

The Swiss training system in a changing skills landscape

Cedefop & OECD Symposium

Apprenticeships and the digital transition

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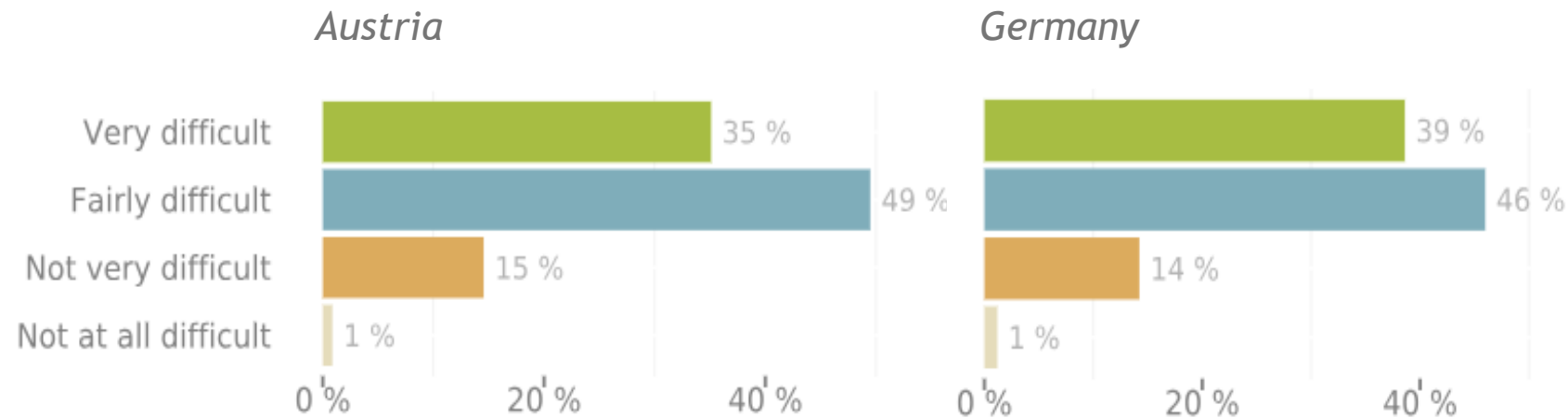


Introduction

Digital transition

- ▶ Changing skill requirements across sectors (Acemoglu & Autor 2011)
- ▶ Skill shortage / hiring difficulties / lack of training positions

How difficult is it for this establishment to find employees with the required skills?



Source: Eurofound & Cedefop; European Company Survey (2019): Online-visualization.

- ▶ Willingness to train (opting-out) / adapting occupational preferences
- Viability of dual vocational education and training (VET)?

Introduction

Collective skill formation systems

- ▶ Prevalent in AT, CH, DE, DK, and NL
- ▶ Up to 65% of the population with VET background
- ▶ High firm-involvement, high public commitment
- ▶ School- and firm-based training = dual VET
- ▶ Coordination between social partners
- ▶ Originally designed for mid-level skills

→ + Low youth unemployment | - inflexibility

...dual VET and training firms under pressure?

Universe of skill formation systems		Public commitment	
		High	Low
Firm involvement	High	Collective (e.g., DE, CH)	Segmentalist (e.g., JP)
	Low	Statist (e.g., FR, SE)	Liberal (e.g., US, UK)

Source: Busemeyer & Trampusch (2012).

Introduction

Paper overview

- Focus** VET training market
- Puzzle** How viable is dual VET in challenging times?
- Question** What explains firms' willingness to train / opt-out considerations?
- Expectation** Sectors with higher exposure to digitalisation... more likely to opt out... as VET becomes less attractive

Explanatory

Factors

Demand-side

- ▶ **Sector-level** → Embeddedness in regional network (organisations of the world of work = OdAs), exposure to digitalization
- ▶ **Firm-level** → Recruiting strategies (selectiveness), hiring diff., reliance on VET, general education as competitor, etc.

Supply-side

- ▶ **Student-level** → Occupational preferences

Opt-out considerations

Analytical Approach

Level: Micro

- ▶ Demand side: Firms opting out
- ▶ Supply side: Students occ. preferences

Case: Switzerland

- ▶ Prototype of dual VET
- ▶ Over 60% possess VET background
- ▶ Weak trade unions, more firm discretion, OdAs
- ▶ Small firms are relevant players

Method & Data: Surveys

- ▶ Linear probability models
- ▶ Training Firms (N = 2,700)
- ▶ 8th Graders (N = 2,500)


Berufsbildung der Zukunft:
Welche Faktoren machen Lehrstellen attraktiv?


