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Sandra Vogel

Quality of work and employment of low qualified workers

The case of Germany

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Abstract

At the beginning of 2008, the Federal Government published its national report 'Qualification initiative: Advancement through Education'. The report stresses the need to strengthen education and other qualifying measurements to counter the shortage in skilled labour and to equip people with the necessary qualifications for a professional career. Women, unemployed, and low-skilled workers shall be especially supported. Concerning the low-skilled, the report states that the Federal Employment Agency shall strengthen its related training programmes. However, as current research results show low qualified workers are still underrepresented in continuous training courses or programmes for a variety of reasons.

1 Definition and trends

1.1 'Low qualified workers' usually defined in your country?

The government, trade unions and employer associations generally refer to the term 'low-skilled workers' (*Geringqualifizierte* or *Niedrigqualifizierte*) addressing those workers who hold jobs that require little formal training. However, as academics have pointed out low qualified or unskilled workers lacking formal education or vocational training degrees have to be distinguished from low-skilled work or low-skilled jobs which do not require job holders to have completed formal education or training. Nonetheless, low-skilled workers are usually considered to hold low-skilled jobs that pay low wages.

Concerning the statistical dataset, the Micro Census of the Federal Statistical Office (Statistisches Bundesamt Deutschland, destatis) does neither use the term 'low qualified workers' nor 'low-skilled workers'. It only covers a category called 'without vocational training qualifications' (*ohne Berufsabschluss*) This category comprise people who have not obtained formal education and have not undergone a training course or placement that lasted at least 12 months. Even people with considerable professional experience, but without a vocational training degree or an equivalent qualification fall into this category.

Please note that I will stick to the term low-skilled workers in section 1.2 wherever researchers did so in their analysis. In these cases, I will provide the different definitions of the term low-skilled workers as used by the single researchers.

1.2 Relative importance of low qualified workers in the workforce

Ms Claudia Weinkopf has outlined the long-term development concerning the situation of low-skilled workers and low-skilled jobs in her 2007 study entitled '*Not that simple?! Perspectives of training, work organisation and wages*'. The study shows that the number of low-skilled workers as a proportion of all employees liable to social security contributions fell by 45.3% in Germany over the period 1980–2002. The share of low-skilled employees working in unskilled or low-skilled jobs declined from 75.6% in 1980 to 54.5% in 2002. At the same time the proportion of qualified workers in such jobs increased from 24.4% in 1980 to 45.5% in 2002.

Ms Weinkopf holds that those low-skilled workers were competing with formally overqualified workers over low-skilled jobs by 2002. The author contributes this phenomenon to an increasingly fragmented work organisation and to labour market policies which promote part-time work. Low-skilled workers have to compete with qualified white-collar workers, women returning to work and students looking for a job. Please note that Ms Weinkopf defines low-skilled workers in her study as persons who do not hold a vocational training degree or a similar degree.

The data of the European Labour Force Survey furthermore shows the continuation of the trend indicated by Ms Weinkopf. 39.8% of all employed persons were low qualified workers in low qualified jobs in 2000. This ratio slightly declined to 37% in 2007. On the other hand, the ratio of medium qualified workers in low qualified jobs increased from 53% to 56.8% in the same time span.

Comparing the ratios of female and male low qualified workers, it should be noted that the age group 25 to 49 years old comprises 18.4% or 16.0% of female low qualified workers in 2000 and 2007 respectively. This compares to a ratio of 13.3% or 12.8% for male workers in 2000 and 2007. The gender gap is even wider when looking at the differences in the age group 50 to 64 years. Here the female ratio of low qualified workers fell from 32.8% in 2000 to 23.4% in 2007. In comparison, the male ratio dropped from 15.9% in 2000 to 12.2% in 2007.

Ms Weinkopf attributes the greater share of female low-skilled workers to the incomplete education of female workers. These female workers more often lack formal education and/ or vocational training degrees, as Ms Weinkopf notes in her study '*Women in low-skill work*'. Concerning further gender differences, Ms Weinkopf notes in her analysis that the share of low-skilled female workers in the cleaning industry increased by 90.1% from 1995 to 2005. Other industries also saw an increase in the share of female low-skilled workers in the same time span including:

hotel and housekeeping (45.8%) or health and cleaning (36.3%). These changes are most likely attributed to the rising number of female part-time workers.

