Institutional Arrangements of Germany’s Vocational Education System

What Are the Policy Implications for the U.S.?*

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ABSTRACT

Germany's vocational education system is one of its main competitive advantages. Due to its complex system of interrelated institutions— including business, labor, and the federal government— Germany has succeeded in creating a training system where supply and demand of apprenticeships is in balance and high quality training is provided. The purpose of this paper is to analyze the extent to which the German system can be transferred to the U.S., given the differences in the institutional context in both countries. Compared to the centralized organization of business, labor, and government in Germany, the U.S. institutions are highly decentralized and fragmented. The existing institutional context of the U.S. makes the implementation of a coherent national training system extremely difficult. A major reorganization of state and society, that is, labor and business, would be necessary to adopt a German-like system.

Introduction

Germany’s vocational education system has attracted considerable international attention because of its contribution to the “German economic miracle,” the comparatively low rate of youth unemployment, and the successful combination of general and work-related training that provides Germany’s economy with a “pool of highly skilled workers” (Streeck, 1992). The apprenticeship system, which provides about 60 percent of young people with quality training, is one reason why Germany has been able to adopt more flexible manufacturing strategies and to pursue a “high-wage, high-skill” economic strategy (IG METALL, 1993). Compared to its European neighbors and the U.S., vocational education in Germany is not considered a “dead-end” education, but instead provides various avenues for career advancement (Max-Planck-

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Institute, 1983). It is defined as a collective good to which everyone contributes beyond his/her own self-interests. Moreover, it is one of Germany's strongest economic advantages in an increasingly competitive economic environment (IG Metall, 1993; Berufsbildungsbericht, 1994).

For all these reasons, the German vocational system has received much international attention, particularly from the United States, where the wages of workers without college degrees are declining (Mishel et al., 1994), and the ability of its economy to compete successfully in international markets is seriously undermined by its neglect of training blue-collar workers (Marshall et al., 1992). The lack of training is seen as an impediment for U.S. companies to adopt more flexible manufacturing strategies, which translates into a competitive disadvantage. The training gap becomes even more serious considering that currently only 25 percent of U.S. high school graduates receive a college degree, and the remaining 75 percent are left with few educational choices (Jobs for the Future, 1993). Vocational training programs exist in the U.S., but they often are considered too narrow and too job or employer-specific. Moreover, they often lack quality and flexibility (Brint and Karabel, 1988; Berg, 1994; Lynch, 1994). The various programs, ranging from vocational classes in high schools, community colleges, and employer-specific training, lack coordination and do not form a national training system. Moreover, compared to the definition of vocational education as a collective good in Germany, such training is considered an individual responsibility in the U.S. (Thurow, 1993).

This paper addresses the following questions:

1) Why is there so much variation between the vocational training programs in the U.S. and Germany?

2) Why does Germany have a vocational educational system with nationally recognized certificates, whereas vocational training in the U.S. is rather fragmented, informal and employer-specific?

And 3) To what extent can the German system be transferred to the U.S.?

In order to answer these questions, I use an institutional framework that analyzes the underlying institutional arrangements of vocational education in both countries. Whereas considerable research has already been done on Germany's institutional arrangements, little research has analyzed the U.S. institutional context. The success of Germany's apprenticeship system is based on a complex network of institutions—including labor, business, and the government—whose role is often overlooked. Due to this interconnectedness, Germany has created an "equilibrium" training system where the supply and demand of apprenticeships are well balanced and where high quality training is assured.

An Institutional Framework

An institutional approach has been applied in various areas: to explain differences in economic policies across countries (Shonfield, 1969; Hall, 1986; Katzenstein, 1978; Gourevitch, 1986); in factory and work organization (Lane, 1989; Maurice et al., 1986); and more currently to explain differences in training