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Ergebnisbericht zur Umfrage
Mai 2023

Wir bedanken uns sehr für die Teilnahme Ihrer Schule an unserer Berufswahlstudie. Sie haben massgeblich dazu beigetragen, dass wir zwischen September und Dezember 2022 rund 2'500 Achtklässler:innen aus den Kantonen Luzern und St. Gallen befragen konnten. Dieser Bericht fasst die ersten Erkenntnisse der Umfrage zusammen.

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Impressum
 Eine Forschungsarbeit der Universität St. Gallen (IBB-HSG & SEFS-HSG)
 Gesamtleitung: Prof. Dr. Sabine Seufert & Prof. Dr. Patrick Emmenegger
 Projekt-Webseite: <https://www.ict-vet-research>


Survey Report on Swiss Training Firms

Thank you for your participation in our survey! In the following report, we will present to you the key findings.

Executive Summary
 Our survey covered training firms' approaches to skill provision, and strategies, experiences and preferences in the context of dual vocational education and training (VET). This report highlights firms' difficulties hiring suitable apprentices, firms' concerns about a future skill shortage, and considering opting out of dual VET. The firms mainly indicated a lack of overall qualities and lack of motivation in candidates as the main cause for their hiring difficulties. Around 2/3 of the firms believe they will have a skill shortage problem in the next five years, across sectors. Ca. 12% of the firms surveyed reported they have considered to opt out of dual VET, indicating that most companies still believe in the value of VET.

In the following, we provide a more detailed analysis of our findings.

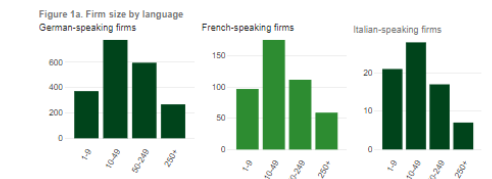
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Representation of Participating Firms

Figure 1. Firm size

1-9	485
10-49	981
50-249	727
250+	334

About the survey
 Scope: Swiss training firms offering vocational program positions announced on berufsberatung.ch, January-March 2021, and October 2022.
 Launch: End of November-early December 2022.
 Respondents: Total number of respondents = 2'735, 50%/50% male/female.
 Firms: 20% French and Italian / 80% German language; 25% public sector organisation / 75% Private sector firm or other;
 Small enterprises (SMEs) make up largest groups.



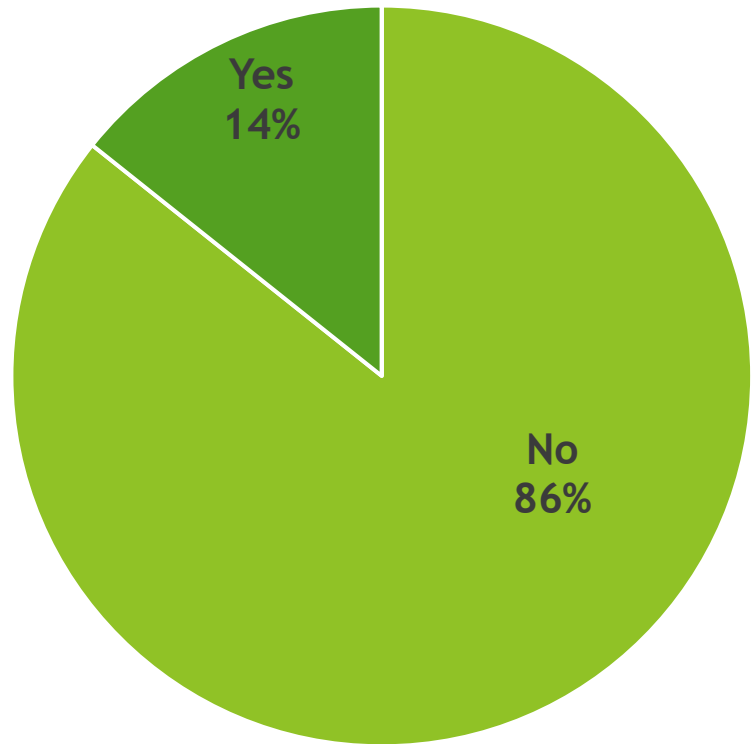
Sources: GOVEPT reports; Swiss Training Firm Survey; Bajka & Wilson (2023); Swiss 8th Graders Survey; Bajka et al. (2023).

