

SUMMARY OF THE PEER REVIEW ON

“The dual training system - Integration of young people into the labour market”

Berlin, 24-25 September 2012

1. INTRODUCTION

The Federal Ministry of Labour and Social Affairs in Germany hosted a Peer Review in Berlin that brought together ministry officials, social partners and independent experts from twelve countries (Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, Greece, Ireland, Latvia, Lithuania, Netherlands and Spain), as well as representatives from the host country, and from DG Employment, Social Affairs and Inclusion at the European Commission.

Germany presented its dual training system as well as two measures specifically designed to support the integration of disadvantaged young people into dual training and the labour market. The dual training system in Germany has a long tradition, providing recognised and highly valued qualifications in around 340 recognised occupations, through a system of training which combines workplace experience and practice with vocational college based education. The dual training system is widely considered to be one of the backbones of Germany's economic success and its ability to maintain low levels of youth unemployment, even during the economic crisis.

This summary draws on the contributions from national independent experts and government officials during the meeting. The papers prepared by independent experts from the Host and Peer Countries in advance of the meeting provide a more detailed elaboration of the issues mentioned in this summary and can be found on the website of the Mutual Learning Programme, <http://www.mutual-learning-employment.net/>. A table summarising the assessment of the Host Country example by the independent experts from the Peer Countries is also available on the website.

2. EUROPEAN POLICY CONTEXT

The rise in unemployment among young people has become a serious concern across Europe, being in some countries around twice as high as the rate for the total working population throughout the last decade. As a result of the crisis, the share of youth unemployment has increased even further in many countries of the European Union. Europe is facing a period where despite the growing proportion of young people enrolled in education, a large number of young Europeans are leaving the education and training system without the necessary skills needed to secure employment and higher levels of youth unemployment are being recorded in many Member States. The economic crisis has contributed not only to job losses, but also to lowering employment opportunities for young people in most EU countries.

The adoption of measures and initiatives to support the implementation of quality apprenticeships/traineeships and to increase the engagement and participation of employers and young people in apprenticeships, has been a core component of policies supported by various European instruments such as the ESF. There is a consensus that high quality vocational education and training, particularly insofar as it includes a strong aspect of work-based learning, assists in smoothing the transition of young people from education to the labour market.

Some of the key initiatives by which the European Commission encourages Member States to promote more apprenticeships and other forms of work based learning are:

- The [Bruges Communiqué](#) (December 2010): Enhancing European cooperation in VET. Under this initiative it was agreed that ‘Governments, social partners and VET providers should make the necessary arrangements to maximise work-based learning, including apprenticeships,;
- The [Youth Opportunities Initiative](#) (December 2011) aiming to promote youth employment through increased mobility, stronger partnerships between public authorities and social partners at all levels and a greater use of the European Social Fund.

In addition, as part of the [European semester](#), 16 Country Specific Recommendations focusing on VET and the need for reform have been issued to Member States in July 2012. A similar message is also likely to be included in the "Rethinking Education" package and the "Youth package" (forthcoming Autumn 2012).

To further develop youth employment policies, the European Council agreed at its informal meeting of 30 January 2012 that Member States should “*substantially increase the number of apprenticeships and traineeships to ensure real opportunities for young people in cooperation with social partners and where possible integrated in education programmes*”. To systematically address the situation of young people, Member States have been invited to develop and implement comprehensive initiatives on employment, education and skills.

What is clear is that the success of the European strategy does not depend on a single player but on the involvement and commitment of all the stakeholders. Strong partnerships of public authorities working in close cooperation with social partners are needed to jointly design curricula, define competences profiles and ensure mutual exchange of information on the employability of VET graduates.

3. THE HOST COUNTRY EXPERIENCE

The German dual training system

In Germany, youth unemployment is low compared to the European average. This is undoubtedly partly due to the favourable economic situation and demographic development of the country, but also to its vocational education and training system dominated by the system of “dual training” (apprenticeship-type training involving a combination of in-company and school-based training). The dual training system has proved to be very successful in maintaining low levels of youth unemployment and enabling young people to smooth their transitions to the labour market.

