

## Early School Leavers in Germany

Contribution to the Fondazione Giacomo Brodolini  
The reform of the Italian educational system to reduce early school  
leaving

Draft report

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## 1. The problem

At first glance, the German education and training system appears to be well developed. The level of educational attainment is comparatively high and youth unemployment is low due to the positive impacts of the dual training system. Empirical evidence on school performance, however, speaks another but nevertheless clear language (*PISA 2003, Federal Statistical Office*):

- 22 % of the German pupils aged 15 do not dispose of the basic skills to read and understand a text correctly.
- 27 % of the pupils had to repeat a class at least once during a 10 years school period.
- 8.5 % of all school leavers remain without educational attainment.
- 22.8 % of the apprentices leave occupational schools without a certificate.

The unsolved problems of secondary education and dual training created a risk group of about one quarter of German youth which is now gradually affecting the structure of the society. Following a recent study by the think tank of the Social Democratic Party, a new underclass is being formed, characterised by the lack of career and income perspectives (*Friedrich Ebert Stiftung, forthcoming*). The combination of low skills levels and high unemployment is going to exclude this group permanently from economic and social development.

Beyond the political risks associated with such a social divide, high costs are arising from this development. The insufficient performance of the school system generated costs which are estimated to 3.7 billion EURO per year (*Klein 2005*). In addition 3.4 billion EURO were spent by unemployment insurance and Federal States governments to “repair” schooling deficits. These are 5 % of total expenditures for education and training.

Facing this situation, a controversial debate arose in Germany on both, the reform of general education and dual training. Many actors are involved in this debate as education is the responsibility of Federal States (Länder) and social partners are involved in dual training policies. The inertia against reforms however is strong even in face of fundamental challenges.

### 1.1. Institutional structure of the German education and training system

The German education and training system has two pillars (Chart 1):

- General education from primary to secondary level is provided through a variety of school types from secondary schools to grammar schools (*Gymnasium*). At the end of secondary level II it leads to A-levels (*Abitur*)

which entitles to university studies. A similar level can also be achieved through upper vocational schools (*Fachoberschule*) which entitle for studies of particular professions.

- Dual training is provided by companies and vocational schools. 360 different crafts and business related occupations are trained based on mandatory training curricula. The two up to three and a half year courses are completed through vocational training examinations taken by the chambers industry and commerce or the chambers of crafts. For crafts related occupations the graduation enables to professionalize with a masters degree in different crafts.

A great number of different school and training institutions is hidden behind the different labels in Chart 1, and various links and pathways through the training system are possible.

**Chart 1**      **Structure of education and training system**  
Germany

Age					
19 · 24	Universities, Universities of applied science		Master of crafts		
15 · 19	Secondary education II	Upper vocational schools			School-based apprenticeship training
		Vocational schools	Company-based apprenticeship training		
			Transfer system		
10 · 15	Secondary education I				
	Gymnasium	Gesamtschule	Realschule	Hauptschule	
6 · 10	Primary education				
3 · 6	Kindergarten				

Source: Economix

Regarding dual training a transfer system for school leavers with schooling deficits was developed in recent years. A series of so called “preparatory measures” was created to reduce the learning disadvantages on this group. These measures provide training of basic skills in combination with first practical work experience through one year courses. Many of the measures try to develop a work orientation in face of the increasing competition for dual training places.

In 2004 17 million persons were participating in education and training (Table 1). These are 20.6 % of the population. 3.5 % of the population was engaged in vocational training and 11.7 % in secondary education. The population shares were slightly higher for males. The difference amounted to 2.1 percentage points in overall participation rates and can be observed

at all education levels.

Germany spent 135 billion EURO on education and training in 2003 (5.3 % of GDP). This includes all expenditures on general, vocational and continuing training (*BMBF 2006, p. 21*). Half of the budget was spent by Länder governments who are responsible for general education. About 1/8 was spent by each, municipalities and the federal government, and 1/4 was financed by private companies and households.

As OECD figures show, Germany is slightly above the average of education and training expenditures per student. In 2002 the expenditures were 6.600 US-Dollar compared to 6.300 on average. Countries like Switzerland and the USA however are 75 % above this level.

**Table 1**      **Participants in education and training 2004**  
Germany

	Total		Males		Females	
	'000	% of population	'000	% of population	'000	% of population
Primary education	2493	3,0	1281	3,2	1212	2,9
Secondary education						
general	9625	11,7	4890	12,1	4735	11,2
vocational training	2901	3,5	1554	3,9	1347	3,2
Universities	1992	2,4	1042	2,6	950	2,3
Total	17011	20,6	8767	21,7	8244	19,6

Source: Federal Statistical Office.

## 1.2. Results of the PISA surveys

General education in Germany did not achieve the expected high grades in the PISA surveys of the OECD. That was already the shock provoked by the 2000 study, but it was repeated in 2003 (*BMBF 2006, pp 67*): The competences of the 15 years aged German pupils are close to the OECD average but significantly less developed than in many Eastern Asian countries, Scandinavia, or the Anglo-American states. Between 2000 and 2003 the competence levels did slightly improve in mathematics but not in reading. And – shocking again – 40 % of German pupils did not improve their knowledge in mathematics and natural science within one school year.

