Developing ‘dual vocational training’ to support the labour market insertion of young people: can Spain catch up with Germany?

Mutual Learning Programme Case Study

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1 Key lessons from the German ‘dual system’

The German ‘dual system’ is a well-known example of ‘alternance’ vocational education and training offering a combination of training periods in an educational institution and in the workplace. More specifically, it takes the form of an apprenticeship scheme where the apprentice is contractually linked to the employer and receives a wage. Apprenticeship has a long tradition in Germany and can be considered as the backbone of its vocational training system: about two thirds of each youth cohort takes part in this form of training to acquire a recognised vocational qualification. The German dual system has a large scope and gives access to about 340 different occupations.

Policymakers’ interest in the German dual system has soared in recent years in light of Germany’s strong performance in terms of youth employment. The benefits of the dual system are widely acknowledged, both for apprentices and employers. On the one hand, emphasis on practical work experience allows young people to familiarise themselves with a real working environment while also gaining a sound theoretical footing. This, together with the fact that their apprenticeship allows them to gain employer specific expertise, increases their chances of being retained post-apprenticeship or to find alternative employment. For employers, offering apprenticeships is a way to secure the recruitment of qualified staff who are already familiar with the culture and processes of their organisation. On the whole, around 60% of former apprentices are offered a job after completing their training.

In the past, various countries both inside and outside the EU have sought to learn from the German dual system. For example, very recently a Memorandum of Understanding to promote youth employment was signed by the labour and education ministries of Germany and Italy, which covers among other topics cooperation in vocational education. This case study focuses on current attempts to develop a dual vocational training system in Spain, a country which has also taken some inspiration from the German system. The development of effective pathways for transition for young people is of critical importance in Spain, which is experiencing dramatically high youth unemployment rates (52.3% in the third quarter of 2012) and still high levels of early school leaving (26.5% in 2011, down from 31.9% in 2008).

2 The current state of play in the Spanish vocational education and training (VET) system

2.1 Main features of the Spanish VET system

The current Spanish VET system is very different from the German dual system. In Spain, VET is implemented by the regions (Comunidades Autónomas) while the Ministry of Education has general competence in terms of coordination. Importantly, a distinction is drawn in Spain between initial VET, which falls under the responsibility of the education authorities and ‘employment-oriented’ vocational training which is managed by the labour administration and public employment services.

A much smaller proportion of upper secondary students are involved in initial VET in Spain than in Germany (about 43% in 2009, according to Eurostat data) and the system is

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2 Dietrich H. (2012), Integrating young people into the labour market: Apprenticeship training and pre-training courses, paper prepared for the Peer Review on ‘The dual training system - Integration of young people into the labour market’, Germany, 24 – 25 September 2012
3 This project will involve expert discussion of the principles of the dual training and initiation of pilot projects based on good practice. In addition, the Association of German Chambers of Industry and Commerce (DIHK) have signed a Memorandum of Understanding with its Italian counterpart to encourage dialogue on vocational education and training. http://www.bmas.de/EN/Our-Topics/Social-Europe-and-international-Affairs/germany-and-italy-agree-close-cooperation.html
4 In addition, a third category is continuous vocational training (not covered by the scope of this report).
predominantly school-based. Therefore, in comparison with Germany, social partners play a less important role both in the governance and delivery of the VET system. They are, however, represented on the national VET Council (Consejo General de Formación Profesional) which is consulted by the national educational authorities in relation to the catalogue of VET qualifications.

Prior to the crisis, the Spanish initial VET system was able to guarantee relatively high levels of labour market insertion for its graduates (around 75%), despite not allocating a central role to enterprises in the delivery of training. Since 2009, the crisis has drastically reduced the availability of job vacancies for young people. The current high level of unemployment among young VET graduates can therefore primarily be attributed to the unfavourable economic context rather than to the specific shortcomings of the VET system.

2.2 Existing forms of ‘alternance’ or ‘dual’ training in Spain

Spain currently has no nationally recognised dual apprenticeship system, although forms of dual training leading to the acquisition of a recognised VET qualification exist both in the initial VET system and in employment-oriented VET, as explained below.

2.2.1 In the context of initial VET

The main form of on-the-job training within initial VET is practical training in enterprises included in the VET curriculum as a mandatory module. This typically takes place at the end of the training period and lasts for about 3 months (prácticas en empresa). There is no employment relationship between the enterprise and the pupil (becario) but a training plan is agreed between the vocational school and the tutor in the enterprise.

At the regional level, a number of small-scale initiatives and experiments labelled as forms ‘dual training’ (with an explicit reference to the German model) or ‘alternance training’ have been launched in recent years:

- For example, in 2011, the region of Madrid launched an experimental dual training project for two vocational qualifications in Aeromechanics and Computer Programming, which includes a company placement lasting two thirds of the total training time required to obtain the qualification. Companies actively participate in the organisation of the training process, select and provide a salary/ grant to apprentices (including the payment of social security contributions).