The **dual training system** provides qualifications for recognised occupations in different sectors through a combination of workplace experience and vocational college based education. The emphasis on practice work experience through in-company training and placement is one of the facts that differentiate the dual training system from training models in other countries, as it allows trainees to familiarize with the technological and organizational aspects of companies giving them a more ‘real’ perspective of the work environment. Dual training in Germany is considered as a high value pathway into the labour market leading to qualified jobs but also opening up further training opportunities in higher education. Around 66% of each youth cohort leaving general education engage in dual training^[1].

^[1] Federal Ministry of Education and Research (2011), Dual Training at a Glance,

Workplace training in the dual system needs to be based on the **training regulations**, which establish the duration and content of the training, as well as the minimum requirements to obtain official state-recognition of the occupation (around 349 recognised occupations).

In terms of governance, the **strong involvement** of the different stakeholders is a key success factor of the German dual apprenticeship. Social partners play an important role in determining (new) job profiles required and regularly updating curricula. Furthermore, at local level, vocational education providers have links with important employers to ensure that their specific requirements can be met through college based training provision. Chambers of commerce play a role in ensuring the quality of in company training in the dual system.

The dual training system has proved to be an advantageous tool for both young people and industry. Many employers see offering apprenticeships as a way of preventing future shortages of skilled staff, which are likely to emerge as a result of demographic change. Evidence from Germany shows that the benefits of employing an apprentice (in terms of their productivity) begins to outweigh the costs of training from the second year of placement. In addition, former apprentices are valued because they are already familiar with the culture and processes of the organisation, which at the same time increases their motivation. On the whole, around 60% of former apprentices are offered a job after completion of their training.

Company example – Deutsch Bahn (DB), a major provider of dual training

The rail company Deutsch Bahn (DB) employs about around 200,000 persons in Germany and trains about 10,000 apprentices spread across 25 occupations in the field of transport, technology, commerce and IT.

Around 3.000 new apprentices start every year as this number is set to meet internal demand - about 95% of apprentices who have successfully completed their training are eventually recruited. At DB, in addition to the “standard” dual training (combination of in-company training and training in vocational school), expert training is provided to apprentices by DB training department. There is an important focus on social competences and methodological capacities to foster the personal development of apprentices.

The relative decrease in the number of applicants for apprenticeship positions means that DB is also considering taking on young people who are by common standards, not fully prepared for undertaking an apprenticeship. DB has also developed “Chance+”, a pre-vocational programme for disadvantaged young people who get special support during their first year of training; about 200 young people enrol in this programme every year. More generally, with a view to meet current and future demand, DB has been working on improving its image among young people through ads in the press, job fairs, social media or via cooperation with schools and public employment services.

The “National Pact” and related measures to support transition from school to training

In response to a severe shortage of apprenticeship training places in 2004 in Germany, the ‘National Pact for vocational training and promoting next generations’ specialists’ was signed on 16 June 2004 by the employers’ organisations, the federal Government and the Länder. The aim of this pact was to offer all young persons interested in vocational training the availability of apprenticeship placements. Beyond the shortage of apprenticeship training the

“National Pact” intended to respond to demographic trends and the expected shortage of specialists in Germany. That “National Pact” was signed for a period of three years (2004-2007) and has meanwhile been updated twice; the latest version covers the years 2010 to 2014. For the first National Pact-term 2004 to 2007, companies offered 30.000 additional apprenticeship training places and 25.000 places for a firm based pre-training-year. This Pact, and its re-incarnations since then, has generally been considered to be successful as it has attracted additional employers to offer training places in the dual system.

In Germany, the shortage of apprenticeships placements results in the “creaming” of the best performing students and the exclusion of a group of disadvantaged young people from the dual training system. Germany has sought to solve this challenge in various ways, first of all by seeking to increase the number of apprenticeships placements within the above-mentioned Training Pact, as well as through the provision of pre-vocational programmes preparing young people to enter apprenticeships and vocational guidance and mentoring to ease the transitions of disadvantaged young people from general education to the dual training system.

Germany has put a lot of effort in supporting individuals’ transition from school to training as it is at this early stage, when a significant part of the labour market matching takes place. The Federal Ministry of Labour and Social Affairs has put in place two measures intended to support young people to gain the relevant qualifications and competences to become more competitive for the apprenticeship system, as part of the “National Pact”: *Einstiegsqualifizierung* (pre-apprenticeship training) and *Berufseinstiegsbegleitung* (intensified vocational guidance and support).