In particular pupils with learning disadvantages performed unfavourable in the international comparisons. One fourth of the pupils have to be considered as “...a risk group which will hardly be able to successfully continue education or vocational training.” (*BMBF 2006, p 67*). The German problem therefore is the lower skills level rather than elite education.

More than in other countries, learning performance is associated with social origin. Children of well educated parents have a significantly higher probability to enter higher education than children from less educated parents.

### 1.3. Drop-out phenomena in general education

In Germany the transition at the interfaces of general education are often principal decisions about the future of adolescents. In particular at the entry into secondary I level the selection of pupils for different school types is pivotal. The school types are ranked from Gymnasium which leads to A-level certificate to Hauptschule which provides a certificate to enter dual training.

#### *Unstable allocation to school types*

The decisions to pass a certain school type however are not sustainable. Following the recent governmental education report, 2.9 % of pupils in classes 7 to 9 changed school in 2004/05 (*BMBF 2006, pp 52*). Two thirds of these changers passed over to a less demanding school, i.e. from Realschule to Hauptschule or from Gymnasium to Realschule. Children with migration background were strongly affected. 80 % of the changers moved downwards and only 20 % upwards – most of them from Hauptschule to Realschule. In Eastern Germany a greater share switched from integrated schools to Gymnasium.

#### *Entry to special schools largely irreversible*

5 % of German pupils are in special schools for pupils with learning handicaps. During the last 10 years the share was slightly increasing. The changes between regular and special schools have – more or less – one direction: entries into special schools are five times the return to regular schools. Children from unskilled parents have a significantly higher risk entering a special school than children from skilled parents (*BMBF 2006, p 53*).

#### *High shares of class repetitions*

Class repetition is a regular instrument which is applied to pupils with insufficient grades. 2.8 % of German pupils had to repeat the class in 2004/05. It is low in primary education (1.4 %), highest at secondary I level (3.6 %) but also important at secondary II level (2.9 %). Big differences can be discerned among the Länder where repetition rates in secondary I education range between 2.2 % in Baden-Württemberg and 6 % in Bavaria. This indicates not only different pedagogical approaches but the use of class repetition as a selective instrument. Males are more affected by class repetition than females. In particular in classes 7 to 11 the gender differences are significant. Children with migration background are also stronger affected.

### High share of failures

One out of fifteen school leavers has not achieved the basic secondary school certificate (*Hauptschulabschluss*, Table 2). But this is not the end of the story: considering the size of the risk group identified by PISA – which is one fourth of the 15 years aged – a considerable share of the 23 % of school leavers who received the basic certificate got it without having basic competences.

The majority of pupils left school with a median certificate (*Realschulabschluss*), and 30 % achieved the A-level certificate. Males were performing inferior to females and foreigner worse than Germans.

**Table 2**      **School leavers by certificate and nationality**  
% share of school leavers; Germany 2004

	Total	Germans		Foreigners	
		Males	Females	Males	Females
Without secondary school certificate ( <i>ohne Hauptschulabschluss</i> )	6,5	7,3	4,3	17,5	11,5
With secondary school certificate ( <i>mit Hauptschulabschluss</i> )	22,9	24,7	18,1	40,2	36,9
Median certificate ( <i>Realschulabschluss</i> )	39,7	38,3	42,8	28,1	35,1
A-level certificate for universities of applied science ( <i>Fachhochschulreife</i> )	9,8	10,7	9,5	6,8	6,4
A-level certificate for universities ( <i>allgemeine Hochschulreife</i> )	21,0	19,0	25,3	7,4	10,0
Total	100,0	100,0	100,0	100,0	100,0

Source: BMBF 2006

### 1.4. Transfer to dual training

School leavers face increasing difficulties to find an adequate place in the dual training system, in particular those with weaker competences. The Federal Labour Agency and the Länder governments therefore created a variety of preparatory measures for the risk groups on the dual training market. These are school leavers even with secondary certificate, not only those without such a degree. The training measures are a combination of general education and vocational training, provided for one year in most of the cases. None of these measures leads to one of the approved vocations of the dual training system.

40 % of the 2004 entrants into vocational training went into such preparatory measures. These were 43 % more than in 1993. The stock of participants was growing even faster as a considerable number of participants use preparatory measures as a (repeated) waiting loop for the entry into regular dual training.