Demand side

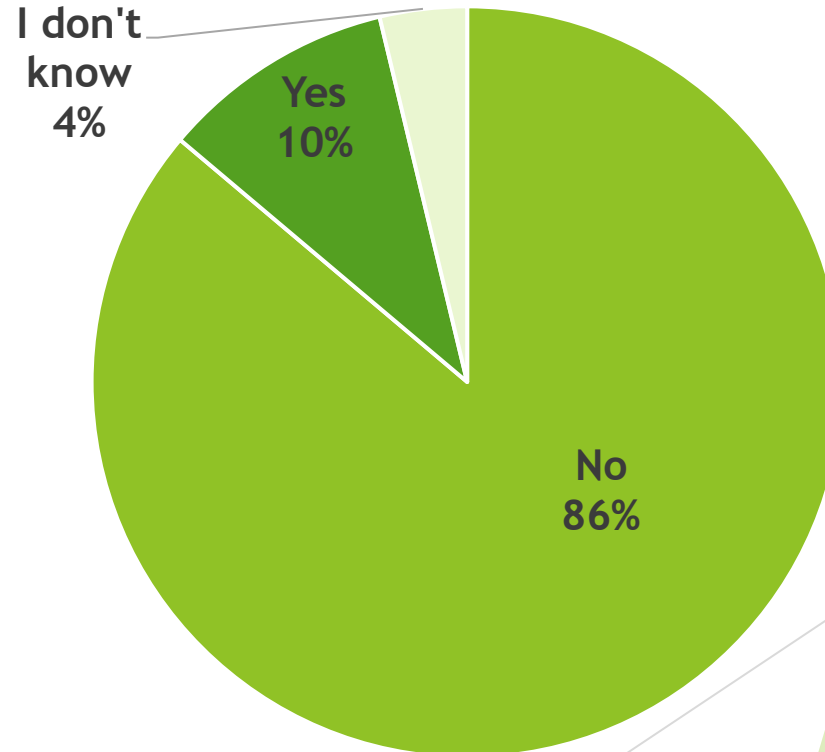
Opt-out considerations

Is this training firm considering opting out of offering apprenticeship positions?

Information & Communication Technologies



Construction



Takeaway:

- Expectation barely met, almost no differences between sectors: Yes-share across sectors = 12% on average.

- Can firm-level characteristics, such as hiring difficulties, explain the small differences?

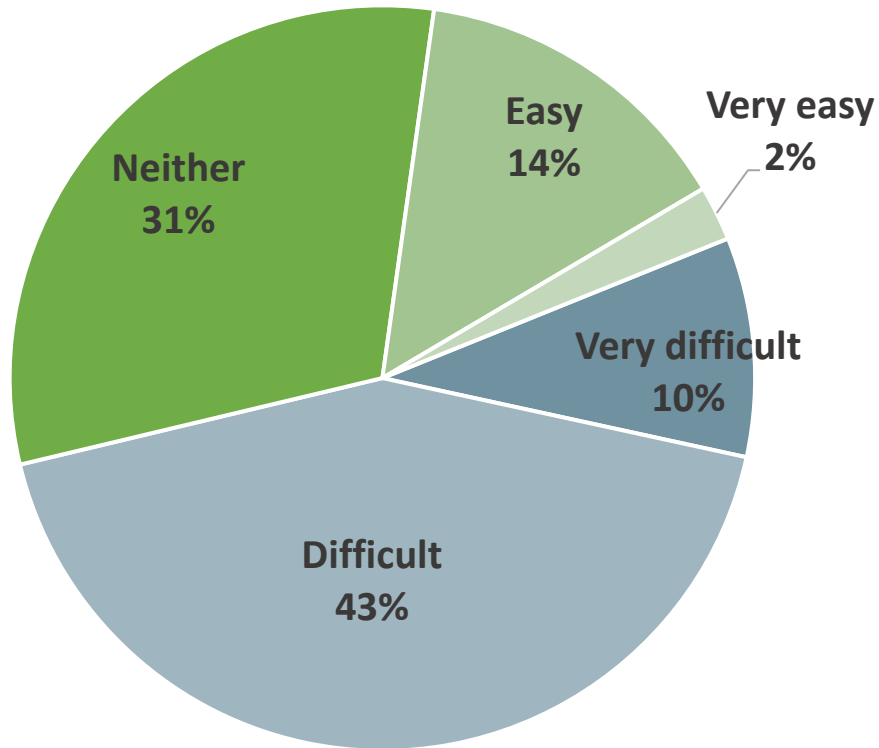
Source: Swiss Training Firm Survey; Bajka & Wilson (2023).

