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Initial Vocational Training in Germany

1. Introduction

Overview

The public system on initial vocational training (IVT):

- In Germany, there is a dual system of vocational training, which combines training in state run schools with work-place training. About 52 per cent of school leavers in Germany complete an apprenticeship within this dual system (Hippach-Schneider et al. 2007: 26).
- The competence to organize the school-based part of the dual system lies at the level of the *Bundesländer*; the company based part of the training is regulated at the federal level. Social partners are strongly involved in the certification and standardization of skills as well as in the formulating of occupational profiles (for details see Busemeyer 2009).
- After the number of apprenticeships in the companies started to decrease since 1999, in June 2004 the social partners and the state agreed upon a pact on initial vocational training (*Ausbildungspakt*) in which the employers guaranteed to give jobs for trainees whenever possible (Hippach-Schneider et al. 2007: 14).

The role of collective labor agreements (CLAs) in IVT:

- In Germany, CLAs play an important role in the regulation of IVT. Apprentices' wages and working conditions are regulated in the normal sectoral CLAs. The sectoral CLAs on

wages also regulate the apprentices' wages (for example the *Tarifvertrag über Entgelte und Ausbildungsvergütungen* (ERA) of the metal and electronics industry in Baden-Württemberg) and the sectoral framework agreements on general working and employment conditions (*Manteltarifverträge*) also regulate the apprentices' working conditions (working time, holidays ...).

- Thus, in Germany the regulation of apprenticeship is strongly coupled with the collective bargaining system, more than for example in Austria and Switzerland.
- Generally, the collective agreements on IVT can be divided in three different types:
 - CLAs regulating the wages and working conditions of the apprentices;
 - funds which reimburse the costs of offering apprenticeships to the companies;
 - agreements to foster initial vocational training (IVT), that aim at increasing the number of apprenticeships offered and at improving the chances of trainees to be hired after their apprenticeship (*Tarifliche Vereinbarungen zur Ausbildungsförderung*).

Levels of bargaining

- Collective bargaining on regulations concerning numbers of offered apprenticeship and the salary of the apprentices takes place at the sectoral level (Hippach-Schneider et al. 2007: 21).
- Furthermore, at the company level, CLAs on the planning and implementation of IVT measures are concluded (Hippach-Schneider et al. 2007: 21).

Actors

- In Germany, all sectoral industrial unions as well as employers' associations are involved in negotiations on IVT.

Critical junctures

Definition: Critical junctures are years or time periods when important decisions on the development of the collectively negotiated IVT scheme were made.

- In the late 1990s the agreements to foster IVT (*Tarifverträge zur Ausbildungsförderung*): started to emerge in several sectors after Germany went through a period of severe youth unemployment and a lack of apprenticeships in the companies. Since then many companies committed themselves to a steady increase of apprenticeships (Beicht/Berger 2003: 13).

2. Important Collective Agreements (Examples)

- In Germany, all sectoral agreements regulate the wages and working conditions of the apprentices.
- The following agreements are special in the sense that they deal exclusively with the apprenticeship and are additional agreements to the normal sectoral agreements in those branches:
 - In the construction sector (*Tarifvertrag über die Berufsbildung im Baugewerbe, Stand 2008*): agreement since 1987, regulating all aspects of the apprenticeship. It regulates wages, additions, reimbursements (for example for travel expenses), vacations (30 days), social insurances and the processes (how and when the wages will be paid).
 - In the scaffolding branch (*Tarifvertrag über die Berufsbildung im Gerüstbauerhandwerk, Stand 2002*): agreement since 1996, regulating all aspects of the apprenticeship. It regulates wages, 13th months salary (200 EUR year one, 300 EUR year two, 450 EUR year three), additions, reimbursements (for example for travel expenses), vacations (25 days), social insurances and the processes, etc.
 - In the gardening sector (*Tarifvertrag über die Berufsbildung im Garten-, Landschafts- und Sportplatzbau, Stand 1991*): agreement for all German *Bundesländer* without Brandenburg, Mecklenburg-Vorpommern, Sachsen, Sachsen-Anhalt, Thüringen, and East-Berlin since 1977. The agreement regulates wages, social insurance, vacations, reimbursements, processes, etc.

