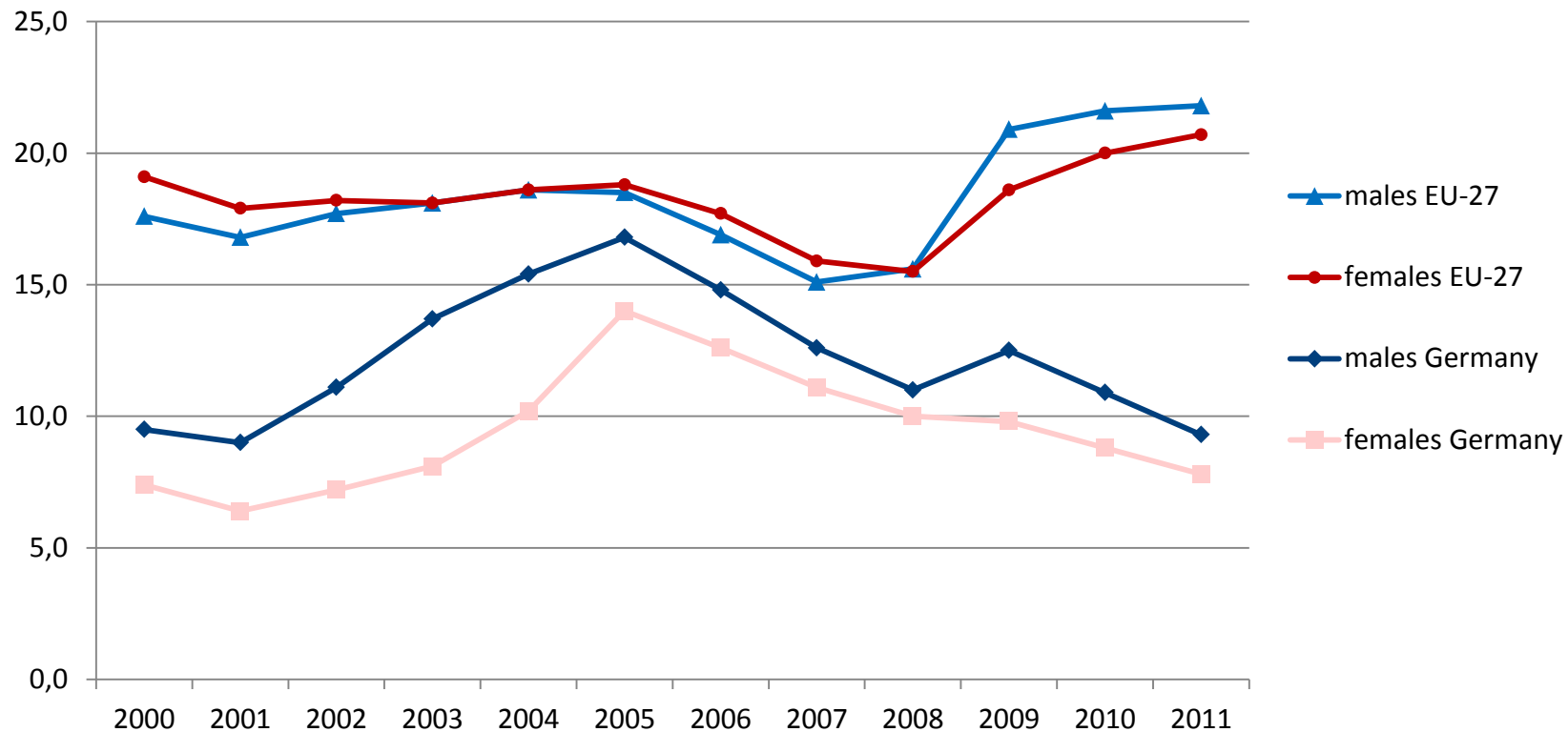
Source: OECD-Scoreboard adolescents and young adults