Demand side

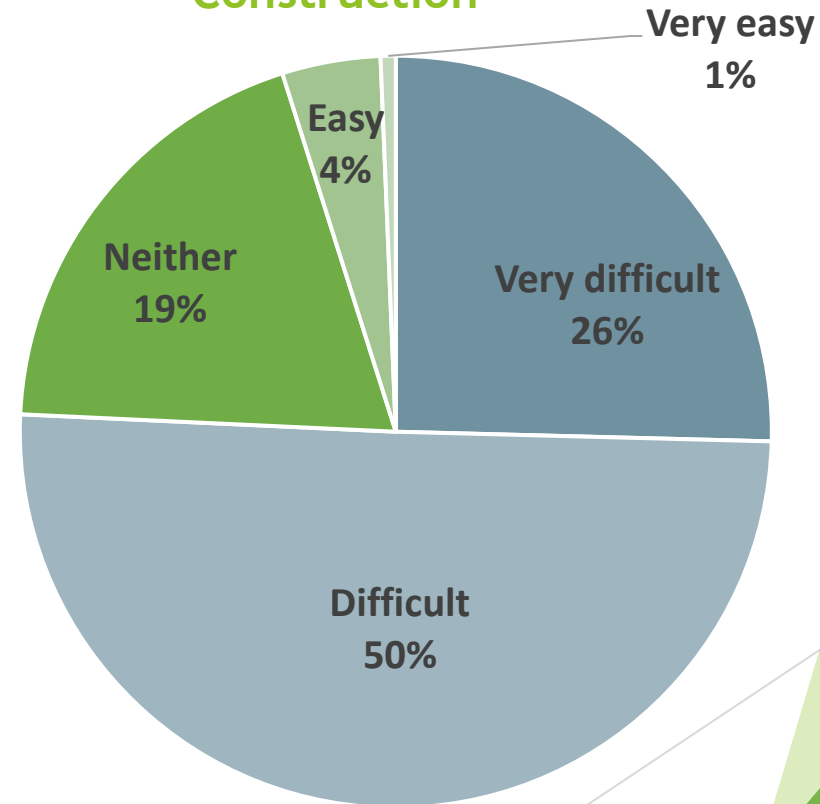
Hiring difficulties

To what extent do you find it difficult to hire adequate apprentices?

Information & Communication Technologies



Construction



Source: Swiss Training Firm Survey; Bajka & Wilson (2023).

Takeaway:

- Against expectation..
- Higher exposure to digitalization is linked to less hiring difficulties.

- How to link firm-level hiring difficulties & opt-out considerations?
- Perhaps a 2x2 helps...

Opt-out considerations / Hiring experiences

Opting out

Not opting out

Hiring difficulties present

Selective Recruiters (N = 218)

- Less reliant on VET for skill supply, **selective**
- Generally, **not institutionally affiliated**
- Main problem on both: demand- and supply-side

Loyal VETerans (N = 1,232)

- **Less selective**
- Rely strongly on VET for skill supply
- **Strongly institutionally affiliated** (participation)
- Supply-side is part of the problem

No hiring difficulties

Opportunists (N = 46)

- See general education (GE) as competitor
- Tend to **not be institutionally affiliated**
- Problem is rather on the demand side

Flagships (N = 652)

- Little reason to consider opting out
- **Institutionally affiliated (participation)**
- Supply and demand are in good balance

Recommendations

No sectoral patterns for the two opting-out types

Opt-out considerations / Hiring experiences

Opting out

Not opting out

Hiring difficulties present

Selective Recruiters

- If they can afford it... should be more inclusive
- Could get institutionally affiliated (OdAs)
- Work on the demand-side issue

Loyal VETerans (N = 1,232)

- Less selective
- Rely strongly on VET for skill supply
- Strongly institutionally affiliated (participation)
- Supply-side is part of the problem

No hiring difficulties

Opportunists

- Advertise among GE graduates your training
- Could get institutionally affiliated, be more involved in local networks (OdAs)
- Work on the demand-side issue
- Target group: offering more training positions

Flagships (N = 652)

- Little reason to consider opting out
- Institutionally affiliated (participation)
- Supply and demand are in good balance

Recommendations

Only 12% consider to opt-out. 50% struggling but not opting-out.

