



‘Who pays for all of this?’ – Cost and benefits of work-based training in Germany

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The dual system of vocational training

Approx. 520,000 new apprentices per year/ 1.3m in total

Responsible:
Federal
Government



Training company

Approx 70% of training time

Approx 430,000 Training Companies

Training financed by companies



Source: Ministerium für
Bundesangelegenheiten, Europa
und Medien des Landes NRW

Responsible:
Länder



Part-time vocational school

Approx 30% of training time

Approx 1,600 Vocational Schools

School financed by Federal states

Youth unemployment rates

GEO/TIME	2009Q4	2010Q4	2011Q4	2012Q4	2013Q4	2014Q4	2015Q4	2016Q4
European U	21,1	21,3	22,3	23,7	23,5	21,4	19,6	18,0
Denmark	13,5	14,4	14,3	13,5	13,3	11,2	10,7	12,7
Germany (u	11,2	9,1	8,2	7,9	8,0	7,4	7,1	6,8
Ireland	26,8	30,0	30,3	28,9	25,5	21,4	19,8	16,0
Greece	28,2	36,8	49,8	58,3	56,6	51,3	49,2	45,8
Spain	38,8	42,7	48,1	54,7	54,8	51,7	46,2	42,8
France	24,2	22,9	22,8	25,6	24,1	24,6	24,6	23,5
Italy	26,2	28,3	30,8	37,4	42,0	41,5	38,2	38,6
Netherlands	11,2	10,8	10,6	12,1	13,8	11,9	11,3	10,3
Austria	10,9	8,4	9,3	9,0	10,2	10,1	11,5	10,5
Poland	22,5	23,7	26,5	27,4	27,3	21,9	20,1	15,9
Portugal	26,8	27,7	34,3	39,5	35,3	33,2	31,9	26,9
Finland	21,7	20,7	20,1	19,3	20,0	21,3	21,7	20,2
Sweden	25,8	23,3	22,7	24,3	22,7	22,6	18,9	18,5
United Kingd	19,5	20,6	22,2	20,9	19,9	16,3	13,4	12,4

(Source: Eurostat <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>; accessed: 13.06.2017)

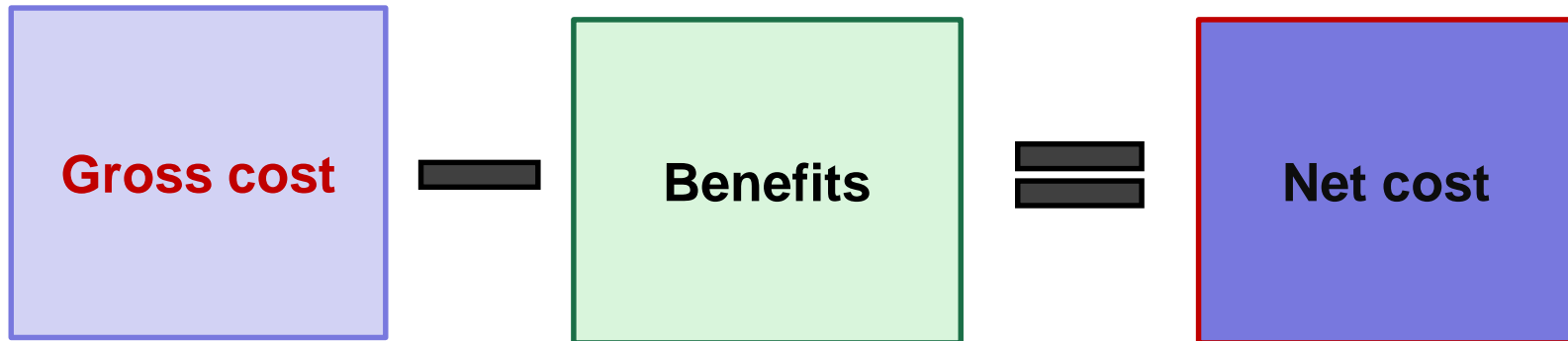
Why does the system work?

Employer involvement is a key factor!

