

# Youth Unemployment in Germany

Skill Biased Patterns of Labour Market Integration

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- Compared to their Spanish or Greek counterparts German youngsters seem to be weathering the current economic crisis quite well. Youth unemployment rates have not gone up dramatically and, at 9 per cent in 2011, are low by European standards. Nevertheless, less qualified youngsters, particularly those without a vocational degree, have much higher unemployment rates than higher qualified young people.
- In Germany, the main separating line on the labour market is between those with a vocational degree and those without. Furthermore, the labour market chances of those without a vocational qualification have been decreasing over the past decade. Thus access to vocational training is the most decisive gatekeeping factor when it comes to future labour market chances.
- The entry patterns to fully qualifying vocational training have become increasingly stratified as approximately one-third of each cohort entering the German VET system starts schemes in so-called »transitions systems«, which do not provide full vocational training. In particular, young people with only a lower or no secondary qualifications are likely to enter schemes in the transition system after leaving school. In this regard the German VET system reinforces inequalities resulting from stratification within the German school system.





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## 1. Introduction

Compared to their Spanish or Greek counterparts German youngsters seem to be weathering the current economic crisis quite well. Youth unemployment rates have not gone up dramatically and, at 9 per cent in 2011, are low by European standards. However, on closer examination it becomes clear that also in Germany young people are threatened by labour market exclusion if they have no access to proper vocational education. Against the background of accelerating technological and economic changes, such as the change from an industrial to a knowledge and service society or demographic changes, the increasing relevance of education is a common assertion in political and public debates. In contrast to this widespread agreement on the imperative of education, however, there is a large share of young people suffering from a lack of training. Every year 150,000 young people leave the education system without an approved vocational education. Allmendinger et al. (2011) estimate the consequential socio-economic costs of this development at 22,000 euros per person. These young people are likely to face sustainable exclusion from regular employment, if not from the labour market altogether.

The scope of the present report covers the exploration of patterns of youth unemployment, which is defined as the unemployment of young people aged between 15 and 25 years. The focus is non-academic youngsters. On one hand, this is because most academic youngsters aged between 15 and 25 are not yet in the labour market. Furthermore, in Germany labour market chances are strongly linked to education (Solga 2009). As a result, academically educated people are threatened to a much lower extent by permanent labour market exclusion or discontinuous or precarious employment biographies (Hackett 2012). Even more so than in many other countries, in Germany labour market chances depend on access to vocational training. In this regard, the German VET system is the most decisive gatekeeper in distributing future labour market chances. Therefore, this paper focuses, on one hand, on patterns of youth unemployment, showing that lower qualified youngsters have a higher risk to become unemployed and, on the other hand, on access to vocational training. The report reveals that – particularly due to the rising relevance of the so-called transition system – in recent years access to vocational training has become more stratified.

## 2. Patterns of Integration: Stabilising Factors Framing School to Work Transitions in Germany

For a long time the corporate regulated German apprenticeship system has been taken for an exemplary model to show how to skill-up the labour force at high qualitative and quantitative standards and organise smooth transitions from school to work. In general, vocational training in Germany is organised as apprenticeship training and carried out in full-time vocational schools (Leschinsky and Cortina 2003: 525–537). The system of vocational training in Germany has three particular institutional characteristics, which is often perceived as a comparative advantage compared to other systems (Kohlrausch 2009; Kohlrausch 2010).

### 2.1 Early Labour Market Integration

The apprenticeships are organised within the so-called »dual system«, which is characterised by a combination of school-based and firm-based training. The firm-based training includes the practical part of the training, while the schools are responsible for theoretical and general education. Usually, trainees spend one or two days per week in school. Part-time vocational schools and firms are by law defined as equal partners in training.

The firm-based training provides clear advantages. The occupation-specific orientation of the dual system generates a highly standardised system, in which the skills obtained are easily transferable between firms, if not between occupations. It also generates tight linkages between the vocational system and the labour market, because fully-qualified apprentices are not only highly qualified in an occupation, they are also already socialized into working life and into the organisational culture of the company (Brauns et al. 1999: 4). Besides, in the dual system vocational training also takes place in full-time vocational schools (Baethge 1999; Leschinsky and Cortina 2003). This full-time school-based vocational training is not as standardised as education in the dual system. The requirements in terms of educational levels for entry, as well as the financing, differ between schools. Some schools are private and demand fees. In general these schools (*Berufsfachschulen*) provide approved vocational certificates. They arose in areas of employment that were not integrated in the craft- or industrial-based



system of skilled labour, for example, health or social care, and are often rather female-dominated.

## 2.2 Corporatist Regulation

One distinguishing feature of the German system of vocational education is that it is backed by the social partners, who play an active role in its development. With the introduction of the Vocational Training Act (*Berufsbildungsgesetz*, BBiG) in 1969 a national-level regulatory superstructure for vocational training was established. Despite these national regulatory competences, however, the dual system is particularly known for its state-corporate guidance system, in which unions and the association of German's employers (including chambers, Kammern<sup>1</sup>) have a strong influence. The social partners participate in setting the syllabuses and provide the inspectorate and certification (Bundesministerium für Bildung und Forschung 2003). For a long time the corporatist self-regulation of the system by the social partners has been one of its most stabilising factors (Thelen 2004, 267). Even – or especially – in times of economic turmoil stabilising mechanisms take effect. During the late 1970s and 1980s, for example, the system showed its advantages, since supply and demand of apprenticeship places were successfully regulated by the institutions of corporatist self-regulation. Under political pressure from the social partners, firms trained above their individual demand to meet the increasing demand for apprenticeships (Baethge 1999).