Lutz Bellmann and Jens Stegmaier furthermore indicate in their 2007 study '*Low-skilled work in Germany a remaining post or relevant employment sector*' that low-skilled workers were overrepresented in certain sectors. Overrepresentation existed in the following sectors: manufacturing of petroleum, chemical and related products (31.1%), agriculture and forestry (30.2%), manufacturing of consumer goods (29.6%), transport and communications (27.1%), other services (24.3%) as well as company related services (21.1%) in 2005. The average ratio of low-skilled workers as a proportion of all employees amounted to 18.4% in the same year. The analysis is based on data from the IAB Establishment Panel that is regularly conducted by the IAB and covers 16,000 establishments in all economic sectors. Please note that Bellmann's and Stegmaier's definition of low-skilled workers in their aforementioned study include: untrained or semi-skilled workers as well as persons who hold jobs that require little formal training.

Referring to the data from the European Labour Force Survey, Table 3iii furthermore shows that the share low qualified workers in the wholesale and retail sector rose from 14% in 2000 to 15.2% in 2007. However, manufacturing still shows the greatest, albeit decreasing share of low qualified workers. As Table 3iii clearly indicates, the share of low qualified workers in manufacturing fell from 30.9% in 2000 to 26.1% in 2007 in the age group 25 to 49 years. The decline was less pronounced in the age group 50 to 64 where it fell from 29.7% to 27.8% in the same time span.

Finally, it should be noted that the low qualified face a greater chance to be unemployed than better trained workers. Table 2 shows that 9.8% of the low qualified aged 25 to 49 years were unemployed in 2000. Their share even rose to 14.3% in 2007. Aged employees (50 to 64 years) were less prone to unemployment, i.e. 6.2% in 2000 and 8.5% in 2007 respectively. Female low qualified workers were less affected by unemployment when compared to their male counterparts in the same age categories.

1.3 Training opportunities of low qualified workers

Low qualified workers used to participate less often in training opportunities when compared to other workers. In the age group 25 to

49, 2.3% of the low qualified in employment received such training in 2000. This compares to a ratio of 6.2% for other workers in 2000. By 2007, the share of the low qualified in receipt of training had risen to 3.6% (other workers: 9.9%). The share of female low qualified workers participating in continuous training (4%) had even overtaken the male ratio (3.3%) in 2007.

However, low qualified workers aged 50 to 64 are less often in receipt of training. Only 0.4% of them did so in 2000. The latter ratio was slightly rising to 1.1%. In comparison, the share of other workers in the same age bracket who participated in a training course rose from 2.3% in 2000 to 5.6% in 2007.

Concerning training opportunities for the low qualified, major public programmes are run by the Federal Employment Agency (Bundesagentur für Arbeit, BA). BA undertakes the task to safeguard the future employability for employed low qualified workers as well as to help unemployed workers lacking vocational or academic degrees to qualify for a future job. Around 280,000 participants entered related BA programmes in 2007, i.e. nearly double as many as in 2005. Continuous training is furthermore offered by companies at the establishment level (see section 2 and 3).

1.4 Trends in the kinds of job and occupation of low qualified workers

Claudia Weinkopf released a before-mentioned study entitled '*Not that simple ?! Perspectives of training, work organisation and wages*' which provides additional quantitative and qualitative information on employment trends in low-skilled jobs as well as on low-skilled workers. This information stems from the research projects on staffing of low-skilled jobs and women in low-skilled work. Main results and further studies are presented in section 1.2, 2.2 and 3.1.

2 Implementation of policies supporting low qualified workers

2.1 Targeting the low qualified who are unemployed

In January 2008, the Federal Government published its national report '*Qualification initiative: Advancement through Education*'. The report underlines the need to strengthen education and other qualifying measurements to counter the shortage in skilled labour. Concerning low qualified workers, the report states that BA and the local employment agencies shall strengthen related training programmes.

Several BA programmes exist:

The Immediate Programme for the Reduction of Youth Unemployment (Jugendsofortprogramm, JUMP) supported juveniles and youngsters who wanted to qualify for a job or a position as an apprentice. Latter programme was launched in 1998 as a result of growing unemployment amongst the under 25s. The programme contained several measures that aimed firstly at preparing low qualified young people for vocational training programmes. JUMP wanted to encourage young persons to become employable by, for example, offering them mobility allowances and personal assistance. After JUMP ended by 2003, several of its measures were, in accordance with the Job-AQTIV-Act (*Job-AQTIV-Gesetz*) added to the Social Security Code III (Sozialgesetzbuch III, SGB III), meaning that these measures are now run by BA.