- Makes focus on work-based training possible
- Ensures the relevance of training and the currency of training certificates
- Provides basis for up-to-date training
- **Is only sustainable if it makes economic sense**

Cost-benefit analysis of work-based training

The basic economic calculation of employers



Cost-benefit analysis of work-based training

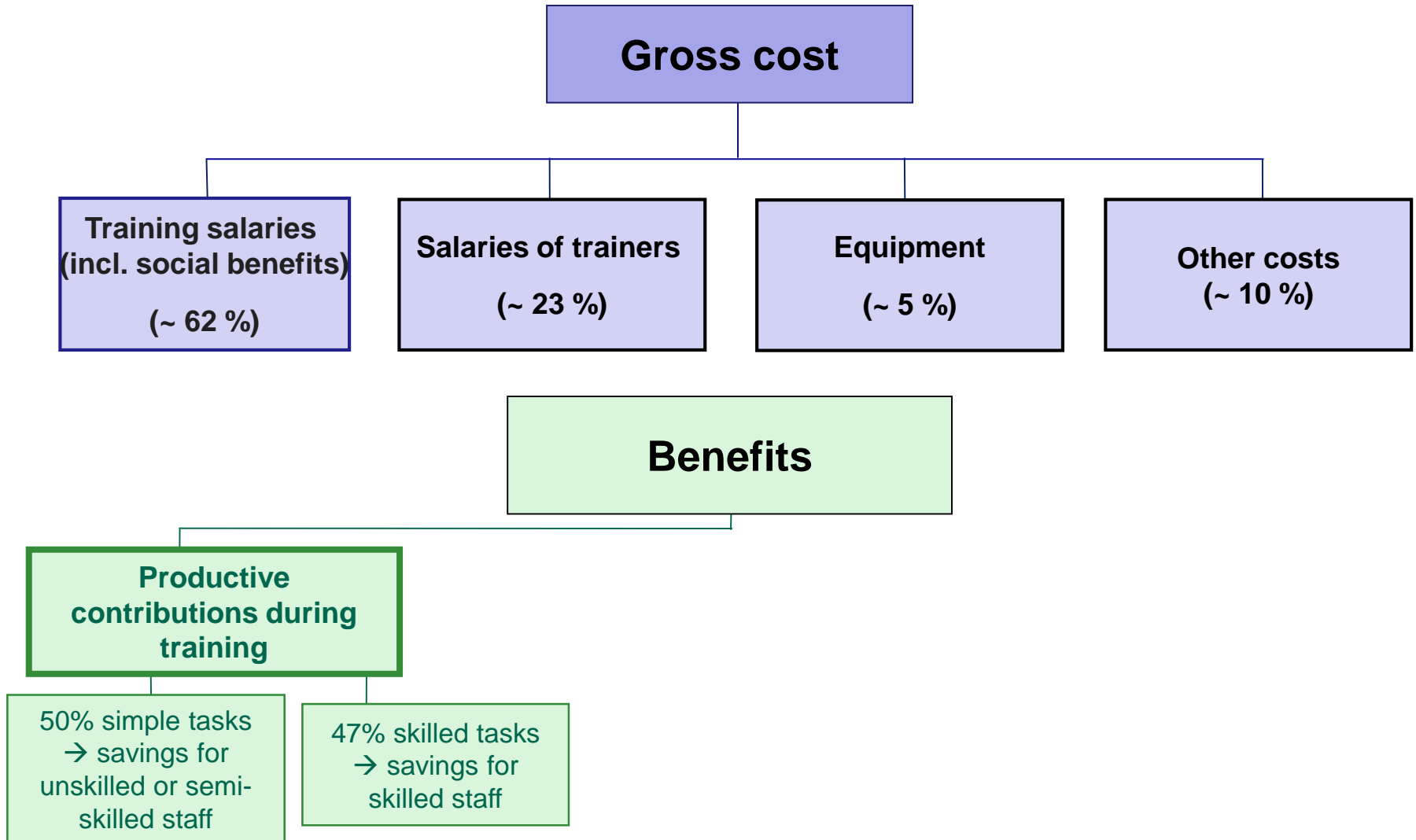
Source:

Cost and benefits of dual system training from the perspective of companies

By Wenzelmann, Felix;
Jansen, Anika;
Schönfeld, Gudrun;
Pfeifer, Harald; BIBB,
2016.