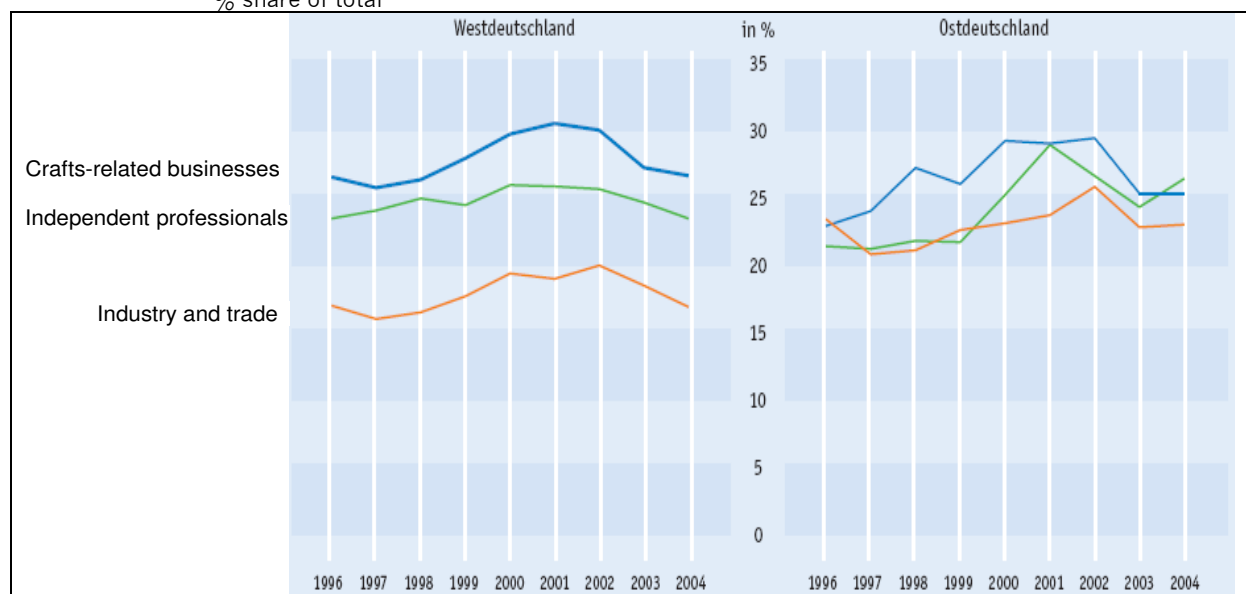
The situation appears to be precarious. The insufficient supply of dual training places forces a rising number of school leavers to start their career with the uncertainties about the access to regular training. It requires a high degree of motivation to continue on this path and every year of exclusion makes it worse. It must be expected that – at the end – a considerable number of the participants remain without vocational training.

### 1.5. Drop-out phenomena in dual training

Dual training contracts are private labour contracts between an apprentice and a company eligible to provide training in specific occupations. These contracts can be terminated from both sides at any time. Therefore, drop-out rates in dual training cannot be compared to school drop-outs as schooling is mandatory at least for 12 years.

21 % of the existing dual training contracts were cancelled before the regular end of training. This share achieved a maximum in 2002 and declined afterwards. High separation rates can be observed in the crafts business while industry and commerce have significantly lower rates (Chart 2).

**Chart 2** Early termination of apprenticeship contracts  
% share of total



Source: Federal Statistical Office.

### *Big differences by occupations*

The view on occupations reveals big differences (Table 3): between 30 and 40 % of the apprenticeship contracts for hotel and catering occupations, bakers, florists but also for sales persons or paralegals are terminated early. Training contracts for administrative and technical occupations on the other side have separation rates between 9 and 5 %.

**Table 3**      **Early termination of apprenticeship contracts by occupation**  
 % share of contracts; Germany 2004

Highest termination rates	%
Restaurant service specialist	39,0
Cook	37,9
Hotel and catering specialist	36,2
Baker	33,5
Florist	33,0
Varnisher	32,4
Hair dresser	32,3
Sales person for food	32,3
Roofer	31,2
Paralegal	30,7
Lowest termination rates	
Job promotion specialist	4,6
Administrative officer	4,6
Banking clerk	4,8
Office communication clerk	6,4
Social insurance clerk	6,5
Electronic technician	6,6
Industrial clerk	6,8
Mechatronic technician	6,9
Measurement technician	7,7
Mechanic technician	8,4

Source: Federal Statistical Office.

### *Individual conflicts*

This needs an explanation. The two parties of the training contract of course have different views on the problem (*Troltsch et al. 1999*). 70 % of trainers and teachers are convinced that the lack of motivation among trainees is the main reason for early separation. This however is only confirmed by 27 % of the trainees. Moreover, a majority of trainers presume familial problems as an important reason while only 12 % of the apprentices share this opinion. Wrong expectations about occupation and working life are specified by half of trainers and 21 % of the trainees. The complexity of training courses appeared to be too demanding for 16 % of the apprentices. 1/3 of the trainers had this opinion. It is often reported that reading and writing deficits are an increasing obstacle to pass final exams, and that the learning deficits accumulated during schooling are transferred into vocational training.

To some extent, early separation of training contracts appears as the consequence from personal conflicts between trainers and trainees. This is also indicated by the result that 35 % of the apprentices found a better training place after separation.

### *Differences by company size*

The pattern behind the separation quotas however also points to other reasons than individual conflicts. A high share of separations happens in small

companies which have little resources to establish professional training courses. Most of the apprentices are involved in practical work with a low degree of structured training. Pedagogical concepts are applied occasionally but not as rule. This is different in bigger companies in industry and commerce which usually run training workshops and employ professional trainers.

While the entry into regular dual training is difficult for disadvantages youth in particular, the second threshold at the entry into working life is even higher. Only 54 % of the graduates in dual training are employed by the company which provided training. Among small companies (less than 10 employees) the share is only 39 % but 66 % among bigger companies (500 and more employees). Out of the 2001 to 2003 cohorts 2/3 was employed in 2004, 16 % was unemployed and 14 % in education or training. The remaining rest was inactive (*BMBF 2006*).