- The “*EinstiegsQualifizierung*” (EQ) scheme or pre-apprenticeship training was piloted between 2004 and 2007 and subsequently mainstreamed to provide six to twelve months in company pre-apprenticeship training to qualify young people for entry into apprenticeship into the dual system. The scheme brings together representatives of employers’ organisations, various government ministries and other education sector stakeholders and sets thematic and quantitative targets for the creation of additional EQ and dual apprenticeship placements. The measure is targeted to young people which were unable to obtain an apprenticeship contract in the dual systems (even with the help of the PES); young people who do not fulfil the requirements for apprenticeship training and socially disadvantaged applicants.
- The German mentorship scheme (*Berufseinstiegsbegleitung*) provides a more intensified counselling and guidance support to poorly performing students from the penultimate year of schooling at lower secondary level until two years after general schooling or up to six months after entering apprenticeship training. This instrument supports these students to obtain at least a basic school leaving qualification, to obtain vocational orientation to develop an appropriate vocational choice, to ensure a successful apprenticeship search strategy and to stabilise them for the first six months into their apprenticeship. This support is provided through “mentors”, which work directly with young people at a ratio of a maximum of 20 mentees per counsellor. Although evaluation results have not yet been obtained, what is clear is that for such measures to be successful, counsellors or mentors have to have access to significant networks among employers, schools, training bodies, the community, as well as parents in order to be able to offer constructive advice and solutions. A degree of continuity in support and personnel is also required to establish trust and prevent disadvantaged young people from feeling abandoned during their integration process.

4. DISCUSSION AND LEARNING

The Peer Review provided an opportunity for a fruitful exchange between participants who expressed a genuine interest to compare national practice to the German model of dual training. The high level of interest in the German dual system, which was evident at the Peer Review, can partly be attributed to the apparent success of such system in smoothing transition from school to work, even during economically difficult periods. Indeed, the role played by the dual training system can explain why Germany has faced in recent years much lower youth unemployment rates than other European countries; however, it is undeniable that the wider economic and labour market situation of the country also affects the range of opportunities available to young people.

The potential of apprenticeships is still not fully exploited in most of Peer Countries

During the Peer Review, it was noted that one of the key success factors of the German dual system is its high reputation and long tradition and apprenticeship is a popular choice among young people (and indeed their parents). Across the Peer Countries, vocational education and training and apprenticeships in particular are often not considered as a high value pathway into the labour market and there is a weaker tradition of using apprenticeships to foster school-to-work transitions, except in Austria where a similar long-standing tradition can be found.

On the whole, in regard to their approach to apprenticeships, four different “models” could be distinguished among Peer Countries:

- In some countries, a recognised apprenticeships system is in place but is not the main mode of delivery of VET and is not chosen by a large segment of each youth cohort. This includes for example the Netherlands, where the largest segment of the VET system, called professional education, is school-based and includes a practical period of training spent in enterprises which forms 20% to 59% of the study time, while the apprenticeship pathways (*beroepsbegeleidende leerweg*) which involves training in a company during at least 60% of the study time is concentrated in some sectors such as technical sectors, health and care. In Finland, apprenticeships are traditionally associated with adult education.
- In other countries, highly regarded apprenticeship systems exist but are confined to craft sectors. For example in Croatia the apprenticeship scheme is comprised of 50% practical training (70% performed in businesses in trades and crafts sector and 30% in school workshops) and 50% theoretical training; in Ireland, the Apprenticeship Programme covers 25 recognised technical or craft professions.
- In several countries, existing apprenticeship systems are small-scale. In Greece for example, Apprenticeship schools (*Epagelmatiki Sholi, EPAS Mathiteias*) are run by the public employment service (OAED). In countries such as Belgium, Estonia or Lithuania, such small-scale apprenticeship systems tend to be regarded as a pathway of “last resort” for young people. In Estonia, the apprenticeship programme is a fairly new addition to the VET system; it was introduced in 2002 and originally intended for drop-outs or students or pupils with low academic levels. Apprenticeships have been successful in the retail and services sectors but the overall popularity of the scheme has been rather modest. In Belgium, the existence a several forms of apprentices-type schemes and the lack of transparency for employers is an obstacle to the development of this type of training.
- Some countries currently do not have recognised apprenticeship systems as the work-based component of vocational education training is delivered through internships (included in the curricula of school-based VET). This situation is found in the Czech Republic, Latvia or Spain.