- In Catalonia, since the start of school year 2012-2013, dual initial VET is being developed in various vocational schools in collaboration with companies which have signed cooperation agreements; a few hundred trainees are concerned and will sign a contract and receive a salary/grant. This follows the adoption of a resolution on the organisation of ‘alternance’ training in initial VET in May 2012.

- In the region of Valencia, a pilot scheme known as ‘alternance’ vocational training, based on paid traineeships, was launched in 2012.

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7 Souto Otero M. (2012) Can results be the same when everything else is different? Dual training in Spain, paper prepared for the Peer Review on ‘The dual training system - Integration of young people into the labour market’, Germany, 24 – 25 September 2012
8 Diari Oficial de la Generalitat de Catalunya Núm. 6155 – 22.6.2012, Resolucion ENS/1204/2012, de 25 de mayo, de organización de la formación en alternancia en las enseñanzas de formación profesional inicial
In the region of Navarra, Volkswagen Navarra cooperated with the regional government to develop a project of dual training which will ultimately lead to the acquisition of a Spanish vocational qualification and a German vocational qualification (awarded by the German Chamber of Commerce). Pupils will combine theoretical training in a specialised internal training centre launched in 2012 (Volkswagen Academy) and practical training in workshops.

2.2.2 In the context of employment-oriented vocational training

So-called ‘training and learning contracts’, concluded for one to three years aim to offer professional qualifications to young workers through the combination of paid work and vocational training in a training centre. These types of contracts are relatively new in Spain and their use has recently been reformed in the context of the recession, with a specific view to encouraging their use. Workers who sign a ‘training and learning contract’ with an enterprise are covered by general labour legislation (Estatuto de Trabajadores). This form of contract is to be distinguished from the more commonly used traineeship contracts or contrato en prácticas, which are also covered by labour legislation but regulate the provision of work-based learning not combined with theoretical training such contracts can be offered by employers to young people who have already completed their education and training and need to acquire some professional experience.

Regional initiatives to support alternance training in employment-oriented VET have also been developed. For example, in the Basque country, a new vocational training scheme known as Hezibi targets unskilled young people under the age of 30 who will work and study part-time. The programme is financed by the regional public employment service, which will provide 2,000 euros for each participant and year to encourage companies to offer such contracts. The scheme is due to start in 2012/2013 and will be implemented in 27 training centres.

2.3 The new Royal Decree on dual vocational training

On the 8 November, a new Royal Decree 1529/2012 was passed in order to ‘establish the basis for the progressive implementation of a dual training system in Spain’, understood as ‘those actions and training initiatives which aim to professionally qualify workers combining on-the-job training with classroom learning’.

The objectives of this new approach are to increase the participation of enterprises in vocational training, adapt the training offer to labour market needs and develop closer ties between young people and employers with a view to facilitate labour market insertion. Such goals are, therefore, quite comparable to the working principles of the German dual system. However, the definition of ‘dual vocational training’ in the Decree differs significantly from the German apprenticeship scheme, as it is used as an umbrella term covering different types of training delivery, both as part of the existing ‘training and learning contracts’ and general

10 http://www.interempresas.net/Automocion/Articulos/99862-Volkswagen-Navarra-inicia-el-programa-de-Formacion-Profesional-Dual.html
11 The Real Decree Law of 10/2011, of 26 of August modified existing ‘training contracts’ which as a result were renamed as a result ‘training and learning contracts’ (contratos para la formación y el aprendizaje). The Law 3/2012 on labour market reform removed some limitations that existed regarding the use of such contracts and established that they can be signed by individuals aged between 16-30 as long as certain requirements are met.
12 These contracts do not only concern holders of VET qualifications but are also relevant to young people with other types of qualification such as tertiary qualifications. At the time of concluding the traineeship contract, the qualification must have been awarded within the last five years (or seven years for persons with disabilities). At the end of the contract (from six months to 2 years maximum) the employer must provide a document certifying the type and duration of tasks carried out as part of the traineeship. See: http://www.empleo.gob.es/es/du/cntxt/contdndl/4/11_9.htm
13 http://www.diariovasco.com/20120510/imp-resa/sociedad/nuevo-modelo-alternancia-pordena-2012051101755.html; Presentation from Jose Angulo during the training session on Dual Training organised by the trade union CCOO, Madrid, 29 November 2012.
14 Real Decreto 1529/2012, de 8 de noviembre, por el que se desarrolla el contrato para la formación y el aprendizaje y se establecen las bases de la formación profesional dual; http://www.boe.es/boe/dias/2012/11/09/pdfs/BOE-A-2012-13846.pdf
initiatives in initial VET. Furthermore, the Decree acknowledges that there are various modalities of dual vocational training, some of which actually do not include a combination of work experience with training in a formal educational institution\(^\text{15}\).