## 2. The reasons

Not the existence but the size of the risk groups among pupils who are endangered not to achieve the standard levels of general education or dual training has to be explained. The disappointing performance of the German education system in international comparisons points to institutional rather than individual reasons. This conclusion is far from being a consensus of the present educational debate. In contrast it is the point where the debate becomes sensitive as all political groups avoid taking the responsibility for the bad performance. Nevertheless, a series of facts has meanwhile been identified (*Klein 2005*).

### 2.1. Institutional deficits of general education

#### *Late school entries*

The obligatory 12 years of schooling normally start with 6 years of age. In former years late school entries were common, and early school entries remained rare (9.1 % of entries in 2004). This leads to the result that only 60 % of the 15 years aged was in class 9 while in other countries, like Finland, Canada, Australia or New Zealand between 70 and 90 % of the age group was in this class.

As pedagogical research revealed, late school entries are not linked to better school performance. One third of those pupils, who entered school later than normal, had to repeat a class during the first three school years (*Tillmann/Meier, 2001, p. 470*). Early and age-adequate learning seems to develop learning capacities better.

### *High risk of class repetition*

The school careers of German pupils are delayed as compared to other countries. German schools often apply the method of class repetition in case of poor achievements. 2.8 % of the 2003/04 cohort in general education had to repeat the class due to insufficient grades. From this follows that 27 % of all pupils had to repeat at least one class until the end of secondary I schooling. In some Länder, like Bavaria and Saxony-Anhalt, the share is up to 40 %.

Similar to late school entries, class repetition however is not linked to better school performance. Comparisons at the Länder level show that repetition quotas are not associated with performance levels of the PISA survey (*Klein 2005, p. 6*). Moreover, the pedagogical effect of class repetition is assessed to be negative. Pupils perceive this as a severe failure, which might be realised as a positive intervention only with great lags (*Fertig 2004*).

### *Missing individual promotion*

High repetition rates are obviously associated with the lack of individual promotion and individual teaching in schools. Following the OECD survey of 2002, almost 60 % of the German pupils reported that their teachers were never or only in few lessons interested in the learning progress of individual pupils (*OECD 2002, p. 362*). As there is no systematic promotion and support system at German schools, parents have to organise private lessons. It is estimated that one third of the pupils receive such private support.

The German school system largely relies on the division of educational tasks between schools and parents. Half-day schooling still is the norm. This model relies on family support not only regarding supervision but education and training. The corresponding role of the school concentrates on knowledge transfer rather than individual development (*BMBF 2006, p 16*). Individual promotion in smaller classes however appeared to be one of the success factors of the first ranking countries of the PISA survey.

### *Schooling bureaucracy*

With a few exceptions among private institutions, schools in Germany are part of the public services managed by Länder governments and municipalities. School management has little scope to develop individual approaches. It is not allowed to recruit teachers individually. Job placements are decided by supervisory authorities, curricula are fixed at Länder level and expenditures are only possible within a pre-defined budget. Moreover, teachers are civil servants with life-long jobs. This creates little incentives to improve teaching and minimises the risk of failure.

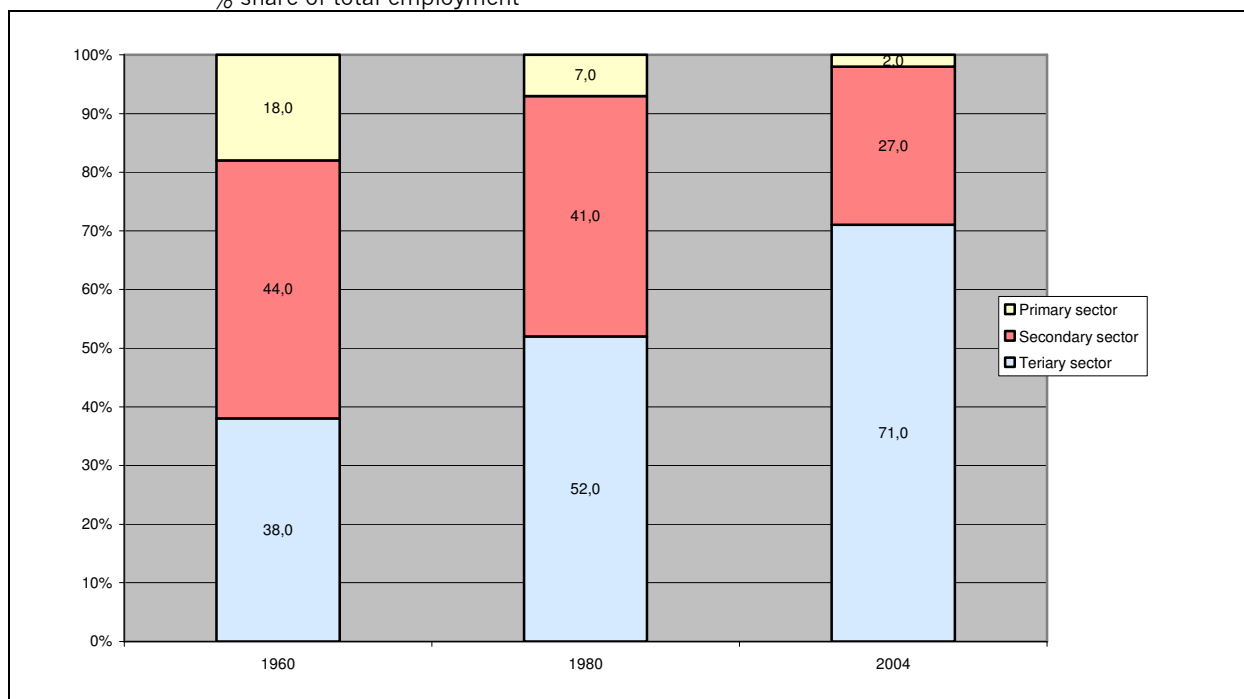
## 2.2. Institutional deficits of dual training