## Unemployment Rate of Youth (15-24) - percentages in Germany and the EU, 2000-2011 -

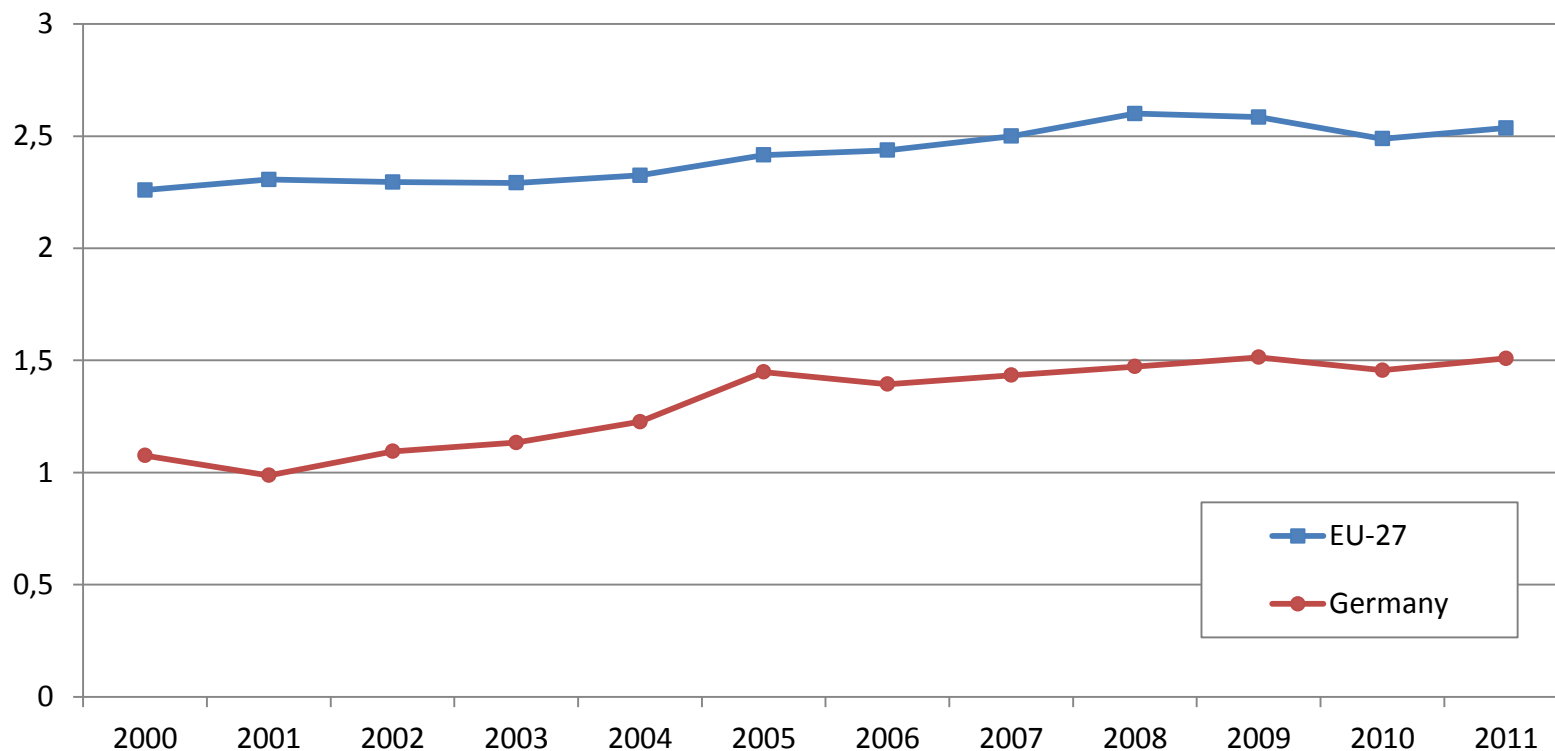


# Youth Unemployment Rate