3. Important Sectors

Agreements to regulate apprentices' wages and working conditions:

- The construction sector and related branches like scaffolding have very detailed and holistic special agreements to regulate apprenticeships. However, in most sectors apprentices' wages and working conditions are regulated in the normal CLAs.

Funds for vocational training:

- A fund to finance IVT and to set incentives for companies to hire young people after their apprenticeship exists in the construction sector. All the companies contribute to it, no matter if they actually hire trainees or not. The ones who do hire apprentices receive reimbursement (Schröer 2003: 42).

Agreements to foster IVT (*Tarifliche Vereinbarungen zur Ausbildungsförderung*):

- Most of the agreements to foster IVT were negotiated in the industry and the trade sector. In 2001 there were 85 agreements in these sectors covering 7.5 million employees (Beicht/Berger 2003: 12).
- The following sectors can be seen as the most significant examples of agreements to foster IVT:
 - In the chemical industry of the West, the employer commits to a concrete number of apprenticeships annually and sets measures to control the implementation of the agreement. These regulations were again continued for 2007 and 2010 (Beicht/Berger 2006: 10, Hans Böckler Stiftung 2009: WSI Tarifarchiv);
 - In the chemical industry of the East, the agreement mentions a minimum number of apprenticeships and measures to control the implementation. The regulations were continued for 2007 (Beicht/Berger 2006: 10).
 - In the rubber industry, the employers' association provided 1.6 million EUR in 2005 for the advancement of education. It gave 10,000 EUR to companies for each additional apprenticeship they created. In 2004, they agreed not to raise the wages of the trainees in order to hire more (Beicht/Berger 2006: 10).
 - In the metal industry *Niedersachsen* (Lower Saxony), concrete numbers of apprenticeships were set for the years 2003 and 2004. The employers' association provided one million EUR for the advancement of education. Each company which increased their number of apprenticeships received 10,000 EUR per additional apprenticeship in 2003. This was not repeated in the following years. The regulation of numbers of apprenticeships in collective agreements was continued (Beicht/Berger 2006: 11).
 - In the metal industry *Sachsen-Anhalt* (Saxony-Anhalt), there was an agreement to raise the number of apprenticeships by 20 per cent in the years 2002 and 2003 compared to 2001. This was controlled annually. In case of non-implementation there is a sanction in the form of wage raises for the trainees. These regulations were not continued after 2004 (Beicht/Berger 2006: 11).
 - In the roofer industry, companies received 1,056 EUR for each additional apprenticeship for the years 2003 to 2008 (Beicht/Berger 2006: 11).
 - In the hotels sector *Hessen* (Hesse), employers committed themselves to increase the number of apprenticeships by 5 per cent each in 2005 and 2006. Controlling takes place annually. If the goal was achieved, the wages for the trainees remained at the same level, if the employers failed to achieve, the wages were raised (Beicht/Berger 2006: 11).

- In the health care funds for technicians (*Technikerkrankenkasse*), employers committed themselves to provide 200 apprenticeships (increase of 150 per cent). In return the wages of the trainees were lowered.

4. Structure, Organization, and Mode of Administration

Funds to finance apprenticeships:

- In 1977, the construction sector created a fund which reimburses the costs of apprenticeships to the companies hiring trainees. This is managed through the fund for holidays and wages of the construction industry (*Urlaubs- und Lohnausgleichskasse der Bauwirtschaft*, ULAK). All companies of the construction sector contribute to this fund, even if they do not train. The companies educating trainees receive the costs for the wages and social security of the trainees, as well as fees for educational centers etc. (Schröder 2003: 42).