### *Erosion of the dual training system*

The German dual training system – which was the basis of industrial productivity and international competitiveness – moved into serious crises, caused by both, changes in skills needs and institutional inertia. The system was developed in the age of industrial production, following the needs of a highly divided labour organisation. Using the tradition of qualified crafts-related skills, trained in practical work and professionalized by theoretical schooling, German industry could rely on a broad skills basis.

Meanwhile however the nature of skill needs changed. Demands shifted towards a stronger theoretical foundation of occupational knowledge, a broader set of cognitive, organisational and social skills, and a greater importance of basic skills. This was determined by the acceleration of technical and organisational change and the specialisation of the German economy on knowledge-based products. The share of service-related employment increased to 71 % in 2004. It almost doubled during the last four decades (Chart 3).

**Chart 3**      **Sectoral transition of employment 1960 - 2004**  
% share of total employment

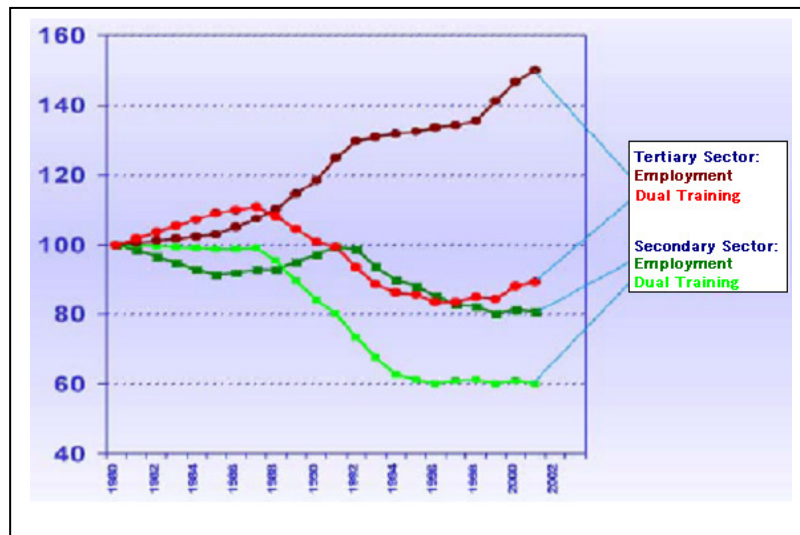


Source: Federal Statistical Office.

Dual training was not able to keep pace with these changes. It can hardly be overlooked that dual training is underrepresented in the few growing branches of the tertiary sector (Chart 4). While employment in the tertiary sectors grew by 50 % since 1990, the number of training places declined by 10 % until 2002. Moreover, the decline of employment in the secondary

sector was accompanied by a disproportionate reduction of dual training places.

**Chart 4** Employment and dual training by sectors



Source: Bundesministerium für Bildung und Forschung (2005)

Thus it is not only the sectoral transition of employment to a greater amount of service jobs which reduced the demand for trainees in dual training but the retreat of companies from dual training since the middle of the nineteen-nineties. This phenomenon indicates the fundamental change of skill needs. The dual training system has gradually become inadequate to this demand.

As critical assessments of the dual training system in Germany pointed out, the rising demand for a highly flexible labour force as regards theoretical knowledge and technical skills is responsible for this change (*Büchtemann, Vogler-Ludwig 1997*). Formalised dual training is in many cases too slow and too inflexible as regards the change of knowledge and technology. Most importantly, it is a training system which provides highly specialised initial training rather than a broad skills basis for future specialisation. The German dual training system was the adequate answer to industrialisation. However, the transition to the knowledge-based economy can hardly succeed with this concept. A modular and flexible training system appears as necessary in order to adjust to the rapid development of professional knowledge in all sectors.

Realising these trends, young people increasingly attended higher education and theory-based training paths. This contributed to the erosion of the dual training system at the demand side. On the one hand the number of entrants to universities increased by 35 % between 1993 and 2004. On the other hand preparatory measures for vocational training experienced a plus of 43 %. The number of entrants to the dual system, however, decreased by 2 %. In the face of the trend towards higher education, the dual system

had the problem of decreasing competence levels among the new entrants and thus enforced selective recruitment.

### *Limited training offers for disadvantaged youth*

Regular dual training takes three years and follows standardised curricula. It is finished through a final examination at the chambers of commerce and trade or the chambers of crafts. Facing rising skill needs a lot of curricula were updated in recent years, resulting generally in greater demands for theoretical and practical knowledge. This trend further constricted the entries into regular dual training for disadvantaged adolescents.