Discussions during the Peer Review have highlighted that particularly in countries where there is a poor image of the vocational route in society and apprenticeships are considered a residual pathway, vocational guidance counsellors, schools and PES can play a role in raising awareness of the value of apprenticeships both among students and parents, but this must go hand in hand with measures to improve the quality and standing of this pathway.

Developing more work-based VET to enhance the quality of VET and ease school-to-work transitions has already become recognised as a priority in various Peer Countries with different VET systems such as Finland, Latvia or Spain. In Spain for instance, recent and forthcoming reforms aim to incorporate elements of the ‘dual system’ model in VET. The Law 3/2012 on labour market reform removed some limitations that existed regarding the adoption of ‘training contracts’ of a duration of 1 to 3 years that aim to professionally qualify workers through the combination of paid work and vocational training while new legislation currently under discussion is expected to develop the bases of a Spanish dual system.

One of the key factors explaining the strong reputation of the German dual training model is that the fact that social partners are strongly engaged in the governance of the apprenticeship system and employers are key actors in the delivery of VET training; this is still seen as an important area for improvement in many Peer Countries.

A general challenge for all Peer Countries, as well as for Germany, is to ensure that enough apprenticeships or training placements are available

In many countries, even those with a relatively developed apprenticeship system, the availability of suitable placements for apprenticeships or to gain workplace based experience is still considered insufficient. The decrease in the number of training places offered by employers is largely explained by the negative economic context. But in some countries such as Croatia, the insufficient number of in-company trainers prepared to tutor apprentices is seen as a structural obstacle limiting the capacity of the apprenticeship system.

In Germany, the voluntary instrument of the National Training Pact has been used to ensure employers offer a sufficient number of apprenticeship placements.

Subsidies are also being used in a number of countries to encourage employers to offer training placements. These either cover (part of) the cost of apprentices’ remuneration or any associated social security or insurance costs. For example in Finland the apprenticeship subsidy for employers has been raised to 800 € per month as part of the Youth Guarantee. Increasing emphasis is being placed on the proper targeting of such subsidies to adverse long-term effects or perverse incentives. In Spain, employers that offer “training contracts” can benefit from reductions in their social security contributions during and after the duration of the contract if they retain the worker.

Some measures taken specifically focus on the smaller and micro companies which often find it difficult to commit to offering placements, especially during difficult economic times. The Austrian Public Employment Service is for instance offering support for SMEs to establish “training clusters” to allow them to use their joint bargaining power to source suitable training for their trainees. In the Netherlands, the possibility has been created for “rotating traineeships”, which means that one employer is no longer required bear the cost of training and offering experience on their own.

In some Peer Countries, other types of strategies have been used to ensure that every young person gets a training place despite of the shortage of apprenticeship places.

- In Austria, additional training opportunities in supra-company training centres (an option also available in Germany) have been created to ensure the fulfilment of the training guarantee. (*Ausbildungsgarantie*). This guarantee intends to assure that all school graduates who cannot find a company-based apprenticeship are given the opportunity to learn an apprenticeship trade, for a maximum duration of three years in supra-company training centre (*Überbetriebliche Ausbildung / ÜBA*), financed by the Public Employment Service.
- In the Netherlands, students who cannot find an apprenticeship placement can attend school-based VET, which gives access to the same VET qualifications than the apprenticeship pathways; VET schools are obliged to take on board every pupil and are

responsible for finding in-company training placements to students, in some cases shared between companies and school (special trainee workplaces).

Disadvantaged young people need support to engage in apprenticeship-type training

Pre-vocational programmes

This type of measures is generally not as developed in Peer Countries as in Germany, also due to the fact that their VET and/or apprenticeships or systems are both less attractive and less selective. In the Netherlands, while specific “learning and work places” are provided to young people who are not able to access VET, the strong role played by school-based VET limits the need to introduce special programmes for guiding and facilitating the access to apprenticeships.

However, some example of programmes helping young people to engage in work-based learning or apprenticeship-type training can be found in Austria. The so-called integrative iVET (*Integrative Berufsausbildung*) supports disadvantaged young people to acquire a VET qualification while *Produktionsschulen* focus on dropouts from education or apprenticeship or disadvantaged young people with special educational needs and seek to support the reintegration into education or training or integration into the labour market.