Agreements to foster IVT (*Tarifliche Vereinbarungen zur Ausbildungsförderung*):

- The agreements to foster IVT have started to emerge in late 1990s after the country went through a period of severe youth unemployment. These agreements serve two purposes: the creation of new apprenticeships in the companies and the securing of a long term employment for the trainees after completing their education, but very often, the agreements only focus on the latter (Beicht/Berger 2003: 13). However, these agreements turn out to be successful only if they include concrete numbers of apprenticeships to be created, a tool to control the implementation of the regulations and sanctions in case of non-implementation. Most of the agreements did not contain such instruments and therefore the success rate of these agreements varies greatly (Beicht/Berger 2003: 16). In the year 1997 these agreements came to a peak in quantity, since then they have decreased in numbers as well as in bindingness (Beicht/Berger 2003: 24).
- Two examples are:
 - The chemical sector, with the agreement *Zukunft durch Ausbildung* of 2003, in which:
 - employers were committed to increase the number of apprenticeships in 2004 by 1.7 per cent compared to the previous year (Beicht/Berger 2003: 18);
 - in case of shortfalls, direct new negotiations are planned (Beicht/Berger 2003: 18);
 - recommendations of the partners and measures to secure the creation of apprenticeships (Beicht/Berger 2003: 18).
 - The metal industry *Niedersachsen* (Lower Saxony), with the agreement *Tarifliche Ausbildungsinitiative* of 2003, which rules:

- the provision of 1,107 apprenticeships in 2003 and 2004 (Beicht/Berger 2003: 18);
- the advancement of trendsetting training within the IT-professions (Beicht/Berger 2003: 18);
- and it includes both regulations to increase the number of apprenticeships and regulations to hire the trainees after their apprenticeship is completed (Bispinck/Kirsch 2003: 28).

5. Role of the State: Financial Support, Legislation, and Extension Procedures

- In 2004, the state and the peak organizations of the economy agreed upon the pact on initial vocational training (*Ausbildungspakt*) for three years. In this pact, the employers commit themselves to create new apprenticeships in close cooperation with the *Bundesländer*, to improve the negotiations and to keep in mind the interests of the trainees (Hippach-Schneider et al. 2007: 15).
- The Federal Ministry of Education and Research (*Bundesministerium für Bildung und Forschung*) runs the program JOBSTARTER which strives to improve the local structures of IVT (Hippach-Schneider et al. 2007: 15).

6. Financial Structure of the Collectively Negotiated Scheme

- In general, companies bear the costs of the on the job training and the wages of the trainees (Hippach-Schneider et al. 2007: 27).
- In the construction sector, the fund reimburses the costs for the companies hiring trainees.

7. Benefits and Measures of the Collectively Negotiated Schemes

Agreements to regulate apprentices' wages and working conditions:

- CLAs regulate the wages of the apprentices for all three or four years of their apprenticeships. The amount may vary between the different *Bundesländer* or regions. In average they amount to about a third of the starting salary for a fully educated worker (Hippach-Schneider et al. 2007: 27). In average the starting wage in the first year varies between the different sectors between around 500 EUR (textile industry east), and 770 EUR (banking) (Hans Böckler Stiftung 2009a: WSI Tarifarchiv).

- For instance, the CLA of the clothing sector in West-Berlin mentions: first year: 559 EUR, second year: 605 EUR, third year: 651 EUR per month. The CLA of the energy sector (NRW): first year: 637 EUR, second year: 735 EUR, third year: 833 EUR, fourth year: 931 EUR per month.
- The CLAs regulate additional compensation for overtime hours, for special difficulties (*Erschwerniszuschläge*), holidays (Christmas, New Year), reimbursements for intercompany trainings (travel expenses), and vacations (between 25-30 days per year).