The idea to compensate knowledge deficits of the disadvantaged through preparatory courses was right. In particular the individualised measures developed by the Federal Labour Agency (*neues Fachkonzept*) proved to be effective. However, all these measures followed the idea that disadvantaged youth is able to catch up with rising skill needs of regular training at some point in time. Only the most capable young persons were able to meet the demands – and the problem of disadvantaged youth remained more or less unchanged.

The other way to provide training opportunities to disadvantaged youth was the idea of shortening and simplifying dual training for particular occupations (e.g. bicycle mechanics, warehouse clerks, sewers etc.). This however was objected by both trade unions and crafts business. Thus the number of shortened training is developing rather slowly.

The concept of modularised training, however, which appeared to be most appropriate to the limited learning capacities of many disadvantaged young persons, was not implemented until now. This would have opened the possibility to individualise vocational training and to develop competences up to the maximum level achievable by each person (*Vogler-Ludwig et al. 2003*).

## **2.3. Lack of integration concepts**

The negative factors on educational performance accumulate among young migrants, even in the second and third generation. The challenges for the education and training system arising from immigration have been underestimated for a long time (*BMBF 2006, p 137*).

### *Hard facts*

The empirical evidence again is very clear:

- As PISA 2003 showed, pupils with migration background performed significantly worse in reading competences even in the second generation. This is different from countries like the UK or Canada where the second generation was able to catch up with the native population.

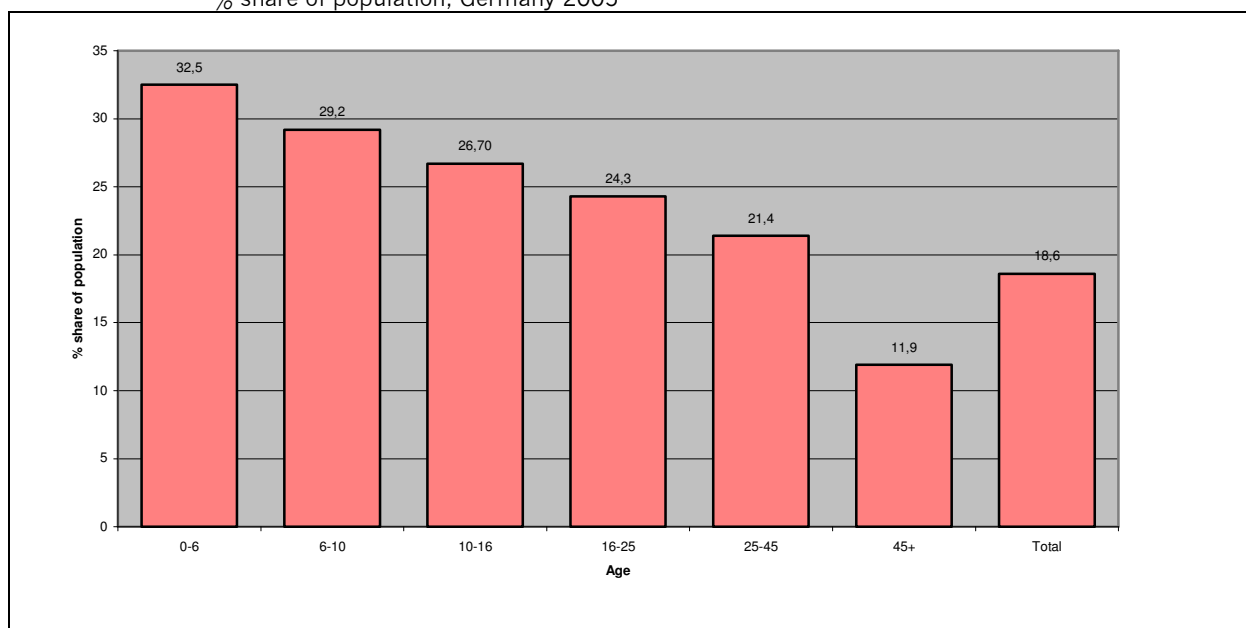


- Consequently the share of pupils with migration background in secondary schools (Hauptschule) is 32 % – almost double the share among non-migrants. Parents and pupils with migration background however are strongly interested in good educational levels. This is also expressed by the fact that those who achieved A-levels are more interested in starting university studies than non-migrants.
- Young persons with migration background are less involved in dual training. The share of foreigners in dual training declined from 9.8 % in 1994 to 5.6 % in 2004. A comparatively high share is attending schools or is in preparatory vocational training measures.

### *... with long-term risks*

The problem with insufficient education and training among migrants is all the more important as the share of persons with migration background strongly increases in younger age brackets. It is 32.5 % among young children aged up to 6 years, but it is only 11.9 % among older persons aged 45 and older (Chart 5). In total, 20 % of the German population have a migration background – two thirds of them are first generation immigrants.

**Chart 5**      **Persons with migration background**  
% share of population; Germany 2005



Source: Federal Statistical Office.

This means that the human capital basis of Germany is eroding gradually. Without a successful integration of migrants into the education and training system, the number of unskilled persons will grow and burden the labour market in a segment which is already seriously imbalanced.



