Governance problems of apprenticeship training from the perspective of comparative political economy

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Introduction and overview

- Governance from a political economy perspective
- Skill formation regimes in international comparison
- Challenges and trade-offs in the governance structure of dual apprenticeship programs
- Institutional transfer
- Implications for policy-makers
Governance from a political economy perspective

- Actors and institutions, interests and ideas
- Institutions as constraints and resources
- Rule-makers and rule-takers:
  Gaps and unintended consequences: Political steering and real institutional change
  Constant political struggles between social/economic actors and policy-makers about the “optimal” design of institutions
## Variety of skill formation regimes

Table 1: Skill formation regimes in advanced industrial democracies.

<table>
<thead>
<tr>
<th>Public commitment to vocational training</th>
<th>High</th>
<th>Low</th>
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</thead>
<tbody>
<tr>
<td>Statist skill formation system (SW, FR)</td>
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<td>Collective skill formation system (GE, ...)</td>
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<td>Liberal skill formation system (US, IR)</td>
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<td>Segmentalist skill formation system (JAP)</td>
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Source: Busemeyer/Trampusch 2012: 12.
Challenges and trade-offs

Challenges:
- Maintain attractiveness of VET for students and parents vis-à-vis university education
- Maintain commitment of employers to invest and participate in apprenticeship training

Trade-offs:
- Market failures: underinvestment in human capital (poaching of skilled workers)
- State overreach: crowding out of employers in skill formation
  → Collective governance instead of delegation to state or market
  → “Right” mix of individual autonomy and collective obligations
The political economy of collective skill formation

Mix between individual autonomy and collective regulation:
- Compulsory membership in Chambers, but voluntary membership in employers’ associations
- Statutory regulation of content of training, but firms can decide how many apprentices and which occupations
- Unions and vocational schools involved in local governance, but employers have the upper hand
- Training investments decided by individual firm, but collective agreements on apprentice pay etc.

→ No efficiency-oriented master plan, but outcome of historical power struggles between different interests
Advantages and disadvantages

Advantages:
- Market-based system remains flexible and adaptable
- Smooth transitions from school to employment
- Comparative strength in intermediate-level skills
- Lower inequality (?)
- Politically sustainable solutions based on consensus

Disadvantages:
- Long decision-making processes
- Influence of special interests
- Weakness with regard to structural reforms
Institutional transfer

- Culturalist vs. economist perspective
- Institutionalist perspective:
  - Institutional complementarities between education, labor market and welfare state regimes
  - Institutional backbone (statutory regulation) plus socio-economic “ecology”
- Policy-makers can promote social capital, e.g. by…
  - privileging intermediary associations over particularistic interests
  - setting up corporatist venues for deliberation
  - traditional instruments such as subsidies and regulation
Implications for policy-makers and potential for transfer of dual model

- “Statutory core with flexible periphery”: Statutory regulation of training standards, but firm-level flexibility in implementation
- Ensure participation of major stakeholders (employers, unions, educational sector, government) in design, implementation and monitoring of training occupations
- Corporatism instead of lobbyism: Support intermediary associations instead of individual firms
- Encourage consensus-oriented bargaining (problem-solving instead of simple bargaining)
- Financing: Levy-grant schemes?