Cost-benefit analysis of work-based training

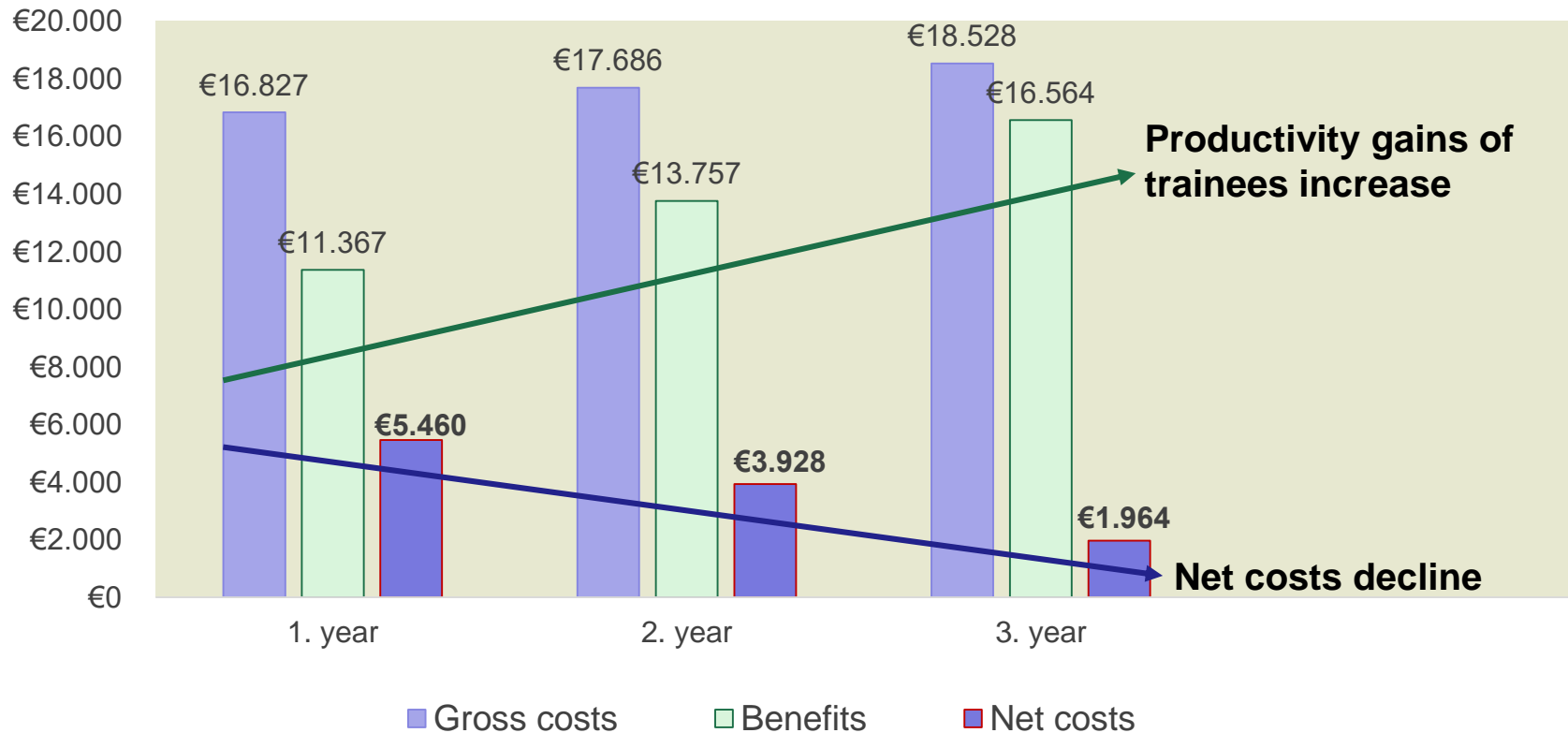


Source:
Wenzelmann, Felix; Jansen, Anika;
Schönfeld, Gudrun; Pfeifer, Harald Kosten
und Nutzen der dualen Ausbildung aus
Sicht der Betriebe. Ergebnisse der fünften
BIBB-Kosten-Nutzen-Erhebung, 2016.