### 3. The policies

#### 3.1. Education policies

Education and training is one of the central areas for political action in the coalition treaty signed by CDU/CSU and SPD (2005, p. 30). The government plans modernising the education and training system through

- The extension of day-care schools
- The introduction of national training standards
- A quality improvement programme in schools which removes learning deficits and promotes pupils with migration background
- The introduction of more flexible remuneration of teachers

An expert commission was established which is expected to submit an education report every two years.

##### *Day-care schooling*

The number of day-care schools at primary and secondary I level was extended considerably in recent years. In particular, secondary schools, grammar school and integrated grammar schools extended their services. Meanwhile 23 % of all schools provide day-care services. In addition, the number of child-care facilities was extended.

The extension of day-care is linked to the argument that families did not fully accomplish the expectations regarding their contribution to general education. Considering the rising labour market participation among mothers families also have fewer capabilities to meet these demands. Therefore the extension of day-care services at schools is needed to achieve education standards. This however implies that schools – at secondary I level in particular – are able to fill the gaps. This can be questioned reviewing educational performance presented earlier. Without a fundamental reform of the education system, day-care schools will help women to engage in the labour market – and not more.

##### *National education standards*

The big variance of competence standards among Länder gave the reason to think about national education standards which force the weaker regions to catch up. Mandatory targets are meanwhile formulated for primary and secondary schools up to the Realschule. They are implemented through competence models. Learning performance is made be measurable (*Klieme et al. 2003*).

Of course such national standards could be helpful to give an orientation to schools regarding the pedagogical methods and concepts, and it could help measuring performance in a more comparable way. The disadvantages however lie in the restrictions to the variety of pedagogical approaches which could be developed by independent school and help identifying effi-

cient approaches. This is needed in Germany much more than further standardisation. Moreover, the experience from the dual training system with nation-wide administered curricula is less than promising. The system has continuously been criticised for the slow path of curricula adaptation and its inability to follow current changes in technology and business life.

### *Quality improvements in schools*

While PISA provided evidence on the performance of German pupils, there are few facts about on the performance of German teachers. Therefore, an evaluation and monitoring system for schools is presently developed at the Länder level. Among the evaluation criteria individual learning is included. The combination of education and informal learning should be developed. One example is the voluntary use of computers in and outside schools.

The monitoring of teaching is required not only to have a better understanding of problems but to initiate the competition among schools. The positive effects however should not be overestimated. A publicly regulated school system can only be evaluated within the framework of legal requirements. The responsibilities for deficits therefore can easily be delegated to a variety of regulations. A more decentralised and self-determined structure would allocate responsibilities to school management and thus establish a better coincidence of action and accountability.

### *Flexibility of remuneration*

In all parts of public administration new collective agreements widen the scope for flexible and performance-related remuneration of civil servants. Significant effects however cannot (yet) be discerned. The major obstacle is the job guarantee for public employees, which affects work behaviour significantly.

## **3.2. Training policies**

As the screening process for entrants to the dual training system is almost as determined as for job entrants, the negative selection of less competitive youths became a problem of considerable relevance. 15 % of the young generation are left without vocational training, living with low incomes, poor career perspectives and high unemployment risks. These young people, who missed to enter a professional career, appear as a nucleus of economic dissatisfaction and political radicalism.

The system of dual training which had accomplished the major part of youth integration in the past was less and less able to provide this function. The widening gap between supply and demand of dual training places forced Federal and Länder governments and municipalities to offer training or at least the preparation to training to the young generation. Considerable efforts were therefore undertaken through the provision of additional

training places, school-based training and individual consulting. These efforts can be grouped into four areas:

### *Work-oriented social work*

These are programmes to integrate young people at risk missing vocational training. Many of these programmes are undertaken by charities or municipalities with financial help of Länder governments (e.g. the work-related social work for youths in Saxony). Young people are involved in projects which provide basic working competences and skills.

### *Preparatory measures for vocational training (Berufsvorbereitung)*

These are programmes to provide basic working abilities and knowledge about specific professions through one-year schooling (*Berufsvorbereitungsjahr, Berufsgrundbildungsjahr*) or individual preparation for vocational training (*Neues Fachkonzept der Bundesagentur für Arbeit*). Moreover, entry qualifications for disabled youths provided by companies can be publicly supported (*Einstiegsqualifizierung*). Preparatory measures are based on competence modules (*Qualifizierungsbausteine*) which are derived from the curricula of dual training and adjusted to the abilities of the target groups. Individual consulting is a principle of preparatory measures.

### *Integrative vocational training*

Such programmes lower the entry barriers to vocational training through shortening or simplifying training courses and particularly addressing learning deficits. This is done through the introduction of two-year dual training courses.

### *Extension of the number of dual training places*

The quantitative limitations of dual training markets forced Federal and Länder governments to extend the number of training places through public support. A series of measures was undertaken:

- The common Federal and Länder training programme for eastern Germany (*Ausbildungsplatzprogramm Ost*) which offers 45,000 dual training places. This programme is part of the national training pact of 2004. It supports regular dual training with a maximum amount of 6774 EURO per year. The Länder governments implemented this programme with different approaches and additional funding.
- The western Länder supported 18,000 dual training places.
- STARegio, the promotion of dual training in regions with unfavourable training balances with 37m EURO for 2003 to 2007, co-financed by the European Structural Funds. This is amended with a programme to improve regional competences to stabilise and create dual training places (*Programm Regio-Kompetenz-Ausbildung*).
- KAUSA – the programme to raise participation of foreign companies in dual training (*Koordinierungsstelle Ausbildung in Ausländischen Unternehmen*).