Opt-out considerations / Hiring experiences	Opting out	Not opting out
Hiring difficulties present	<p>Selective recruiters</p> <ul style="list-style-type: none"> • Less reliant on VET for skill supply, selective • Generally, not institutionally affiliated • Main problem both on demand- and supply-side <p>12%</p>	<p>Loyal VETerans</p> <ul style="list-style-type: none"> • Less selective • Rely strongly on VET for skill supply • Strongly institutionally affiliated (participation) ca. 50% • Supply-side is part of the problem
No hiring difficulties	<p>Opportunists</p> <ul style="list-style-type: none"> • See general education as competitor • Tend to not be institutionally affiliated • Problem is rather on the demand side 	<p>Flagships</p> <ul style="list-style-type: none"> • Little reason to consider opting out • Institutionally affiliated (participation) • Supply and demand are in good balance

Recommendations

Sectoral patterns emerge for the "not opting out" types

Opt-out considerations /
Hiring experiences

Sector

Not opting out

Hiring difficulties
strongly present

Construction

Loyal VETerans

- Try to diversify your skill supply strategy
- Update recruitment strategies to reach supply-side
- **Stay institutionally embedded**

Less hiring difficulties

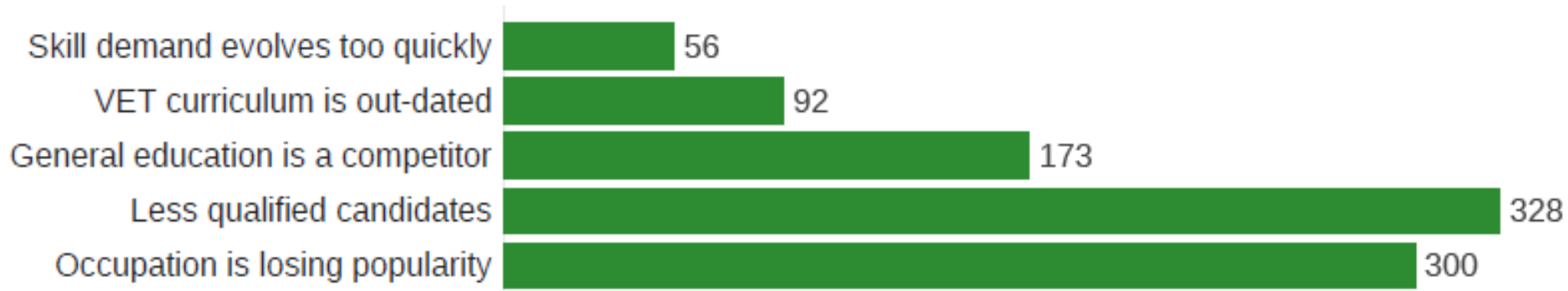
Information &
Communication Technologies (ICT)

Flagships

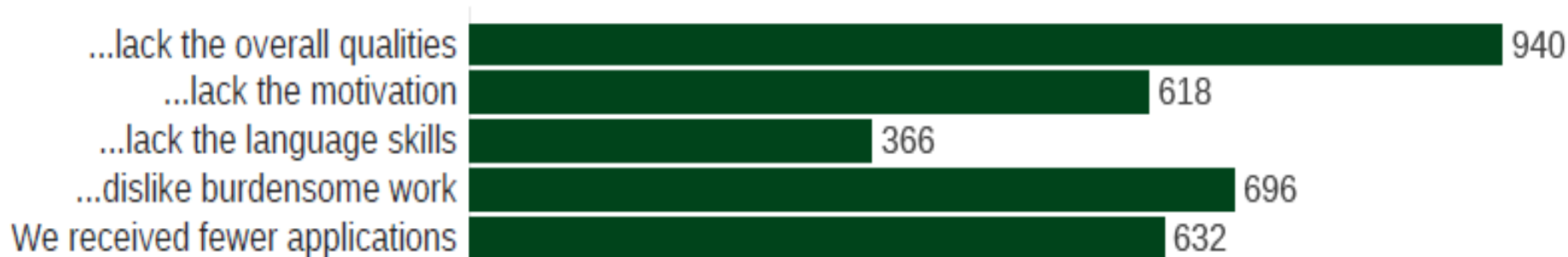
- Get more involved / institutionally embedded
- **Target group: offering more training positions**

Reasons

► For hiring difficulties...



Applicants... (multiple answers possible, N = 1,523)



Source: Swiss Training Firm Survey; Bajka & Wilson (2023).