## 2.3 Occupational Profiles

The organisational core element of the German vocational system is »occupational profiles« (*Berufsbilder*), which define the respective training stages and the necessary supplements of subject-specific theoretical knowledge and general education. Skills are organised according to broad occupational criteria. As Baethge (1999) stresses, it is this particular occupation-specific configuration of skills that guarantees social and labour-market integration. Hence, a central organisational concept of

the dual system is the concept of »occupation« (*Beruf*). This concept implies much more than simply a batch of particular qualifications. It is a complex category of social integration that affects the regulation of training, the system of social security and the company organisation. »Occupation« describes a specific »conjunction of competences« that easily helps to identify an employee's competences and associated social status. Social integration within the firm as well as in society goes hand in hand with this. Within the firm, the principle of vocation also generates a particularly structured division of labour, which provides clearly defined applications and hierarchies. Especially for skilled workers (*Facharbeiter*), this concept of work organisation constitutes a convenient arrangement, because it guarantees a secure social status (inside and outside the firm) compared to unskilled workers. This represents a comparatively long-lasting option with regard to employment, as well as clearly defined institutionalised patterns of career and career advancement (Baethge and Baethge-Kinsky 1998). The flip-side of a high standardisation of vocational qualifications is that it is difficult to switch between occupations as the training is standardised according to occupational profiles. »Stratification (...) affects the match between education and social structure. In stratified education systems, there is a tight coupling of the education system and a differentiated occupational structure; in unstratified systems the coupling is loose« (Allmendinger 239). Thus there is early tracking of school-leavers according to particular occupations and, as a consequence, according to academic and vocational training (see also Baethge 2007).

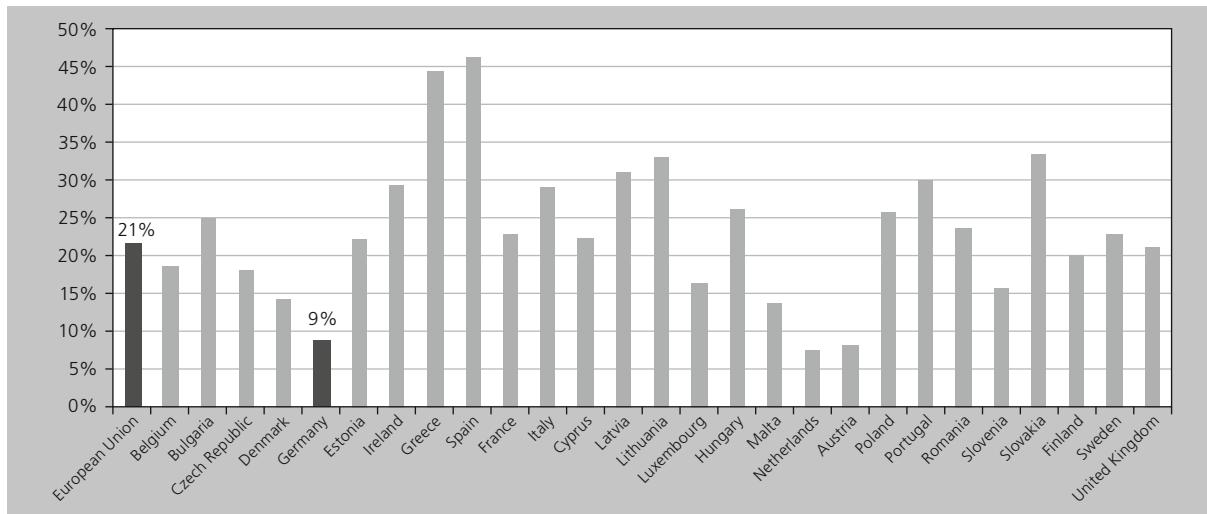
## 3. Patterns of Youth Unemployment in Germany: Skill-biased Entry to the Labour Market

In comparative research on school-to-work transitions there is a broad consensus that the process of labour market entry in Germany is more structured because it is stabilised by the institutional factors described in Section 2 (Biggart et al. 2002). Gangl (2001: 474), for example, argues that standardised qualifications in Germany generate »a strict educational channelling of individuals into positions and an immediate close match between qualifications and labour-market position«. In line with this Brauns, Gangl et al. (1999) found much weaker direct effects of certified education on young peoples' chances of remaining integrated in the labour market

1. The Chambers (Kammern) are »compulsory but self-governing membership organizations of firms, organized by industrial branch and by locality and endowed with statutory power to make and administer public policy in certain areas – pure expressions of corporatism« (Crouch et al. 1999, 140).



Figure 1: Unemployment rates of young people aged 15 to 24 years in the European Union, 2011



Source: Labour Force Survey, author's presentation.