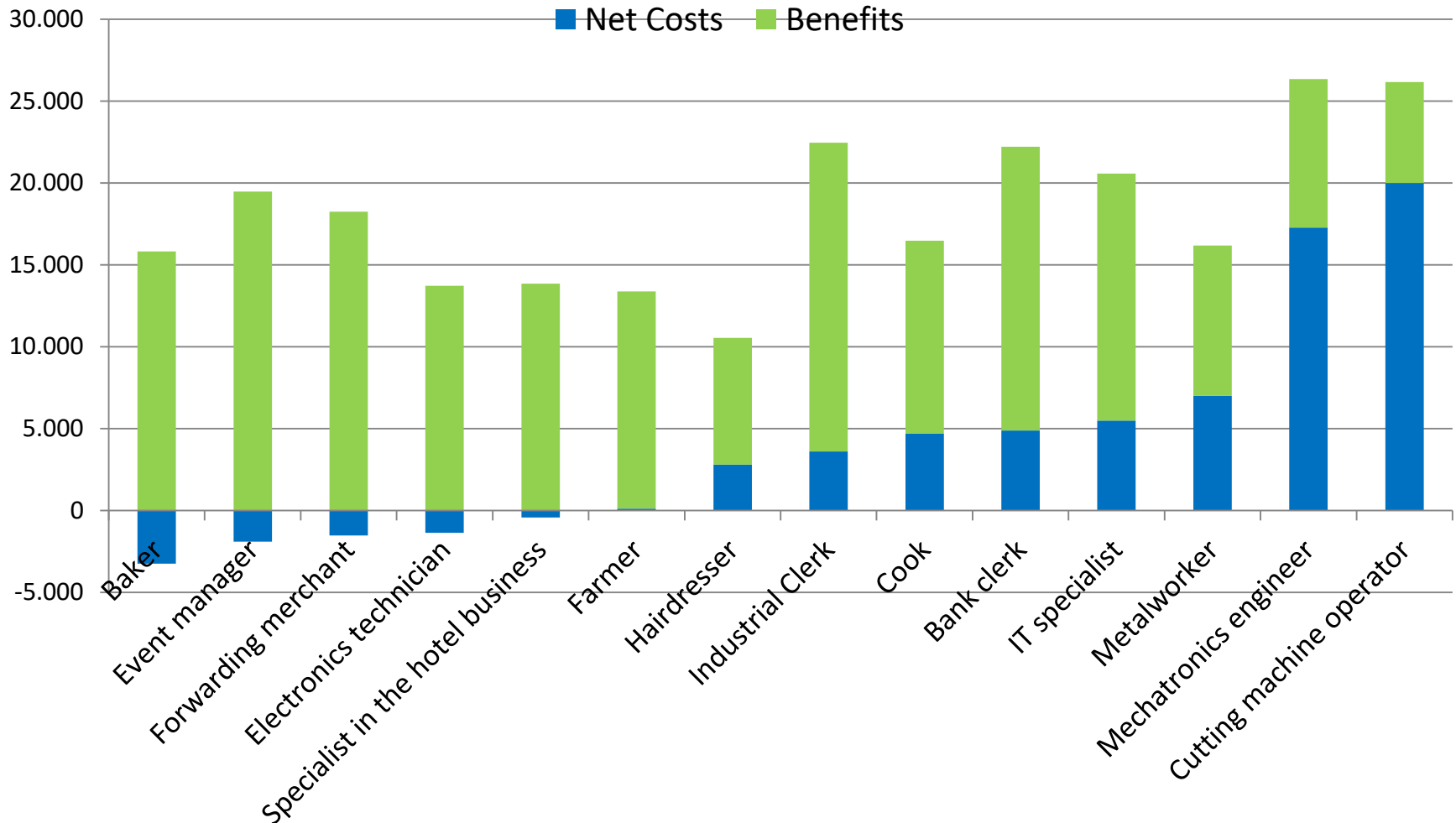
Cost-benefit analysis of work-based training

