"Vocational Schooling versus Apprenticeship Training:
Evidence from Vacancy Data"

Abstract

How to best prepare non-college bound youth for the labor market? Different approaches compete in this field, including firm-based apprenticeships, full-time vocational schooling, and on-the-job learning. Little is known about how effective these methods are, and comparisons of means are uninformative due to the selection of individuals into different streams. In this paper, we exploit the idea that variation in labor demand for apprentices affects the opportunities individuals have when they grow up. We document how variation in vacancies for apprenticeships affects educational choice. We show that at the margin, individuals substitute between firm-based apprenticeship training and full-time school-based vocational training. We exploit this variation to study how this formation period affects labor market outcomes. We find that firm-based apprenticeship-based training leads to substantially lower unemployment rates at ages 23 to 26, but we do not find significant differences in wages. This suggests that these alternatives confer similar levels of productivity, but that firm-based apprenticeship training improves labor market attachment and smooths the integration into the labor market relative to vocational schooling. We investigate the responsiveness to negative shocks in an experiment based on firm closures. Our results are found to be robust in a number of specification checks, and we investigate the validity of our functional form in a semiparametric analysis.