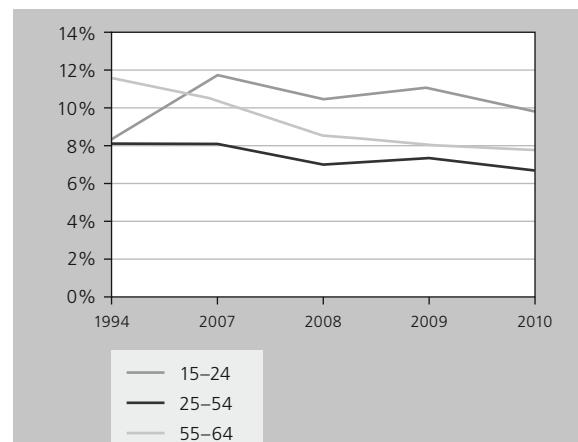
once they have entered it over the long term in Germany in comparison to Britain. While certificated qualifications are very important for job-entry in Germany (Shavit and Müller 1998) they are less important for remaining employed. The authors argue that the conversion of educational resources into an adequate and safe job takes place over a shorter period in Germany than in other European countries (Brauns, Gangl et al. 1999: 27). Consequently, labour-market entry in Germany leads more often directly to qualified employment than in other European countries. However, those who are not able to attain a professional qualification within the vocational training system are threatened by permanent exclusion from the job market – they suffer from »educational poverty« (Allmendinger et al. 2011). Against the background of these findings the analysis of exclusion from the vocational training system is very helpful in enabling us to understand patterns of exclusion of young people in Germany.

Current statistics confirm this picture of the German youth labour market. German youngsters – like the German labour market in general – are not as much affected by the financial crisis as their counterparts in other European countries. Even in 2011, when the financial crisis caused dramatic turmoil on European (youth) labour markets, German youngsters were threatened by unemployment to a comparatively low extent. For example, the average

youth unemployment rates of the EU27 have been more than twice as high, at 21 per cent, as those in Germany, at 9 per cent. This indicates the close link between the labour market and the education system resulting from the still well established vocational training system.

Nevertheless, also in Germany patterns of labour market entry have been undergoing some changes, creating new patterns of labour market exclusion. Figure 2 shows that since 1994 youth unemployment rates have been higher

Figure 2: Unemployment rates by selected age groups



Source: OECD 2011.



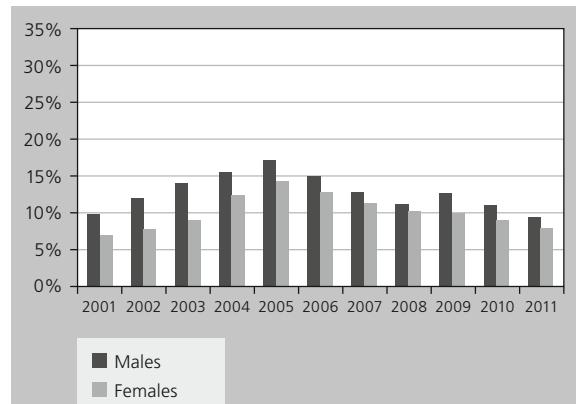
than those of older age groups. On an aggregate level this shows that since the mid-1990s many young people experience stages of unemployment at the beginning of their working lives and transitions to the labour market have become more unstable. A significant share of the cohort does not enter employment immediately after leaving training and instead experiences periods of unemployment. Since the unemployment rates of older age groups are lower this finding shows that those periods of unemployment do not necessarily lead to permanent exclusion from the labour market and rather indicate fragmented transitions to employment. However, since Figure 2 only shows developments on the aggregate level the development of youth unemployment and transitions to the labour market need further exploration.

### 3.1 Youth Unemployment by Sex and Migrant Background

Figure 3 shows that youth unemployment in Germany is more pronounced for males than for females. There are two reasons for this: on one hand, males often have qualifications at all or only lower qualifications. In the course of educational expansion there has been a structural change within the German school system, which has led to a migration of students from lower secondary schools to higher secondary schools. Within the framework of this development more females than males manage to enter higher education, which has led to a situation in which being low-skilled is a typical male phenomena (Solga and Wagner 2007). On the other hand, the structural change from an industrial society to a service society has lead to a decrease in the number of training places and jobs in sectors which have typically been male domains (Baethge et al. 2007).

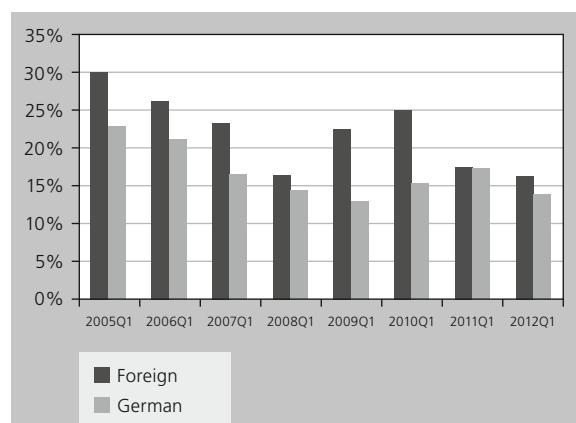
Figure 4 shows that non-German youngsters are more often affected by youth unemployment. While in 2011 the average youth unemployment rate was 9.3 per cent for males and 7.8 per cent for females it was 16.2 per cent (males) and 13.9 per cent (females) for foreign young people living in Germany. Similar to the general pattern of youth unemployment foreign males are more often unemployed than females. However, the higher unemployment rates for non-German young people could result from their lower education.