Cost and benefits over 3-year training course



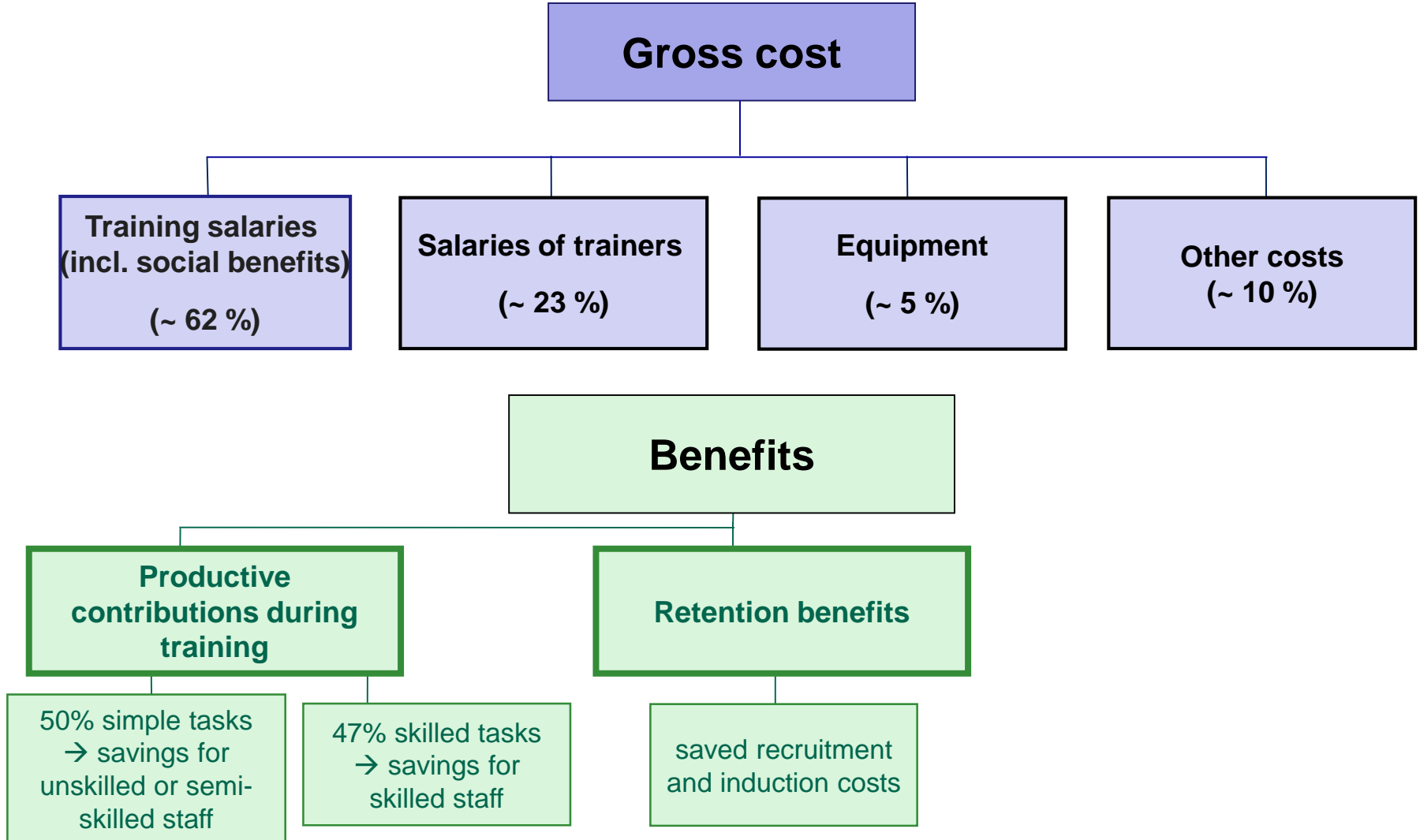
Average net cost of 3-year training course: € 11,352