Agreements to foster IVT (*Tarifliche Vereinbarungen zur Ausbildungsförderung*):

- The agreements to foster IVT aim at two goals: increasing the numbers of apprenticeships the companies offer, on the one hand, and improving the chances for an employment after the education is completed within the educating firm, on the other hand. The objective is that the employer gives the trainee a job after apprenticeship (Beicht/Berger 2003: 13).

8. Coverage Rates of the Collectively Negotiated Schemes

- In 2001, the collective agreements to foster IVT covered about 10.7 million employees, which is equivalent to 38 per cent of the people with social insurance (Beicht/Berger 2003: 12).

9. The Politics Around the Collectively Negotiated Schemes

Linkages to Public Reform Policies

- As the economic performance of Germany decreased, the number of apprenticeships went down and with it, youth unemployment increased in the years after 2000. The Social Democrats (*Sozialdemokratische Partei Deutschlands*, SPD) and the Confederation of German Trade Unions (*Deutscher Gewerkschaftsbund*, DGB) proposed the creation of a national financing mechanism, which would redistribute money from the non-training companies to those who offer apprenticeships (*Ausbildungsumlage*) in order to decrease the financial burden of educating and to set incentives for companies to hire more trainees (Busemeyer 2009: 151).
- The Liberal Party (*Freie Demokratische Partei*, FDP) and the Christian Social Union of Bavaria (*Christlich-Soziale Union*, CSU) were against this mechanism and argued that this would lead to a completely state run education, and that this would be an impractical solution. But also the SPD, the Greens and the unions did not jointly support the reform. It

failed because of a lack of willingness within the left-wing forces, which at the time had the majority in the parliament (Busemeyer 2009: 153).

- The result was the signing of the *Ausbildungspakt*, which was a much weaker form of advancement of apprenticeships and worked on the basis of an agreement between the state and the economy. The pact aimed at creating 30,000 new (not additional) apprenticeships. As a consequence, in times of an overall decrease in the total number of apprenticeships between 2004 and 2005, the pact's goal was seen as achieved (Busemeyer 2009: 156).
- A new mechanism which was created through the *Ausbildungspakt* is an entrance qualification which can be done within a company in the form of an internship of six to twelve month, the employer pays 192 EUR and social insurance (Busemeyer 2009: 156).

Linkages to Wage Agreements and Wage Policy (e.g. Wage Restraint, Tripartite Agreements) and Other Agreements

We have not found any evidence.

10. Recent Developments and Other Interesting Information

We have not found any evidence.

11. Contacted Experts

We thank the following expert and colleague for providing information and answering very specific questions:

- Trampusch, Christine, Assistant Professor of Comparative Politics at the Institute of Political Science at the University of Berne, Switzerland.

12. List of Abbreviations

- CLA: collective labor agreement
- DGB : *Deutscher Gewerkschaftsbund* (Confederation of German Trade Unions)
- ERA: *Tarifvertrag über Entgelte und Ausbildungsvergütungen*
- EUR: Euro
- FDP: *Freie Demokratische Partei* (Liberal Party)

- IVT: initial vocational training
- SPD : *Sozialdemokratische Partei Deutschlands* (Social Democratic Party of Germany)
- ULAK : *Urlaubs- und Lohnausgleichskasse der Bauwirtschaft* (Fund for holidays and wages of the construction industry)
- CSU: *Christlich-Soziale Union* (Christian Social Union of Bavaria)

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Appendix I: Social Partners' Involvement in IVT Institutions

The social partners are involved in IVT at different levels:

- At the national level, they take part in the development of apprenticeships and standards, recommendations in all aspects of IVT (Hippach-Schneider et al. 2007: 21).
- At the regional level, two types of regulation occur:
 - The state formulates recommendations in all aspects of IVT especially concerning the cooperation between state run schools and the companies offering apprenticeships (Hippach-Schneider et al. 2007: 21).
 - In the responsible authorities occurs consulting, controlling of the implementation of on the job trainings in the companies, examination, and diplomas (Hippach-Schneider et al. 2007: 21).