Figure 3: Unemployment rates of 15–24 year olds in Germany, by gender



Source: Labour Force Survey, author's presentation.

Figure 4: Youth unemployment among people aged 15–19 without German citizenship, by gender



Source: Labour Force Survey, author's presentation.

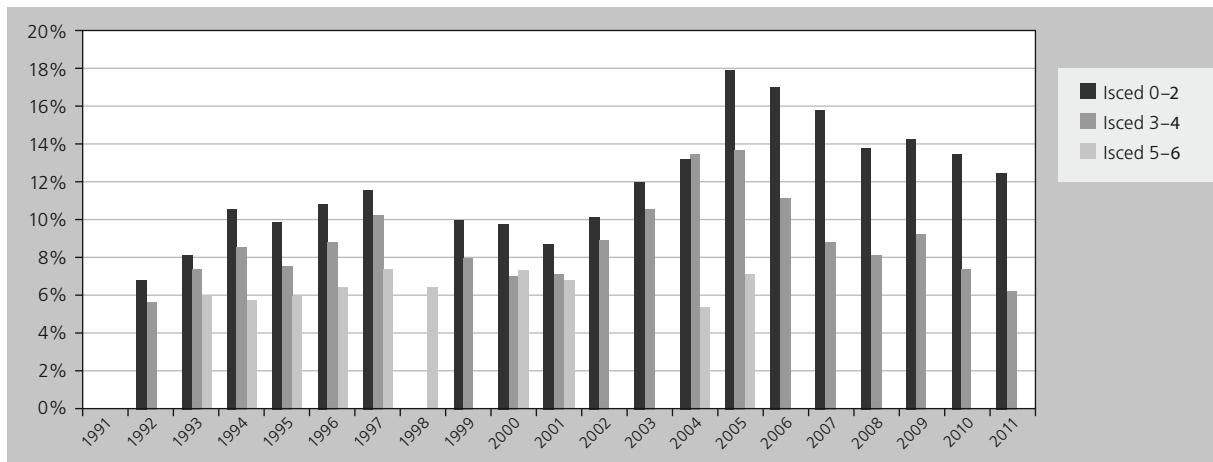
### 3.2 Youth Unemployment in relation to Education

A more detailed look at the patterns of German youth unemployment shows that some groups are more affected by it than others. If we analyse how youth unemployment is related to education<sup>2</sup> we can see that particularly youngsters with only a basic education are

2. Education is classified according to the International Standard of Classification of Education (ISCED 97), which applied six levels of education: Level 0: Pre-primary education; Level 1: Primary education or first stage of basic education; Level 2: Lower secondary education or second stage of basic; Level 3: Upper secondary education; Level 4: Post-secondary non-tertiary education; Level 5: First stage of tertiary education; Level 6: Second stage of tertiary education



Figure 5: Unemployment rates of 15–24 year olds in Germany, by education



Source: Labour Force Survey, author's presentation, missing information not available.

most threatened by it. On one hand, Figure 5 shows that the higher labour market vulnerability of lower educated groups has been a stable pattern over the past two decades. On the other hand, the figure reveals that the distance between the unemployment rates of 15–24 year olds with an education at ISCED Level 1 and the unemployment rates of those with an education at ISCED level 2 has been increasing. While in 1992 the difference was 1.2 percentage points it was at 6.2 percentage points in 2011. Thus, particularly low-educated young people have been excluded from the labour market in recent years.

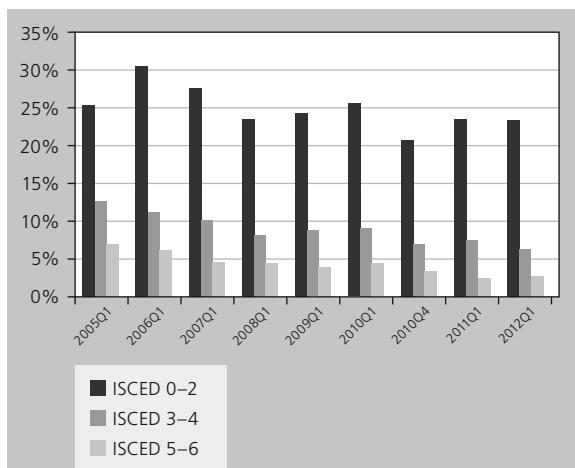
Nevertheless, this pattern is even more pronounced in some instances. Taking the average unemployment rates in the EU15, the differences between young people at ISCED level 0 or 1 and those educated at level 3 or 4 has been as much as 10.9 percentage points (Labour Force Survey). Thus we have a twofold picture: on one hand, the labour market exclusion of low qualified youngsters is an increasing problem; on the other hand, in Germany these young people are still better integrated into the labour market than in many other European countries. This is confirmed by the finding that the percentage of German youngsters not in education or employment in 2009 is, at 5.5 per cent, below the OECD average of 6.2 per cent (OECD 2011).

