Does workplace training mitigate inequalities in earnings?

Abstract:

It is well known that education has a significant impact on labour market earnings: overall, higher educational attainment leads to higher wages. Far less is known about whether workplace training can improve individuals’ lifetime earnings and, if so, to what extent this might redress the gap in earnings that arises from differential education histories. This paper offers a comparative analysis of the effects of workplace training on wages of employees presenting diverse schooling backgrounds. In particular, this study focuses on the distinction between those who obtained a vocational qualification versus those who obtained a general one. The topic is explored through a cross-country comparison between Germany and England, due to their quite opposite educational and skills provisions systems. England focuses mainly on the provision of general education whereas Germany presents a stratified secondary schooling scheme, characterized by a strong segmentation between the academic and vocational streams, which has been accused to have consequences also on individuals’ future income status as well as total level of societal disparities. The characteristics of the respective educational systems may influence the capacity of workplace training to work as a tool able to mitigate wage inequalities. Using the longitudinal nature of the German Socio Economic Panel (GSOEP) and the British Household Panel Survey (BHPS), I investigate whether workplace training has a differential effect on vocationally or generally educated individuals’ earnings in the countries under observation. Difference-in-differences models are used to account for endogeneity of training when estimating the training impact on wages.

Author contact information:

Rossella Icardi
Phd student, division of Sociology and Social Policy
University of Southampton
University Road, SO17 1BJ
Southampton
United Kingdom
r.icardi@soton.ac.uk