Similarities across sectors:

- Less qualified candidates
- Received fewer applications

Differences across sectors:

- Losing popularity

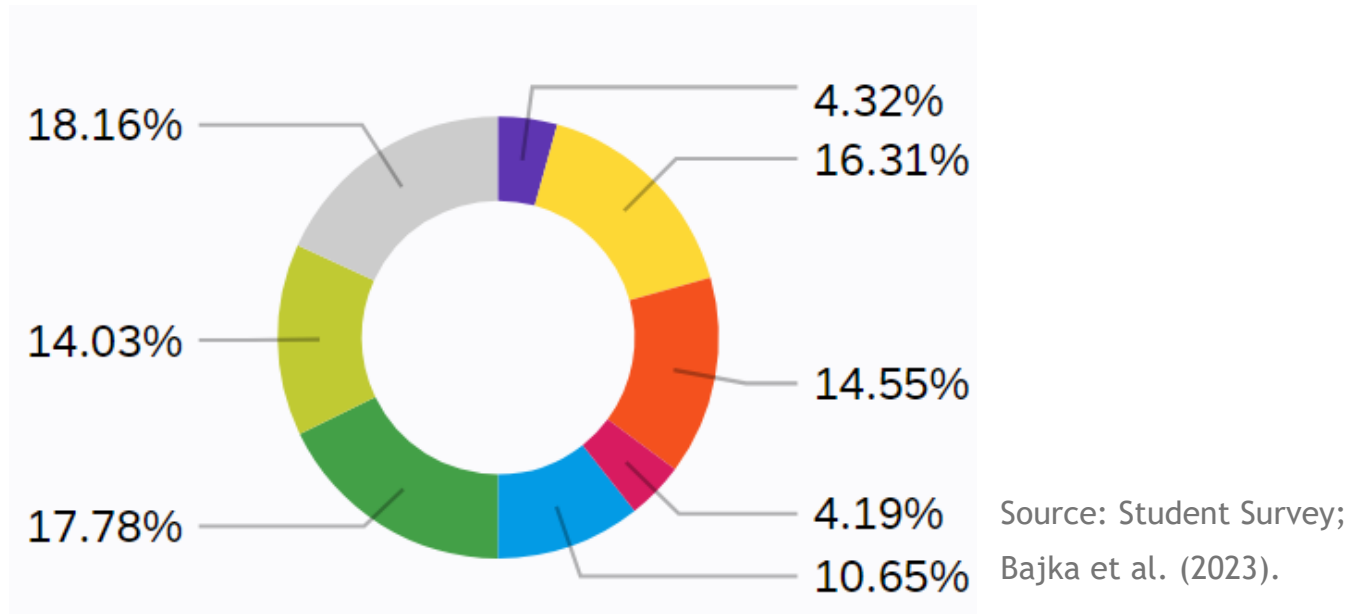
Has digitalization changed the candidate pool?

- Perhaps a shift in interests rather than qualities?

→ Supply-side preferences

Supply side

- ▶ Occupational preferences / realistic aspirations of adolescents
 - Top three vocational fields: 1) Commercial training; 2) Nursing; 3) ICT
- ▶ Factors respondents named that are important for their choice



Takeaway:

- Youth indicates strong preferences for non-routine tasks & good work-life balance

→ Considering supply-side is important

→ Digitalization as a chance for dual VET?

Working with a computer

Carrying out non-routine tasks

Using my cognitive abilities

Tasks involving physical labor

Helping others

Time for hobbies

High salary

Enough time for family and friends

Conclusion

- ▶ 12% of training firms do consider **opting out**: **Opportunists, Selective Recruiters**
 - **Factors**: Recruitment selective, GE as competitor, weak ties to VET, no sectoral differences
 - **Recommendations**: More inclusive, and involved in local networks, offer more training positions also in digital sectors, better match candidates' preferences
- ▶ 50% do **not** consider **opting out** despite hiring difficulties: **Loyal Veterans**
 - **Factors**: Loss of popularity, lack of quality candidates, strong reliance on VET, occupational preferences, and sectoral absence of digitalization
 - **Recommendations**: Stay institutionally embedded, use digitalization to increase engagement, or offer better work-life balance
- ▶ 38% do **not** consider **opting out** & experience few hiring difficulties: **Flagships**
 - **Factors**: Lack of quality candidates, closer to digitalization, match candidates' preferences
 - **Recommend.**: Could train more (also in digital sectors) & improve quality of embeddedness
- ▶ **Important to consider supply-side and demand-side factors**
- ▶ **Viability of dual VET remains stable during the digital transition**

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Thank you!



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