In Finland, some measures supporting young pupils’ transition to VET could be compared to German pre-training schemes. For example, “flexible general education curriculum” aims to prevent social exclusion and enhance the academic skills of a young at risk of underachievement or exclusion from VET. The curriculum emphasises the learning-by-doing pedagogy and pupils are provided with support from teachers and social and health workers to build a tailored career plan.

Vocational guidance and mentoring

Many Peer Countries have invested significant resources to seek to reduce the length of transition between general education and VET, through improved guidance and mentoring, in a similar way than Germany. Placement and vocational guidance services are in some cases coordinated by the PES and are either delivered internally or through external providers. In Finland, the new Youth Guarantee foresees the delivery of more intense vocational guidance to young people and includes different elements such as job coaching. The new Career Start programme (*ammattistartti*), piloted since 2006, is organised by vocational schools and includes intensified hands-on guidance, work try-outs and learning by doing. The programme lasts between 15 and 40 study weeks, with 5-15 study weeks devoted to career planning skills and work experience.

In some Peer Countries, vocational guidance is provided to all pupils, without any explicit target group, for instance in Croatia and Czech Republic. In other countries, examples of interventions focusing on disadvantaged young students can be found, for instance the “active vocational guidance” which was offered in Greece by the PES and targeted low-performing students aged 14-18 years.

Another measure discussed during the Peer Review that generated significant interest among participants was the German mentorship scheme. This scheme provided a good illustration of how that mentoring can be a successful approach to empower young people to engage in apprenticeship-type training. Close informal ties between the mentor and the young person have been identified as a key success factor, while getting on the parents on board is another important prerequisite. A degree of continuity in support and personnel is also required to establish trust and prevent disadvantaged young people from feeling abandoned during their integration process. However, the cost of such comprehensive support measures may limit its transferability to other countries.

In the Netherlands, a mentoring system used to be in place, but was discontinued as it was found that beneficiaries were too dependent on individual support in the long-term. A similar measure currently tested in Austria is Youth Coaching (*Jugendcoaching*) which started in

January 2012 as a pilot project in two Austrian provinces. The purpose of the measure is to help disadvantaged young people (e.g. NEET or at risk of becoming NEET) to decide on a suitable training and/or career path and supports personal stabilisation.

As young people with multiple challenges (e.g. relating to their school performance, social or migrant background, health status etc.) are most likely to struggle in obtaining satisfactory school performance and develop contact with potential employers, a holistic approach to addressing these challenges through guidance and mentoring is often required. However, such multi-disciplinary, joined up approaches remain rare.

Flexible curricula

It was also highlighted through the discussions at the Peer Review that the flexible provision of vocational training and apprenticeship, including a modularised form with certification of partial VET can offer a solution for young people whose training process might be interrupted or who may require additional time to complete a curriculum.

5. CONCLUSIONS

The main conclusions of the discussions held at the Peer Review are summarised in turn below.

- **Smooth school to work transitions require positive educational outcomes and strong workplace based experience:** EU level policy guidance highlights the value of dual training approaches and calls upon Member States to increase the availability of training opportunities which successfully combine theoretical vocational education with practical work experience. It is widely acknowledged in available data, research and by EU level policy makers that successful school to work transitions can be significantly supported in two ways: by ensuring young people successfully complete at least a basic level of secondary schooling and by providing workplace based practical experience, as lack of experience and poor core skills are among the main factors why employers are reluctant to offer opportunities to young labour market entrants. The strong involvement of employers in the governance and delivery of apprenticeship training, to ensure the relevance of training curricula for ever changing workplace environments, is a key prerequisite. Therefore, various steps need to be taken to incentivise businesses to offer apprenticeships as well as to get involved in the development of VET curricula.
- **Early, individualised support can assist disadvantaged young people to access training opportunities and prevent long-term scarring effects:** The transition between school and apprenticeship and school and work are critical junctures because of the identified long-term scarring effects of long periods of unemployment early in a young person's life. What is clear is that for such measures to be successful, counsellors or mentors have to have access to significant networks among employers, schools, training bodies, the community, as well as parents in order to be able to offer constructive advice and solutions. An ever-present challenge in the delivery of such measures is to avoid indirect incentives for creaming of young people who might be easier to integrate and to ensure a safety net for those who struggle to benefit even from more intensive forms of support to ensure that no young person is left behind.

Further reports from the Peer Review will be published on the Mutual Learning Programme website (<http://www.mutual-learning-employment.net/>).