The main provisions of the Decree are summarised below:

- ‘Training and learning contracts’ which target young people between the age of 16 and 25 without qualifications must specify which type of qualification will be acquired following the completion of the training. No standard repartition of training time between theoretical training and practical work experience is set by the Decree, although it states that individual training plans must be compatible with the curricula for the relevant qualification. Enterprises that offer such contracts must sign an agreement with a vocational training centre and must assign a tutor to the individual; in exchange, they benefit from reductions in social security contributions. Public Employment Services are in charge of informing both enterprises and workers of the possibility of using such contracts.

- In initial VET, dual training projects will be implemented by those vocational training centres who establish cooperation agreements with enterprises, under the control of the competent regional administration, or the national administration if these projects take place in more than one region. Such agreements will define the type of training delivered, number of pupils involved, working hours, insurance coverage, type of grants, etc. As set by the Decree, at least one third of training hours should be spent in the company and the total training duration can take up to three years. Coordination between training centres and enterprise is to take place though monthly meetings and the evaluation of pupils is mainly the responsibility of VET teachers.

Therefore, the recently approved Decree only sketches a very general and non-binding framework for the development of dual training in Spain, without laying out detailed provisions for its implementation.

3 The long road towards a Spanish dual training model

This section seeks to highlight some of the factors which can help and hinder the development of a successful dual approach to vocational training and gaining practical work experience as highlighted in the literature and discussion at the Peer Review on dual apprenticeship systems held in Germany.

Anticipating the next steps in the development in the dual vocational training system in Spain is not easy as it depends on how much the dual approach will move from being a largely local phenomenon into a more coherent system. The structure of the Spanish economy - which is very different from Germany’s - with a very strong representation of small and medium sized enterprises and particularly of micro-companies in the services sector could complicate the implementation of dual training as larger companies are typically better placed to make the necessary investments to provide in-company training.

Strong heterogeneity in terms of the level of implementation, number of participants, type of training and indeed quality of training can be expected. This involves the possibility of uneven development of dual training opportunities at the regional and local level, mirroring existing regional differences in terms of participation in vocational training, prior experience with pilot projects and the presence of large enterprises.

\(^\text{15}\) The different modalities defined in Article 3 covers a) Training provided exclusively within a training centre (combined with employment); b) Training provided with the participation from the enterprise (i.e. the enterprise provides training spaces, material or trainers with a view to implement all or part of training modules); c) Training provided by an authorised/accredited enterprise and training centres, with a split between training modules; d) Training whose provision is shared between training centre and an accredited enterprise; e) Training provided exclusively within an accredited enterprise
In any efforts to develop a dual training system, it is important to generate buy-in from all stakeholders involved. In Spain, on the employers’ side, although Chambers of Commerce have publicly declared their support for the development of dual training system inspired by the German experience, the still relatively limited interest among some Spanish employers - especially in SMEs - to invest in training could pose an obstacle. According to the findings of the European Continuous Vocational Training Survey (CVTS), in 2005, only 7% of Spanish SMEs (10 to 49 employees) were engaged in the provision of initial vocational training, compared to 22% of medium-sized enterprises (50 to 249 employees) and 39% of large enterprises (over 250 employees) did so. Another more recent indicator of the general training effort is the percentage of Spanish companies providing any type of (continuous) vocational training. In 2010, 55% of SMEs (10 to 49 employees) did not have a planning or budget for training, 28% did not provide any vocational training throughout the year and 21% never assessed their future skills needs. In this context, small and micro enterprises may find the formalisation of training contracts or the implementation of agreements with VET centres too cumbersome and opt for informal types of work-based learning.

Concerning trade unions, although they have supported in general the principle of dual training, they have expressed their disagreement with the recent reform. For instance, one of the two main trade unions, UGT, criticized the lack of consultation between the government and social partners prior to the adoption of the Royal Decree. Concerning the content of the Decree, UGT has highlighted as a main concern the difference in the status of participants in dual vocational training, depending on whether they are involved in employment-oriented vocational training or are registered in initial VET, as the former is regulated by a contract while the latter is not. UGT has warned against the use of ‘training and learning contracts’ as a form of cheap labour and criticised the fact that the payment of grants for trainees is left to the discretion of the employer, and has recommended instead that all forms of dual training should be governed by an individual contract between the ‘apprentice’ and the enterprise.

The development of a dual training system is therefore a long-term process, often involving incremental change to suit national realities. The emerging Spanish dual training system will be quite different from the German model due to the different economic structures labour markets in the two countries, different training culture in companies, and the greater role played by the State in the financing and ‘piloting’ or progressive implementation of the system in Spain.