by Gender

- percentages in Germany and the EU, 2000-2011 -

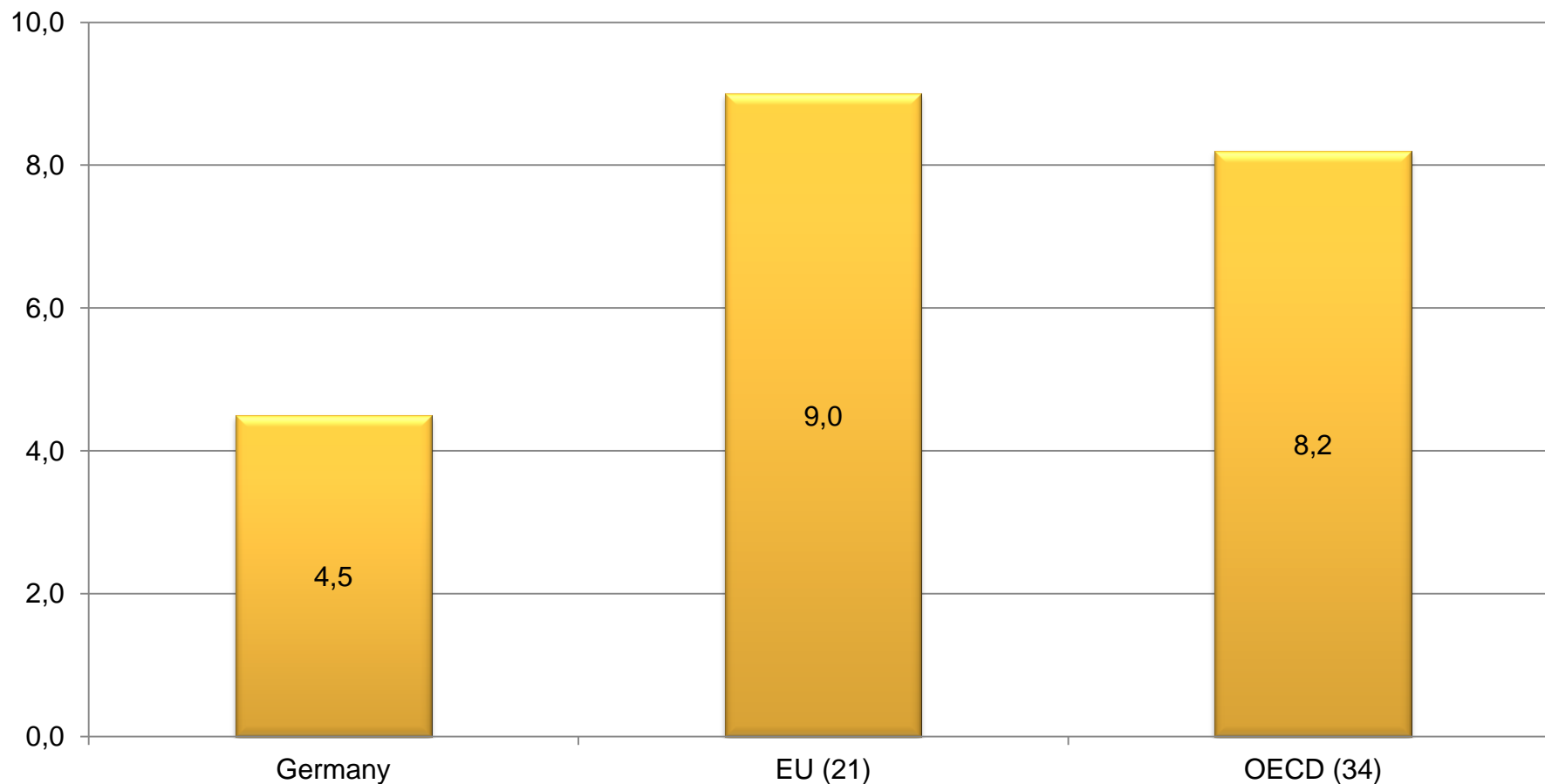


## Youth (15-24) Unemployment Rate related to Adult (25-64) Unemployment Rate - Germany and the EU, 2000-2011 -



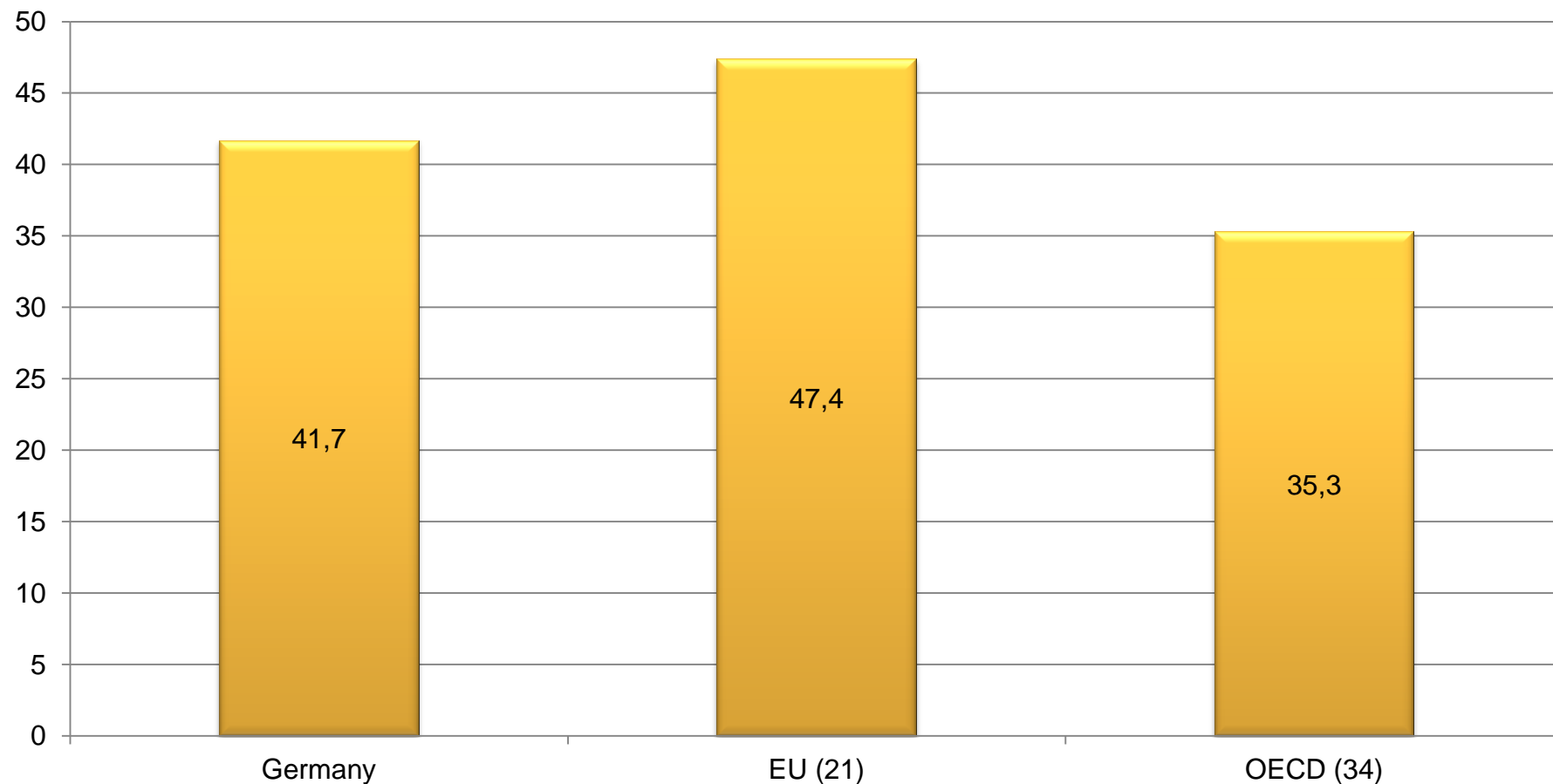


## Unemployed Youth as Share of Corresponding Population - percentages in Germany, the EU and the OECD, 2011 -



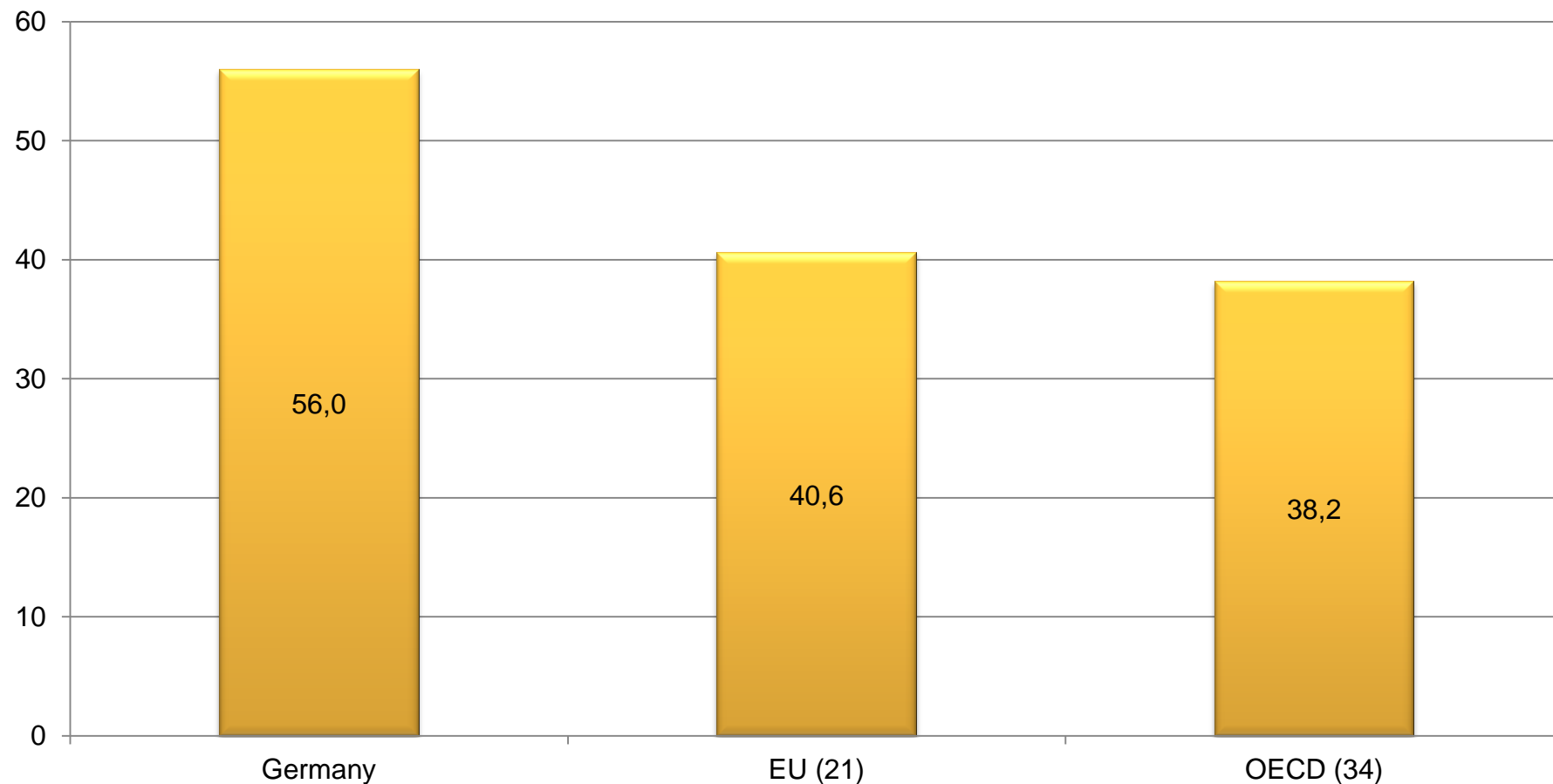
Source: OECD-Scoreboard adolescents and young adults

