



Recruitment of skilled workers in companies that do not provide initial vocational training and measures to encourage more of them to do so

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► **Most companies in Germany do not provide in-company vocational training for young people. What are their reasons for this, how do these companies meet their skilled labour needs, and what can be done to increase the share of companies that provide in-company vocational training? These questions are the focus of BIBB's Company Survey on the Recruitment of Skilled Workers.**

WHY DO COMPANIES CHOOSE NOT TO PROVIDE IN-COMPANY VOCATIONAL TRAINING?

"Only" 24 per cent of all companies in Germany provided initial vocational training in 2008 (see TROLTSCH 2010a). As shown by the BIBB survey on the costs and benefits of in-company vocational training, such training is worthwhile for the company providing it because its benefits usually exceed its costs (see SCHÖNFELD et al. 2010). Then why do the majority of companies opt not to provide in-company vocational training and how do such companies meet their skilled labour needs? To answer these questions, BIBB conducted the Company Survey on the Recruitment of Skilled Workers in 2008.

A total of 725 companies that did not provide in-company vocational training in 2007 took part in the survey. The findings were supplemented by the evaluations from a parallel survey of nearly 3,000 "training companies" (companies that provide in-company vocational training) on the

costs and benefits of initial vocational training (regarding the design of these studies, see SCHÖNFELD et al. 2010). The reasons for companies not to provide vocational training are diverse (see SCHÖNFELD/WENZELMANN 2010). 36 per cent of the "non-training companies" surveyed lack the physical resources or the necessary personnel to provide an apprenticeship, and another 29 per cent meet only one of these prerequisites. Of these companies, 78 per cent have not provided in-company vocational training in the last ten years and have no plans to do so in the future. The vast majority of these companies (92 %) are very small (less than ten employees) and therefore never or only seldom look for new employees. As a result, initial vocational training does not play a role in their personnel development plans. Those companies which meet the prerequisites for providing in-company vocational training cite, first and foremost, the lack of qualified applicants (56 %), the high cost of providing training (55 %) and the fact that apprentices spend too much time away from the workplace (49 %) as their primary reasons for not providing such training.

The **personnel requirements** for conducting in-company vocational training are met when at least one person at the company is authorised to provide training (e. g. has passed the Trainer Aptitude examination).

The **physical requirements** for conducting in-company vocational training are met when the company has the space and technical equipment and facilities necessary for providing in-company vocational training in accordance with the provisions of the Vocational Training Act or the Crafts Code. These requirements can vary greatly from occupation to occupation.

PERSONNEL RECRUITMENT STRATEGIES

In most cases, training companies seeking to fill vacancies for skilled workers first draw on the apprentices they have trained themselves (cf. Table 1). Non-training companies do not have this option. Consequently, hiring experienced skilled workers from the external labour market is the most important channel for this latter group. This recruitment channel is often used by training companies as well, particularly those with increased skilled labour requirements. In addition, non-training companies often rely on internally training up employees who have never attained an initial vocational qualification. This is particularly the case with companies which have hired skilled workers in the last three years or which expect to have an increased need for skilled workers in the future. Hiring new entrants to the workforce who have gained a school-based vocational qualification or completed an apprenticeship in another company is of secondary importance for most training companies and non-training companies. Individuals who have completed apprenticeships in other companies have better chances of landing a first job in larger non-training companies. Individuals with a school-based vocational qualification have better chances in non-training companies in the public sector and in the liberal professions.

MEASURES TO INCREASE THE NUMBER OF TRAINING PLACES ON OFFER

Non-training companies are particularly dependent on recruiting skilled workers via the labour market. Given the current demographic trend and the predicted decline in the labour supply, they will probably have less success with this method in the future. Providing their own initial vocational training offers a possible alternative. Some 16 per cent of the non-training companies surveyed want to start or resume providing initial vocational training in the near future. What kind of changes would have to be made in the underlying conditions in order for more companies to provide in-company vocational training? Training companies were also asked which measures would make it easier for them to increase the number of training places they offer. More than three-quarters of the non-training companies surveyed believe that reducing the amount of bureaucracy (cf. Table 2) involved, for example in applicant selection would facilitate the provision of in-company vocational training. At 51 per cent, agreement with this item was considerably lower among training companies. This could mean that non-training companies estimate the bureaucratic load to be greater than it really is. The picture is similar for financial assistance from the state: again, more than three-quarters of the non-training companies surveyed consider such measures well suited to facilitating their provision of in-company vocational training, in contrast to slightly more than half of the training companies surveyed. Non-training companies assess the cost-benefit ratio of providing in-company training less favourably. Consequently, government subsidies or tax incentives would exert a greater influence on their inclination to provide training. High percentages of both training companies and non-training companies say that "greater coordination between vocational schools, chambers and companies" would be conducive. This could include a variety of different factors such as better coordination of training content between the different venues. Approximately two-thirds of the training and non-training companies surveyed said that improving the schooling that comes prior to the initial vocational training stage could lead to more training places being offered. By contrast, only a few companies felt that changes in the general structure of vocational training would facilitate in-company vocational training provision.

CONCLUSION

For many non-training companies, providing initial vocational training is not possible or not worth their while because the necessary prerequisites are not fully met: this applies both to the means of implementing training (e. g. the company lacks the necessary personnel or physical resources) and to the subsequent use of trainees (e. g. the company has no need for skilled workers). Nonetheless, a proportion of the companies that are not yet doing so could get involved in initial vocational training. ■

Table 1 **Personnel recruitment strategies of training companies and non-training companies, by different company attributes** (% of companies that say the particular attribute is important or very important)

		Provides own vocational training*	Hires experience skilled workers on the labour market	Provides internal training/ continuing training for employees w/o formal vocational training	Hires new entrants to the labour market who have been trained by other companies	Hires new entrants to the labour market who received school-based training
Total	Training companies	84	37	28	18	15
	Non-training companies	-	37	34	17	14
Companies w. increasing skilled labour needs	Training companies	89	46	36	23	20
	Non-training companies	-	44	45	27	18
Companies that have hired skilled workers in the last three years	Training companies	83	51	27	21	15
	Non-training companies	-	52	41	29	22

Source: BIBB company surveys on the recruitment of skilled workers and on the costs and benefits of in-company vocational training (2008)

* Not a response category for non-training companies.

Table 2 **Measures which companies say are suited or very suited to enabling them to provide in-company vocational training or increase the number of training places they offer** (in %)

	Non-training companies				Training companies
	Total	Enterprises w. experience providing in-company voc. training	Fulfills prerequisites for providing in-company vocational training	Enterprises w. growing skilled labour needs	
Less bureaucracy	77	76	84	89	51
Financial or tax incentives/ government assistance	76	87	89	85	53
Greater coordination between vocational schools, chambers and companies	67	74	76	78	76
Improve schooling provided before voc. training stage	66	75	77	84	63
Retain current duration of vocational training/selective skills development	48	47	61	56	66
Shorten duration of voc. training/additional qualification via continuing vocational training provided on an individual basis	26	27	27	35	16
Lower the allowance paid trainees	25	41	36	26	15
Extend duration of voc. training to four years	9	8	9	12	9

Source: BIBB company surveys on the recruitment of skilled workers and on the costs and benefits of in-company vocational training (2008)

Literature

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