In this regard, stakeholders in the initial VET sector have expressed caution about any radical modification to the current VET system. For example, the Association of Heads of Secondary Schools of the region of Madrid warned that the implementation of a foreign system based on a different educational and entrepreneurial culture in the Spanish socio-economic context could actually have a counterproductive effect by destabilising the existing VET system, and recommended the implementation of gradual change. The trade union UGT also argued that it is not possible to envisage to ‘import’ a vocational training system where most of the training time is spent in the company, but that a new dual system would need to be progressively developed on top of the current vocational training system. According to the trade union it should focus on medium-level vocational degrees, starting

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16 An agreement was signed in September 2012 between the High Council of Chambers and the German association of Chamber of Commerce, DIHK. [http://www.expansion.com/agencia/efe/2012/09/05/17588822.html](http://www.expansion.com/agencia/efe/2012/09/05/17588822.html)

17 Source: Eurostat, CVTS. Concerning the share of enterprises in provision of initial VET, as part of CVTS 4 (training activities delivered in 2010), the definition of initial vocational training was limited to apprenticeships and is therefore not relevant to the case of Spain.

18 Comunicado de prensa, UGT critica la opacidad del Gobierno que vuelve a ignorar el Diálogo Social aprobando la Formación Dual por Real Decreto, 12/11/08, [http://www.ugt.es/actualidad/2012/noviembre/g08112012.html](http://www.ugt.es/actualidad/2012/noviembre/g08112012.html)

19 Souto Otero M. (2012)

with experiments in some sectors -such as industry, the health care sector, catering and commerce and other areas where there are significant numbers of larger companies\textsuperscript{21}.

Key lessons to support the creation of a new training model are highlighted below:

- **Strong dialogue between stakeholders is important to overcome any reservations about dual training and to allow for the sharing of good practices based on the results of local experiments.** Employers, trainees, VET teachers and society in general need to be made aware of the advantages a dual training system can offer. All parties also need to be effectively prepared to deliver training within this framework. Indeed, in the past, some pilot projects at the regional level have been discontinued due to the lack of support of companies and trade unions\textsuperscript{22}. Chambers of Commerce can play an important role as multipliers and disseminators of good practice, but it is important to acknowledge that in the current economic context, their means of intervention are actually limited\textsuperscript{23}. VET schools and VET teachers should be acknowledged as among the key drivers of change as well.

- **Taking into account a limited tradition of cooperation with enterprises in the delivery of training, a key priority for public authorities at the national and regional level would be to develop ‘smart’ incentives for employers to invest in training and retain young graduates, finding the right balance between incentives for companies and guarantees for learners.** For example, the Royal Decree in Spain foresees financial incentives in the form of a reduction of social security contributions for ‘training and learning contracts’ during the entire duration of the contract. This is different from the situation in Germany, where, generally speaking, no such support is offered (unless it is addressed at particular target groups) as it is considered that the economic benefits of employing an apprentice in terms of their productivity begin to outweigh the costs of training from the second year of placement. A periodic review of the development of dual vocational training is therefore helpful to assess the effectiveness of any measures taken and, if needed, to design different forms of incentives and/or legislative tools to develop cooperation with enterprises.

- **With a view to raising the quality and attractiveness of the dual training pathway in the longer term, it is also important to develop quality assurance mechanisms to ensure high a standard of.** As part of this process, it is helpful for social partners and other stakeholders to be involved to ensure training content is fully recognised.

\textsuperscript{21} Ibid.

\textsuperscript{22} Souto Otero M. (2012)

\textsuperscript{23} Interview with Catalina Cantero, Refer-Net correspondent for Spain, Spanish national employment service (SEPE)
Annex 1 List of sources

A1.1 Interviewees:
- Ms Catalina Cantero, Refer-Net correspondent for Spain, Spanish national employment service (SEPE)

A1.2 Official texts
Real Decreto 1529/2012, de 8 de noviembre, por el que se desarrolla el contrato para la formación y el aprendizaje y se establecen las bases de la formación profesional dual


A1.3 Other sources:
Presentations from the training session on Dual Training organised by the trade union CCOO, Madrid, 29 November 2012. Programme available on line at: http://www.ccoonectate.es


Dietrich H. (2012), Integrating young people into the labour market: Apprenticeship training and pre-training courses, paper prepared for the Peer Review on 'The dual training system - Integration of young people into the labour market', Germany, 24 – 25 September 2012


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UGT (2012), Comunicado de prensa, UGT critica la opacidad del Gobierno que vuelve a ignorar el Diálogo Social aprobad la Formación Dual por Real Decreto, 08/11/12, http://www.ugt.es/actualidad/2012/noviembre/g08112012.html