## Share of Young Long-term Unemployed (> 6 months) - percentages of total unemployed in Germany, the EU and the OECD, 2011 -



Source: OECD-Scoreboard adolescents and young adults

## Share of Fixed-term Contracts<sup>1)</sup> of Employed Youth - percentages of dependent employed in Germany, the EU and the OECD, 2010 -



<sup>1)</sup> Incl. Apprentices

Source: OECD-Scoreboard adolescents and young adults,

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# Institutions of School-to-work transition

- Universities and Applied Universities
- (Upper) Vocational Schools
- Dual System of Apprenticeships
- Basic Vocational Schooling and Training

# The German Apprenticeship System

## - Some Empirical Findings -

- For a given age group the probability of starting an apprenticeship is about 60% (slightly decreasing),
- 20-25% of all apprentices break their contract - and may start a new apprenticeship afterwards,
- After finishing the apprenticeship about 60% stay within the company where they were trained (share is slightly increasing and depending on the level of investment during the apprenticeship).

# The German Apprenticeship System

## - Institutions (1)

- Most occupations are covered by the “dual system of apprenticeships”
  - apprentices are employed by firms (about three years of work exercise) and involved in a part-time school
  - level of training (human capital investment by firms) differs a lot across occupations
  - wages for apprentices are much lower than for regular workers (the share lies between a quarter and one third of the regular wage)
  - apprentices will receive a certificate which is highly standardized and highly accepted
  - a deficiency is that with respect to new occupations the system sometimes create time lags

# The German Apprenticeship System

## - Institutions (2)

- Some apprenticeships do not imply any kind of employment; they are taught in a full-time vocational school
- New developments show a greater permeability of the system as a whole, e.g.
  - in order to address less educated youngsters some vocational qualifications offer certain modules (“partial qualifications”)
  - employers more often offer a combination of apprenticeship and university diploma (“dual course of studies”)



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# Principles of Labour Market Policies in Germany

- Two benefit systems: Unemployment compensation (insurance type based on contributions) and welfare benefits (means tested)
- Activation: Particular support and more pressure for young persons than for older age groups
- Stricter sanctions for the under-25s than for older unemployed
- Strong focus on vocational training and its preparation

# Elements of Active Labour Market Policies

- Counselling, guidance and placement
- Conventional measures such as wage cost subsidies, training, job creation schemes
- Pre-training to prepare for an apprenticeship
  - basic vocational schooling (BVJ/BGJ) – school-based
  - basic vocational training (BVB/AQJ/EQ) – firm-based
- Special programmes focussing on less educated youngsters in order to strengthen the orientation towards vocational qualification (during secondary school or immediately afterwards)

# Impacts of Active Labour Market Policies

- Programmes need to address properly the individual case, e.g. the less targeted use of job creation schemes (public work) for young persons was misleading.
- Experiments strongly suggest that intensive counselling and coaching of young people are a good investment.
- Education research shows that prevention is decisive in order to increase long-term employment opportunities.
- The entrance to the apprenticeship and its particular quality is in the German case of significant importance for the further employment career.
- Long-term benefits receipt of young persons is associated with low levels of qualification and young parenthood

# Specific Measures: Inflow and Impact

- Recently, in each year 500 thousand to 600 thousand young persons (around 6% of the corresponding population) are part of a firm-based or school-based pre-training.
- Almost one third of pre-training participants break off without transition (mostly due to a lack of motivation).
- Firm-based pre-training induces a higher rate of transition than school-based pre-training (60% compared to 50%).
- However, firm-based pre-training causes other problems such as creaming and possible deadweight effects.

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# What can we learn from the German case?

- Successful school-to-work transitions depend on the overall labour market performance and the speed of demographic change.
- The apprenticeship system is an effective gateway to the labour market, but there are problems of flexibility (new occupations) and certain challenges (introduction of bachelor and master degrees).
- The main problem of – less competitive – young persons is not so much to enter the labour market but to stay in it.
- Labour market programmes are more effective if they are carried out within firms (but...)