Cost-benefit analysis of work-based training



One-third of companies achieve a net benefit during training period

Cost-benefit analysis of work-based training

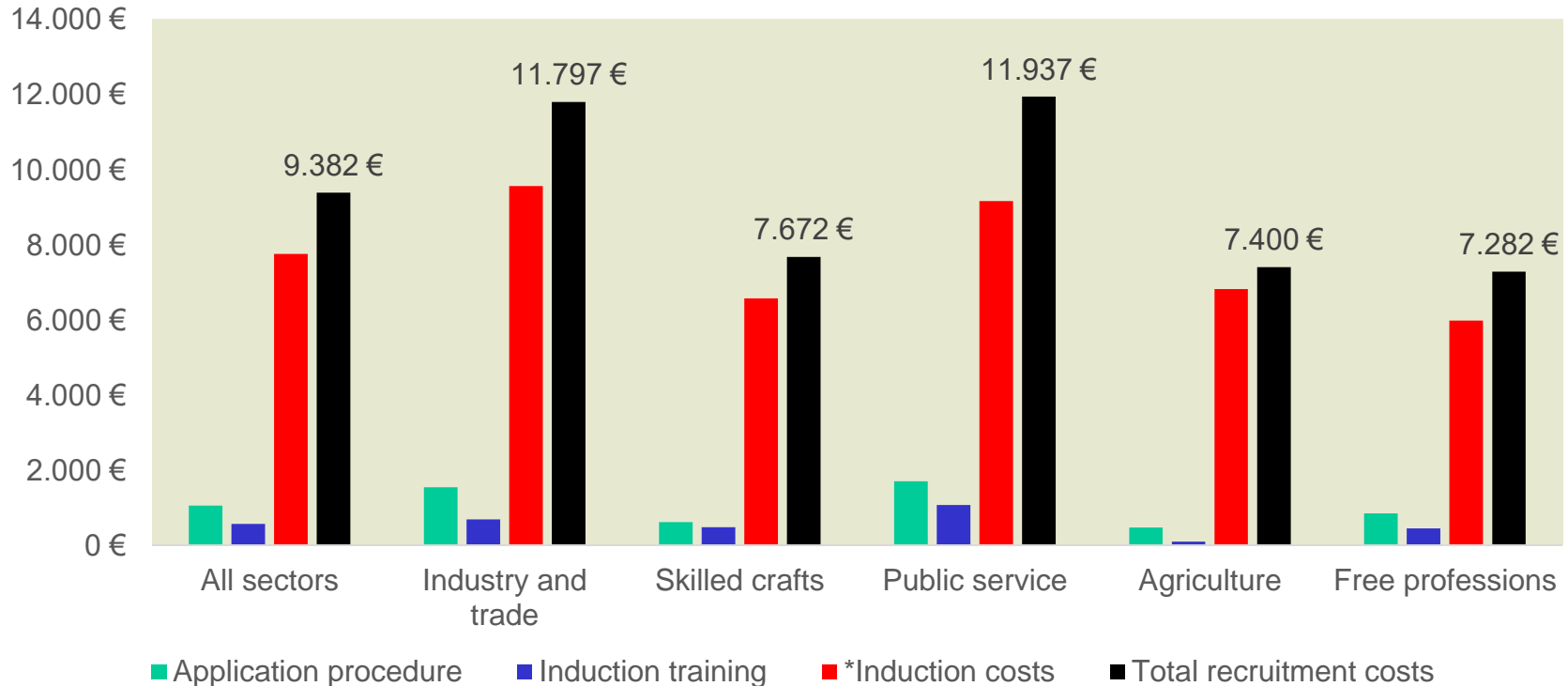


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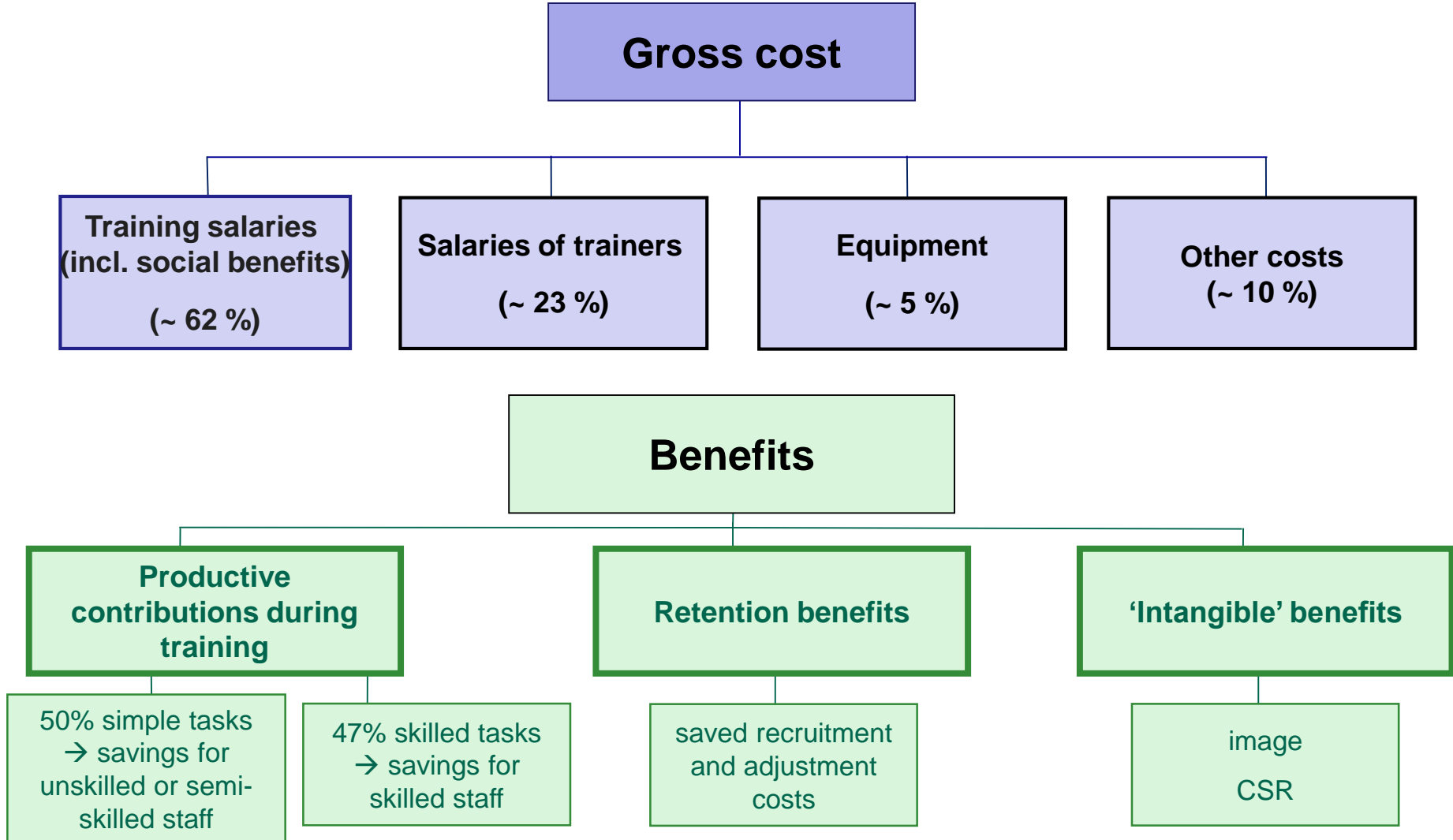
Cost-benefit analysis of work-based training

Cost of recruitment of externally trained skilled worker



***Induction costs account for lower productivity of newly recruited staff early on.**

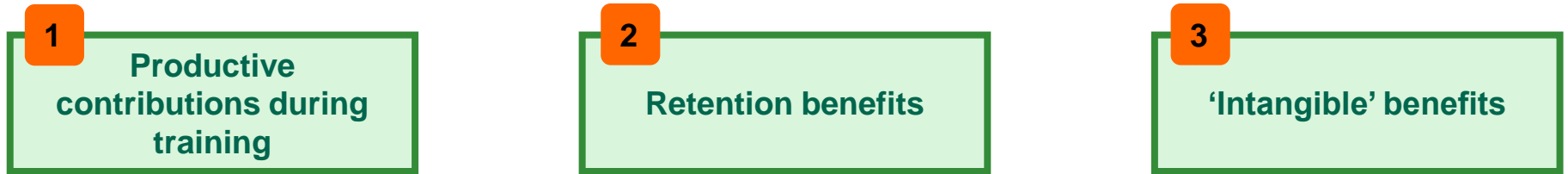
Cost-benefit analysis of work-based training