In autumn 2007, the Federal Government furthermore decided to pay an employment subsidy to companies who employ untrained or only low-skilled juveniles as well as long-term unemployed persons. The Federal Government holds that a lack of qualifications, health problems, outstanding debts etc. would aggravate the employment situation of low qualified youths and long-term unemployed persons. The Federal government hopes to integrate some 150,000 unemployed persons into the labour market by its measure.

BA moreover bundled already existing measurements into a new programme to train low qualified workers and aged employees (WeGebAU), i.e. aged 45 or above, working in small or medium-sized companies with up to 250 employees. Low-skilled workers or aged employees can make up for a vocational training degree within this programme. BA can sponsor the fees of training courses or pay a wage subsidy.

Concerning WeGebAU, BA stated that it would receive stronger interest by employers. BA put forward over 200 consultants who offer their services to companies. Consultancy services comprise the assessment of companies' in-house training needs, outlining the cornerstones of continuous training programmes to employers as well as supporting employers to organise trainings for their employees. Further evaluation on the programme is not yet available.

2.2 Opportunities for the low qualified to improve their qualifications
I have dealt with existing public policies in section 2.1.

Concerning the evaluation of BA programmes, Ingrid Ambos notes in her study '*National report. The low qualified and continuous training – empirical findings on the continuous training situation in Germany*' that the expenditures devoted to continuous training by BA were reduced considerably. A greater share of BA's budget was allocated to the actual placement of unemployed persons into job positions. Therefore, the number of participants in BA's continuous training programmes dwindled in 2004 and 2005. From January to March 2004, 46,593 persons entered related BA programmes. Out of all participants, 23.5% did not hold any vocational training degree. Not surprisingly, 21.3% of all participants took a course to make up for such a degree. However, from January to March 2005, 17,162 persons entered BA programmes for continuous training with only 12.9% taking a course to leading to a vocational training degree. No research results or in-depth evaluation of the latest BA programmes are yet available, i.e. WeGebAU as well as the employment subsidy.

Several studies have dealt with continuous training at the establishment or company level. The Cologne Institute for Economic Research (Institut der deutschen Wirtschaft Köln, IW Köln) shows in its fifth IW study on continuous training that 84% of all companies surveyed offered continuous training in 2004. Of those employers questioned, 56% stated that they expected a rising need for continuous training. However, only little information is available on continuous training measures especially tailored to the needs of low qualified workers at the establishment level.

Ingrid Ambos furthermore highlights in her study mentioned above that untrained workers are usually underrepresented in continuous training at the establishment level (unless they are directly trained at their workplace and not in courses) when compared to better qualified employees. Ms Ambos assessment is supported by data made available by the Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung, BMBF). In 2005, BMBF published the 'Data report on continuous training IX' (*Berichtssystem Weiterbildung IX*, BSW IX). Its findings show that only 11% of the 19 to 64 years old German population with no school degree or only a degree from a (lower) secondary school participated in a further training course in 2003. This compares to a ratio of 7% in 1991. On the other hand, 39% and 44% of university alumni already participated in continuous training in 1991 and 2003 respectively.

3 Positions of the actors

3.1 Low qualified workers as main actors

BSW IX clearly indicates that continuous training is highly respected in Germany. This means that 94% of the 19 to 64 years old agreed to the statement that 'everybody should always be prepared to participate in continuous training' in 2003. However as the authors of the BSW IX highlight, this positive assessment of continuous training does not necessarily correspond with individual participation rates.

Reasons for not participating in continuous training measures offered by public or private agencies or at the establishment level are manifold. Concerning low qualified workers, Ingrid Ambos stresses in her above-mentioned study that many of them struggle with former negative academic experiences, i.e. their failure to pass examinations at school or completing a vocational training degree. Therefore low qualified workers would show a lower interest in any kind of studying or formalised learning. Fears to fail and a want of confidence concerning their own learning aptitude as well as a lack in stamina would be characteristic for them.

Ms Ambos qualitative assessment is underpinned by the findings of the BSW IX. Against the background of their former schooling or other training experience, it comes not as a surprise that persons without a professional or vocational training degree more often agreed in 2003 to the statement that they would need an external impulse to study (49%) when compared to academics (18%). Another 28% of the interviewees not holding a vocational training degree indicated that continuous training would not be of any use to them. This compares to a ratio of 5% among academics.

Moreover, 34% of those without a vocational training degree stated to learn better outside formalised training courses. Ambos notes in this context that low qualified workers preferred informal learning experiences, i.e. learning by doing (trial and error at their workplace), learning by watching their colleagues or learning by instruction from a colleague or supervisor over more formalised course offers.

Finally, 54% of the persons not holding a vocational training or a similar professional degree agreed to the statement that 'continuous training was too expensive'. Only 20% of the academics agreed to the same statement.