However, the differences between lower and higher skilled people are much more pronounced for older age groups aged between 25 and 64. Figure 6 shows that the

unemployment rates of people educated at ISCED level 5 or higher are more than four times lower than those of people educated below ISCED level 3. A comparison of Figure 5 and Figure 6 shows that for people educated at levels 3–4, unemployment rates fall when people become older. This indicates »bumpy« school-to-work transitions as at least some people educated at ISCED levels 3–4 experience stages of unemployment before starting a proper job. In contrast to those educated below ISCED level 3 the risk of becoming unemployed rises with age. This indicates substantial labour market exclusion of people who may hold school qualifications but no vocational qualifications. As Solga and Menze (2013) argue in Germany, the main separating line on the labour market is between those with vocational qualifications and those without. Lacking vocational qualifications cannot even be compensated by higher school qualifications (*Abitur*). Furthermore, the labour market chances of those without vocational qualifications have been decreasing over the past decade. These findings confirm the high signalling power of occupational qualifications which reflects that school-to-work transitions are still structured by the principle of occupation (Giesecke et al. 2010). Thus access to vocational training is the most decisive gatekeeping process when it comes to future labour market chances.



Figure 6: Unemployment of people aged 25–64, by education



Source: Labour Force Survey, author's presentation.

#### 4. Access to Vocational Training

As already mentioned, access to vocational training is the critical juncture in school-to-work transitions. In the literature on the German vocational training system there is broad consensus that opportunities with regard to access to vocational training are unevenly distributed. As discussed in more detail below, particularly students without or only lower secondary qualifications in many cases do not manage to enter vocational training immediately after leaving school. However, formally at least for training within the dual system there are no entry requirements concerning education. In fact, low qualified youngsters – who often come from a weaker socio-economic background – are severely disadvantaged with regard to their chances of starting regular training after school. In this regard the highly stratified German school system is one institutional factor resulting in unequal opportunities or, to put it the other way around: the German VET system reinforces inequalities resulting from stratification within the German school system (Kohlrausch 2012; Solga and Menze 2013). While there is an agreement that the lower-skilled are disadvantaged on the training market, the explanations for it are highly contested: do they lack the necessary entry qualifications and are just not yet trainable? Or do they suffer from a constant shortfall of apprenticeships which excludes the most vulnerable groups from the training market? There is much empirical evidence that access to vocational training is not only structured by the certificated entry

qualification but also by socio-structural characteristics such as migrant background or social competences and personal traits (Ulrich 2005b; Ulrich 2005a; Beicht and Ulrich 2008; Kohlrausch 2011; Protsch and Dieckhoff 2011; Autorengruppe Bildungsberichterstattung 2012; Kohlrausch 2012). In what follows, we analyse patterns of access to vocational training.

#### 4.1 Structural Changes within the German Vocational Training System

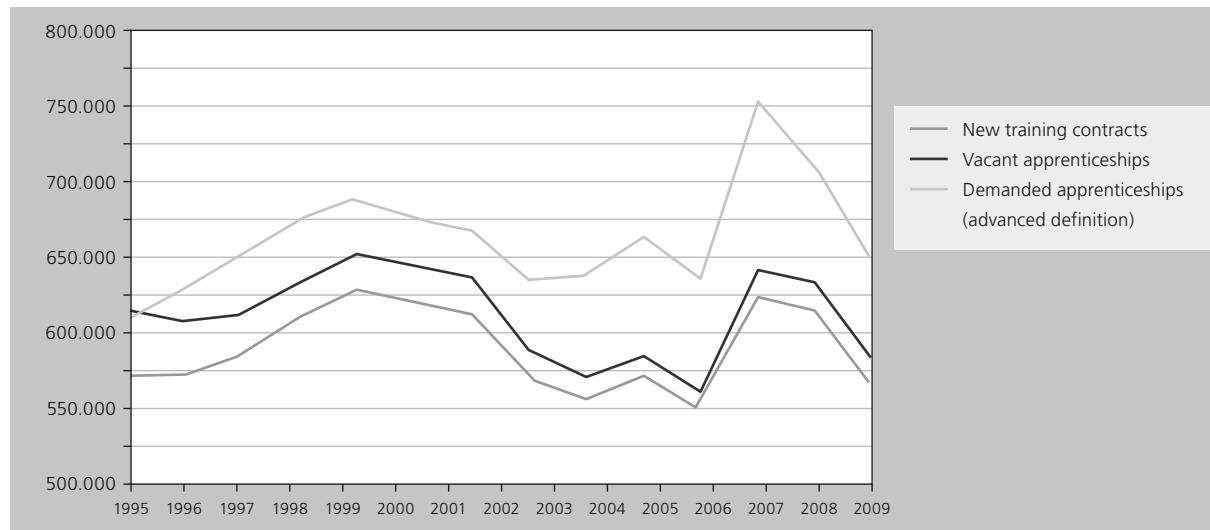
As shown in Figure 7, for more than a decade demand for apprenticeships has been above supply (Autorengruppe Bildungsberichterstattung 2010a). Here we see stronger dependencies on the economic cycle than for youth unemployment rates. The figure further shows that between 2007 and 2009, as a consequence of the economic crisis, there was a severe decline in vacant apprenticeships, which could not be balanced by the slight increase in training places from 2009 to 2011 (see also Autorengruppe Bildungsberichterstattung 2010). Despite the fact that the relationship between the demand and supply of apprenticeship places varies according to regions and occupations the overall picture remains that there is a lack of apprenticeships, which has been reinforced by the economic crisis. Since 2007 the number of vacant apprenticeships has been reduced by 7 per cent.