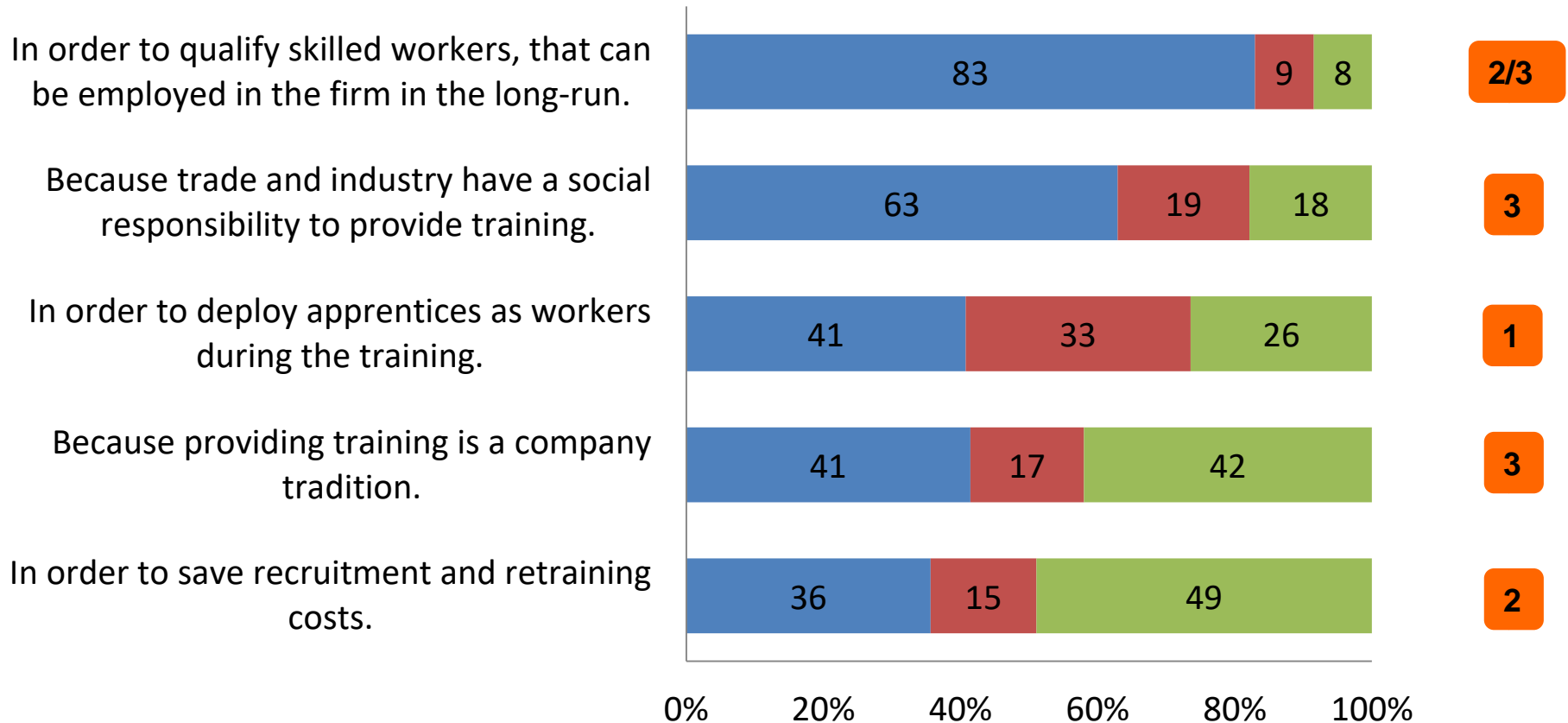
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'Who pays for all of this', or why companies provide training



Importance of reasons for providing in-company vocational training (in %): The firm trains ...



■ very important/important ■ neither nor ■ unimportant/absolutely unimportant

Some conclusions

- Companies provide training for a variety of reasons and the rationales vary according to sector, size, etc.
- In Germany training is often regarded as an investment – long term and ‘intangible’ benefits are important
- In order to promote a training system relying on employer engagement, all types of benefits for training companies have to be taken into account
- Systematic collection and analysis of cost/benefit data important for rationale discourse
- Trust of all groups involved is essential:
 - Companies (collectively) secure sufficient skilled labour
 - Trainees benefit from training, employability and higher wages
 - Society benefit from lower unemployment and social cohesion



Thank you for your interest!

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