

A German-Swiss comparison of the firm's training decision

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The training decision of a firm can be characterized either by an investment or a production strategy. A firm trains according to the latter strategy, if the costs of training are outweighed by the value of the apprentice's productive contribution, whereas a firm makes a net investment in training otherwise. Even though Germany and Switzerland have very similar apprenticeship systems, the firm's observed training motives differ sharply. Applying maximum likelihood selection models, our results suggest that features of the labor markets and institutional settings can explain the different training behavior of firms in the two countries.