This lack of apprenticeship places differs in different branches. The only branches in which the supply/demand ratio of apprenticeships is positive (advanced definition) are bakers, confectioner and butchers, cooks and the hotel and catering industry. As Figure 8 shows, the percentage of labour market regions (*Arbeitsagenturbezirke*) with a disadvantageous demand and supply/ratio declined in 2007 to 2011 from 98 to 74 per cent, which means that three-quarters of labour market regions still provide an insufficient supply of apprenticeships. Regional differences between the supply/demand ratios can be explained not only by socio-structural differences but also by distinct policy approaches. For example, Eberhart and Ulrich (2011) show that in the *Länder* belonging to the former GDR there is a stronger approach towards the establishment of firm-external apprenticeships,<sup>3</sup>

3. These are »predominantly publicly-financed training places (external vocational training) which the Federal Employment Agency and Germany's *Länder* (federal states) created as an alternative for youths who are socially disadvantaged or suffer disadvantages in the marketplace.« (Ulrich, Krekel, Flemming 2005)



Figure 7: Demand and supply of apprenticeships

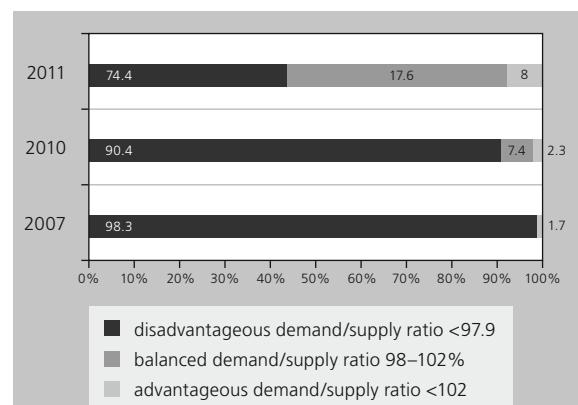


Note: \* Advanced definition includes young people in training measures of the transition system but maintaining an interest in starting full training within the dual system.

Source: Autorengruppe Bildungsberichterstattung 2012, figure E2-1, author's translation and presentation.

which makes the apprenticeship market more efficient and corresponds better to the demands of young people seeking full training (see also Ulrich 2013). In contrast, in the western part of the country training policies focus on the establishment of training schemes belonging to the so-called transition system. The authors argue that the reason for this development lies in distinct »institutional rationales« in both parts of the country. After the breakdown of the GDR it was widely acknowledged that the institutional structure in this part of the country was too weak to provide sufficient apprenticeships – it was accepted that the problem of a lack of apprenticeships was a structural one. Consequently, the problem has been faced at the structural level by creating more firm-external apprenticeships. In contrast, in the western part of the country the training system was not affected by the breakdown of the GDR which led to a situation in which fewer and fewer training slots could have caused a basic problem of legitimacy. As a result, the problem was »solved« on the individual level by arguing that increasing numbers of young people are not »ready« for training yet and need further preparation before starting training in the regular VET system.

Figure 8: Regional differences: share of labour market regions with disadvantageous, balanced and advantageous demand/supply ratios



Source: Autorengruppe Bildungsberichterstattung 2012, figure E2-4A.



## 4.2 Training Policies: The Establishment of the Transition System

In response to the enduring crisis on the apprenticeship market the government has been implementing an increasing number of schemes meant to prepare people for regular vocational training, the so-called transition system (Baethge, Solga et al. 2007). This term encompasses all kinds of training, education and labour market schemes meant to facilitate the transition from school to training, but do not provide approved vocational qualifications. The bulk of the schemes are organised by job centres, public providers (which are publicly assigned) or vocational schools. Despite the denomination »transition system«, which implies that these schemes foster transitions to training, there are no systemic linkages to the regular training system as the schemes of the transition system are, for example, not tied to the guaranteed opportunity to start regular training afterwards.