- Collective agreements to preserve training capacities in companies and to improve take-over of graduates. 121 agreements were valid in 2003
- The creation of training cooperation between companies to extend the supply of training places and to reduce cyclical fluctuations in dual training.

As shown earlier, 30 % of the entrants into vocational training in 2003 were in preparatory measures. Many of them entered basic one-year training courses (41 %; *Berufsgrundbildungsjahr*), preparatory measures of the Federal Employment Agency (29 %) or schools (14 %), or other courses (15 %). Moreover, 11 % of the entrants to dual training were in external training places outside companies, most of them financed through public budgets.

The evaluation of work-oriented social work and the preparatory measures showed that individualised pre-training approaches are particularly successful as they take the capabilities and preferences of young people into consideration. Good results could be achieved at the first threshold to dual training. The creation of school-based dual training places, however, did not perform sufficiently well, due to missing links to practical work in the companies rather than learning deficits of participants (*ISG, Economix 2005*).

The government intends to revise the recently passed dual training act (*Berufsbildungsgesetz*) in order to extend its validity, improve its transmittance, modernise testing and internationalise the system. The concept of competence modules will be strengthened through certification and the acceptance as part of dual training. Particular attention will be given to young people with migration background.

### 3.3. Integration policies

General schooling reacted to the educational problems with migrants through a clear concentration on the promotion of language skills. This is seen as the major deficit among migrants and the key to successful integration. In contrast, bi-lingual education which also provides courses in the language of origin is reduced. Most of the Länder introduced compulsory language tests at school entries.

Language is certainly a very important path of integration but not the only one. Saxony e.g. developed an integration plan which amends language courses through individual coaching. Specialised teachers accompany pupils to adjust to new cultural and societal conditions. All Länder governments started integration initiatives in schools. Until now, however, no overview exists how far these initiatives are meanwhile implemented.

## 4. Conclusions

Since a long time education and training was an asset for Germany which substantially contributed to the competitive advantage of its business. Public politics therefore always underlined the importance of education and training, of dual training in particular. In addition to general education and university training this specific duality of practical work in companies and school-based education allowed the provision of a broad skills basis for the economy, which developed the productivity potential of young workers quickly and at low costs. Unemployment remained low among the young generation and thus there was little reason for changing such a successful approach.

The competitive environment of Germany however changed. Many of the industrialised and industrialising countries invested important funds into human capital, developed alternative concepts for vocational training and thus extended their skills basis significantly. This contributed to de-industrialisation in Germany and put not only the skilled workers in manufacturing at risk but challenged the rationale of the dual training system. Gradually Germany had to realise that the competitive advantages from dual training are vanishing. This was a bitter truth as the reforms of the education and training system had been postponed for too long. In the middle of the nineteen-nineties companies started to retreat from the dual training system. The general education system performed rather poorly in international comparisons of the PISA study and too few of the young generation went to the universities. Moreover, the share of young people without training remained unchanged.

A series of challenges resulted from this situation:

- The legislative division of competences for education and training in Germany is complicated and a continuous matter of debate, in particular if budgets are concerned. While variety of educational approaches appears as an advantage, the centralised approaches implemented by the Länder governments restrict the introduction of innovative concepts. A basic reform of general education is therefore required, decentralising competences and improving staff policies in schools. In particular, primary education needs reforms as disadvantaged youth is coming from these schools. The Federal government should receive extended competences to implement and coordinate the reforms.
- A substantial part of disadvantaged youths is presently in waiting loops of publicly financed preparatory measures without a realistic perspective to enter regular training and get a skilled job. This is due to the negative balance between supply and demand but also to rising skills demands and selective recruitment procedures in companies. Less competitive young persons will therefore remain excluded even if demographic

changes will relax the situation in the future. The creation of less demanding training courses would improve the opportunities for disadvantaged young people. Therefore, the development of intermediate skill levels between present dual training standards and unskilled work would open new opportunities for those target groups (*Vogler-Ludwig 2003*).

- The dual training system will have to be developed to a flexible vocational training system. This means that competence modules will be the basis of training rather than fixed curricula of three years courses. Such modules might not only improve the integration of disadvantaged youths but also open training to adult workers as the Australian experience reveals. Competence modules might therefore be the way to release the German system from its focus on initial training and open opportunities for retraining. This will accelerate human capital adjustments to new knowledge. A European-wide credit point system for vocational training would help implementing reforms in Germany.
- The rising demand for theoretical competences in combination with professional knowledge recommends extending school-based training in professional schools or colleges. The health care and public sectors developed such concepts. However, it is not applied in technical and commercial professions. Extending school-based professional training would create a chimney effect, withdrawing secondary school graduates from dual training and opening more opportunities for lower grades.

This is work for more than one reform programme and more than can be achieved in one legislative period. Nevertheless, a broad consensus about the necessity of reforms has meanwhile been achieved not only among the political parties but also with the social partners. This is a basis for political action even if the ideas are spreading in great variety.

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