

### **Why has the share of training firms declined in Switzerland?**

In dual vocational training systems, decisions about training places are made by the market players, in other words by the firms and the young people. In this context the share of training firms is an indicator which receives much public attention in Switzerland. The share of training firms in the private sector of the economy fell clearly between 1985 and 2001 from 24.7 percent to 17.6 percent. This has frequently been interpreted as evidence of firms' decreasing willingness to provide training. This paper examines whether this interpretation is correct and can therefore serve as an argument in favour of state intervention.

With the aid of firm census data from 1985, 1995, 1998 and 2001, we examine over time whether the decrease in this indicator can be explained by different independent variables. In addition to taking into account demand-side variables such as firm characteristics, we also use supply-side variables, such as the demographic development of sixteen-year-olds and the share of grammar school pupils among all sixteen-year-olds, which are factors that have so far been neglected in empirical literature. In fact, when these variables are controlled for, only small differences remain between the training probabilities of the different years. The remaining differences also match the economic situation in the respective years: a lower average training probability than in 1985 can be seen in the recession year of 1995, whilst an increase can be found for 1998 and 2001, with their better economic situation. No general negative trend in the training probability can be ascertained.

The analyses also make it possible to assess the importance of the individual explanatory variables for the decline in the training probability from 1985 to 2001. The two most important factors, which together are responsible for about two thirds of the decline, are increasing numbers of very small firms in the economy (which raise the overall number of firms but hardly ever provide training), and a clear reduction in the number of sixteen-year-olds, which has reduced the number of training relationships and thus also the share of training firms. Both of these factors seem to be largely unproblematic for the apprenticeship training system. As the decrease in the indicator "share of training firms" can be largely explained in this way, we find no indication of a general decline in firms' willingness to train apprentices. Political interventions in the apprenticeship market (training levies, the expansion of full-time schooling etc.) can therefore not be justified by the observed decline in this indicator alone.