With regard to their content the schemes provided can be categorised according to four main objectives (Kohlrausch 2012):

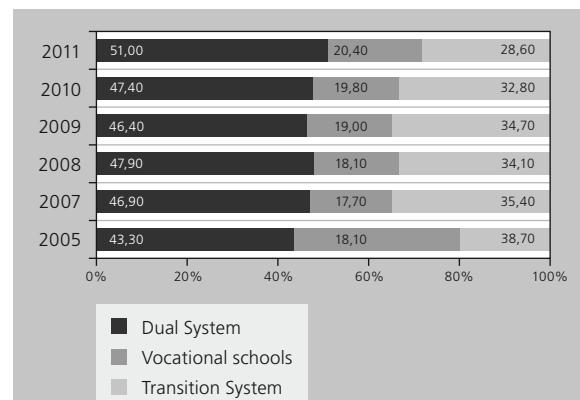
- Second chance qualification: young people without or only low secondary qualifications are given the possibility to make up for this. They can attain low or mediate secondary qualifications, often combined with more occupational-oriented skills. However, the occupation-specific skills are provided in schools and do not focus on a particular occupation but rather on a certain labour market sector (Autorengruppe Bildungsberichterstattung 2010b).
- Vocational orientation: these schemes seek to improve the participants' trainability by focussing on individual deficits such as low numeracy or literacy, as well as on social problems, such as drug addiction. Furthermore, young people receive application training or do internships in order to get a better idea on their occupational interests and competences (Bundesministerium für Bildung und Forschung 2005).
- Vocational preparation: low level occupational qualifications are provided. The qualifications can sometimes be approved as part of regular training. Here again the provided skills are, even though occupationally oriented, more general or very basic.

- Prevention: an increasing number of schemes are already implemented in general schools in order to facilitate transitions from school to (full) training (Solga et al. 2010).

## 4.3 Fragmented Transitions to Regular Training

As Figure 9 shows, in 2011 nearly 30 per cent of young people entering the vocational training system started in the transition system. This is not a temporary development: already in 1995 30 per cent of inflows into vocational training were inflows into the transition system. Thus, the high number of entries into schemes of the transition system in recent years reflects a stable development: the transition system has become a third pillar of the vocational training system in Germany.

Figure 9: New entrances in the three sectors of the vocational training system

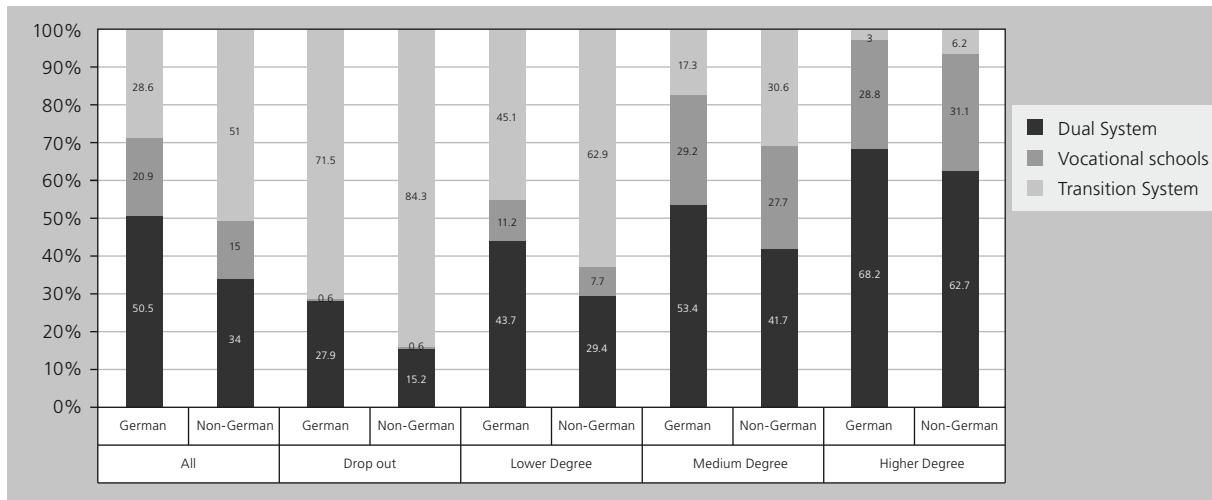


Source: Autorengruppe Bildungsberichterstattung 2010a, 96.

The growing institutional diversification of the system stratifies young people according to their educational and ethnic background (see Figure 10). In general, the chances of entering regular vocational training are higher for Germans than for their non-German counterparts. These differences cannot be explained by the lower level of qualifications of non-German youngsters: at all levels of qualification the chances of starting regular vocational training are higher. There is much empirical evidence that not only non-Germans but students with a migrant background have unequal chances of starting vocational training. One reason for that is that in the dual system the employment decision is taken by firms, which tend to discriminate against students with a migrant background



Figure 10: New entries in the three sectors of the vocational training system according to sex and nationality in 2010



Source: Autorengruppe Bildungsberichterstattung 2010a table E1-8web.

(Imdorf 2008; Solga and Menze 2013). The figure further shows that the lower qualified face severe problems entering the regular training system: 73.5 per cent<sup>4</sup> of school drop outs, 47.4 per cent of those with lower secondary qualifications and even 18.3 per cent of students with medium secondary qualifications enter schemes of the transition system after leaving school. Thus, despite the fact that there are no formal entry requirements for training within the dual system lower qualifications are a necessary but, in many cases, no longer a sufficient condition for starting regular training after school. Students without qualifications are likely to be permanently excluded from the training system (and labour market) (Baas et al. 2011). This development reflects a devaluation of lower school qualifications in Germany (Solga and Wagner 2007).

