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The impact of national ICT qualification systems on companies' recruitment practices - an Anglo-German comparison

This study is based on an empirical investigation of the recruitment practices of German and British companies in four sectors, banking, retailing, motor manufacture and ICT software development. The study aims to improve our understanding of the impact of the supply of qualifications at different levels on the recruitment and the likely career progression of graduates and apprentices working in ICT in Britain and Germany. This comparison is of particular policy relevance as the German higher education system is now moving towards the Bachelor/Master system of university qualifications. The comparison with the British system - where the Bachelor/Master system was implemented long ago - could provide some indication of the likely impact of this change in university qualifications on the recruitment practices and organisation of German companies. British universities are able to react more rapidly and effectively to student demand for courses and the number of ICT graduates in Britain increased substantially during the 1990s. By contrast, German graduate numbers have remained low and increases have lagged substantially behind the demand from business for ICT skills.

Our survey found that not only was a smaller supply of ICT graduates available to German companies, but also that German companies normally recruited only graduates with ICT or ICT-cognate qualifications such as physics. Institutional rigidities affecting the supply of graduate skills and the associated higher costs help to explain German employers' strong support of the apprenticeship route to increase the number of young people entering a career in ICT. The attempt to increase the ICT skill supply by hiring personnel from abroad was on the one hand hindered by legal guidelines and on the other hand it was difficult to integrate these specialists because of cultural and language problems.

British companies on the other hand were found to be extremely flexible and it was common practice to recruit graduates for ICT occupations from a wide range of academic disciplines. This more liberal attitude requires cooperation across organisational boundaries, a less hierarchical work organisation and a flexible working attitude. The British graduates came from all sorts of disciplines with only little or even no ICT specialisation and, as a consequence, British companies had to train new graduate recruits for longer and more intensively than was the case in Germany. This may also explain why at least 80 % of the enterprises preferred young people who could show evidence that they had gained some type of ICT experience. In this more open and liberal environment of British organisations the employment of foreign ICT specialists went smoothly, which was supported by English being a worldwide language. Willingness to train apprentices was low in British companies. A combination of factors can explain this behaviour. The first is a lack of information. Companies may not have sufficient information about apprenticeships to appreciate possible advantages. Second, anecdotal evidence from discussions with two British companies that have taken on ICT apprentices suggests that the regulations governing the assessment and certification of Modern Apprentices in Britain are burdensome and costly to companies. Third, evidence from two training providers who try to place young people on ICT apprenticeships suggests that insufficient young people with the requisite educational level are currently coming forward.

German graduate starting salaries were found to be higher than the British ones but the rate of salary increase in the first three years of employment in Great Britain was greater than in the corresponding German sector. The only exception was German motor manufacture. This sug-

gests that the German graduates with their longer courses were more productive on recruitment than their British counterparts but that the on-the-job training and experience acquired by British graduates rapidly increased their productivity.

Looking ahead, if more young people in Germany choose a Bachelor degree course, the supply of well-qualified recruits to ICT apprenticeships could dry up. As a result, companies could find it more difficult to recruit apprentices. Currently, German companies bear most of the cost of training apprentices while Bachelor graduates are a 'free good', educated at public expense. German companies might, therefore, choose to employ Bachelor graduates rather than apprentices. Set against this advantage of Bachelor graduates is the fact that, unlike apprentices, who enter employment with a company 'ready for employment', Bachelor graduates will have a less thorough education than the traditional 'Diplom' graduates and will require further training on the job. Companies will therefore be faced with difficult choices with important cost implications and it is not possible to predict which of these considerations will prevail in their recruitment decisions. It seems likely, however, that in future there will be greater convergence in recruitment practices between German and British companies and a certain amount of change in the organisational patterns in German companies.