3.2 Social Partners' actions

Generally speaking, trade unions represent all kinds of workers. Trade unions, such as the United Services Union (Vereinte Dienstleistungsgewerkschaft, ver.di) advocate amongst other things the

introduction of minimum wages. Since low-qualified workers often work in low-paid jobs, they are therefore indirectly affected by such demands. However, initiatives solely addressing low qualified workers' needs for continuous training were not staged by unions during the last few years.

Concerning youngsters and juveniles, the Federal Government, BA as well as employers' and several business associations initiated the pact on apprenticeships (Ausbildungspakt) which was prolonged for another three years in 2007. Initially started in 2004, the pact aims in the first place at creating new apprenticeship positions to offer juveniles and young adults training opportunities leading to a professional degree. In 2004, business, furthermore, agreed to provide 25,000 work experience opportunities (*Einstiegsqualifizierung Jugendlicher*, EQJ) annually until 2006. This programme applies to young people whose qualifications are considered to be insufficient for starting an apprenticeship. Starting from 2007, the Federal Government announced an increase in the number of EQJ to 40,000 positions annually.

Sandra Vogel, Cologne Institute for Economic Research (IW Köln)

4 Questionnaire for the EWCO CAR on Quality of work and employment of low qualified workers

1. Definition and trends

1.1 How are 'low qualified workers' usually defined in your country? In particular, does the definition differ from the conventional one used in this study?

Please describe how, beyond the level of education, low qualified workers are characterised, considering occupations, pay and working conditions more generally (i.e. what kinds of job would low qualified workers generally be considered to be doing?)

Is there any debate about the definition used (among researchers and/or academics and among policy makers)? Please briefly summarise the content of the debate.

1.2. Please comment on the relative importance of low qualified workers in the workforce on the basis of the tables annexed to the questionnaire together with any other data which might be available, and, in particular, on:

- the number of low qualified workers relative to the total workforce;
- the number relative to the workforce in specific sectors;
- the main trends in the relative number of low qualified workers since 2000 and, if possible, since the mid-1990s; what are the main reasons for the trends described?
- the proportion of women and men among low qualified workers; please summarise any research and studies which have been undertaken on this.

1.3. Please comment on training opportunities the Low qualified got in your country. Present a brief analysis of national survey / studies results and data on training for this category (e.g. proportion of low qualified declaring they have got training in the last 12 months, paid by the employer or by the worker)

1.4. Please outline any research or studies which have been undertaken in your country on trends in the kinds of job and occupation which low qualified workers have.

2. Implementation of policies supporting low qualified workers

2.1. Targeting the low qualified who are unemployed

Are there any public policies (please specify at which level National, regional, local) in your country that are specifically aimed at helping low qualified workers to find a job? Do these policies contain measures to help low qualified workers improve their qualifications while they are unemployed?

If so, please summarise any recent assessments which have been made of these policies. Please specify the institution which conducted the assessment and the official reaction, if relevant, on the results.

2.2. Opportunities for the low qualified to improve their qualifications

What are the main *public policies* in place for providing training for low qualified workers to improve their qualifications? Please assess the effect of these policies in achieving their objectives and describe the main problems which exist in this regard (please refer to any research which has been undertaken on such policies).

Please summarise the results of any research or studies which have been carried out to assess *company policies* aimed at improving and recognising the qualifications of low qualified workers. Present example of good practice from companies.

Please explain the main issues currently discussed regarding these policies [e.g. financing (sources e.g. national/regional budgets, private companies, European Social Fund/ amount); main actors, target (specific policies or general..)]

3. Positions of the actors

3.1. Low qualified workers as main actors

Please present the results of any research which has been carried out on the position and attitude of low qualified workers in relation to training or to other measures aimed at improving their qualifications and situation. (For example, is there any evidence of low qualified workers being unwilling to take up training opportunities? What are the explanations given for this attitude?).

Please outline the findings of any research which has been carried out on the 'life cycle' (i.e. working career) of low qualified workers (which might assist in understanding the opportunities open to them and how they have changed over time). Please refer to any longitudinal surveys or specific studies which have been carried out on this, including on the situation of the low qualified at the beginning and end of their working life and on occupational mobility.

3.2. Social Partners' actions

What actions have Trade Unions and Employers' organisations taken (independently or jointly) improving low qualified workers' situation?

Have trade unions and Employers' organisations, been involved in devising and/or implementing either public (national, regional, local level) or private companies' policies aimed at assisting low qualified workers?