As mentioned above, assessment of the efficiency of the schemes of the transition system is highly contested. Many authors are critical of whether the system effectively facilitates transition to training or whether it is just a parallel system to provide youngsters who would otherwise end up unemployed with at least some alternative (Baethge 2008a). Furthermore, the distinct schemes of the transition system are not very well coordinated, which makes them look rather like a labyrinth than a system (Münk 2008). Young people attending several

schemes in the transition system cannot systematically develop their qualifications (Kohlrausch 2010). In this regard the system is often described as a waiting loop for those who, due to low numbers of apprenticeships, did not manage to start regular training immediately after school. Recent longitudinal analyses of school-to-work transitions confirm this perception. Approximately 6 per cent of young people holding lower secondary degrees who left the general school system in 2002 stayed longer than 30 months in the transition system; one-quarter of them are unemployed. Even though the risk of a long stay in the system gets worse for the lower-qualified, recent research on transition patterns conclude that half of all young people entering the system never start fully qualifying training (Autorengruppe Bildungsberichterstattung 2008: 165–168; Baethge 2008b; Seibert and Kleinert 2010). At least for some people the transition system has more to do with »storage« than qualifications (Solga 2003: 728). Solga (2005), for example, shows in her studies that these schemes sometimes have stigmatising effects since potential employers perceive these young people as being less capable than those from regular schools (see also Solga, Kohlrausch et al. 2010). The chances of starting regular training after attending schemes under the transition system are not only structured by socio-economic characteristics but also by the quality of the schemes themselves. Here, many studies have shown that schemes which provide long-term internships are particularly successful. Apparently, intern-

4. these numbers include German and non-German students



ships contribute to the mitigation of discredit mechanisms because they encourage employers to become aware of the students' individual capabilities. Internships seem to be a good instrument particularly for the lower-skilled to reduce existing prejudices in the personal interchange with employers and to be judged by their actual achievements. These processes are defined as »bonding effects« (*Klebeeffekte*) (Solga et al. 2011; Baas et al. 2012; Kohlrausch and Solga 2013).

However, employer representatives in particular claim that many applicants for apprenticeships lack the necessary level of trainability after leaving school and therefore have to attend preparatory schemes before being able to start regular training (Deutscher Industrie- und Handelskammertag 2010). According to the Nationaler Pakt für Ausbildung und Fachkräftenachwuchs Deutschland (2010) »lacking trainability« is defined as follows (Kohlrausch and Solga 2013):

- cognitive deficits: insufficient cognitive abilities and/or academic knowledge;
- non-cognitive deficits: lacking social abilities or motivational deficits;
- deficient ability to make an adequate career choice (*mangelnde Berufswahlreife*).

It may be true that at least some students leaving lower secondary schools are skilled on a very low level and are probably not able to meet the requirements of vocational training. However, there is much empirical evidence that transitions odds cannot be sufficiently explained by qualifications. At least for those with only lower qualifications (as an indicator of academic knowledge) the level of cognitive competences has no influence on transition odds. Also, most students are very motivated to start regular training after leaving school (Kohlrausch and Solga 2013). Moreover, at least for those with medium qualifications – of which 18 per cent start schemes under the transition system after school – one should expect sufficient »trainability«. In this regard lacking trainability is not a satisfactory explanation of the emergence of the transition system. For young people starting schemes under the transition system this means that they have to acquire trainability without really lacking it (Eberhard and Ulrich 2011).

## 5. Policy Advice

In this paper we have shown that access to vocational education is the most crucial point with regard to long lasting labour market integration in Germany. Consequently, training and labour market policies for the young should prioritise the integration of young people into regular vocational training rather than into schemes of the transition system. The following steps would help to achieve this goal:

- *Improving primary education:* The school system lets young people down. Particularly those leaving the system with no or lower secondary qualifications are not sufficiently equipped with the necessary »entry ticket« to enter the regular training system. In this regard, the preliminary education within the school system has to be improved and stratification within the system needs to be reduced. Since lower school qualifications have been devalued, in the long term education policies should aim to qualify as many students as possible, at least at the medium secondary school level.
- *Establishing stronger links between schemes of the transition system and the regular training system.* Schemes under the transition system are often designed more or less independently of the regular training system, which leads to a situation in which many students lose time without gaining valuable qualifications. Here, it would be helpful if qualifications gained within the framework of schemes of the transition system could be approved as part of regular training.
- *Establishing more efficient schemes.* Schemes vary with regard to their quality and there is empirical evidence that schemes establishing stronger links to the labour market are more efficient. Thus, if young people have to attend schemes, these schemes should provide intensive contact with potential employers – for example in the form of long-term internships. This allows employers to assess the capabilities of young people who are disadvantaged on the apprenticeship market due to socio-economic characteristics.
- *Guaranteeing access to regular training.* Given that due to the low standards of school education some school leavers lack the necessary preconditions to start regular training, steps to accomplish the necessary trainability should be organised in a comprehensive way. More-



over, once students have successfully attended a scheme improving their trainability they should have guaranteed access to regular training.

- *Focus on firm external apprenticeships rather than schemes of the transition system.* Particularly in the eastern part of Germany, where industrial structures in many regions is weak, politicians have more often implemented firm-external apprenticeships than schemes of the transition system. This strategy tends to make the apprenticeship market more efficient and should be given priority.



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