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Die Forschungseinrichtung der  
Bundesagentur für Arbeit

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# Thank you for your attention!

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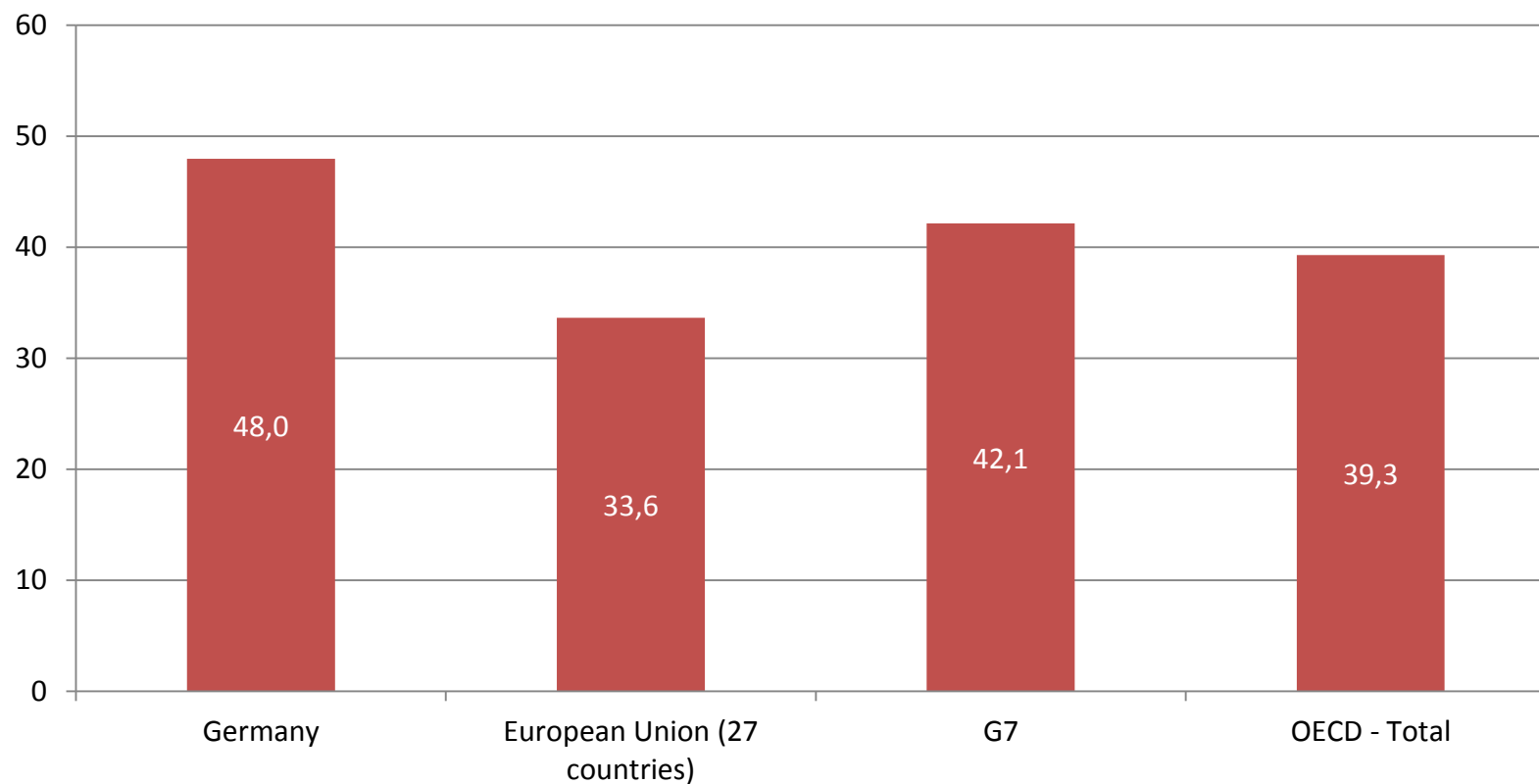
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