

„(Non-)Rational Training Behaviour of the Labour Force in Germany“
by Sabine Schindler ¹

The labour market in Germany experiences a technology driven structural change. Due to digitalisation, tasks become substitutable, so that job profiles and linked qualifications change. For the labour force, a pressure arises from this development: To sustain their human capital and employability, individuals need to do further training. It is in question in how far the labour force realizes the adjustment pressure and reacts to it with training participation. Therefore, to contribute to the research about actual training behaviour of the labour force referring to technological change, this economic dissertation project aims to answer the research question: “How and why does the labour force react to a digitalisation driven labour market in terms of their training behaviour?”

As a first step, the common economic model of the Homo Oeconomicus (HO) is being used to model an ideal training behaviour. It becomes apparent that individuals cannot react as rational HO on technological change as they lack necessary information: According to recent state of research, digitalisation can only be operationalised by the substitution potential. This key figure is however inapt to deduce the specific influence of technological change on a certain work place or job. The assumptions underlying the HO model therefore cannot be completely fulfilled. Basing on these findings a divergence between abstract training pressure resulting from digitalisation and actual training behaviour of the labour force can be deduced.

As individuals do not react as HO, inclusion of behavioural economics forms the next step. It is the aim to better fathom the workers actual training behaviour by using psychological findings in the outlined context. Embedding the already existing research about the German labour force’s training behaviour, psychological findings can contribute to a deeper understanding of the described divergence. They hence can help refuting and refining the in Germany still used model of the HO.

- **Loss Aversion:** Recent research shows that individuals with temporary contracts are rather willing to participate in a training than those in permanent employment. Possible interpretation: Due to the awareness of the oncoming job loss, individuals appear to have a higher motivation to invest in their human capital – individuals apparently try to avoid losses.
- **Overconfidence:** In 2016, 53 percent of the tasks of a low qualified worker in Germany could on average be automated. In a survey, the workers themselves estimated it to be only 28 percent. Possible interpretation: Workers underestimate the influence of digitalisation and their job’s substitution potential – they appear to overestimate their own judgement.
- **Hyperbolic Discounting:** Referring to existing literature, the workers’ willingness to participate rises if the training is part of their usual work schedule and does not need any further investment of own money or free time. Possible interpretation: Today’s free time seems to be more important than investing this time in a training to sustain tomorrow’s employability – today seems more important than tomorrow.

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- **Time Inconsistency:** According to research about motivation towards further training in Germany, individuals want to better understand their work and the linked technologies but often cannot manage to participate in a suitable training because of concurring daily routines, even if they planned to do a training. Possible interpretation: Workers consume less training today than they primarily planned for this stage of their life – their behaviour presumably is not consistent over time.
- **Status Quo Bias:** Research on training behaviour shows that workers in Germany prefer trainings they can directly connect to their current knowledge and tasks. Conversely, they tend to refuse training content which they cannot link to their current working environment. Possible interpretation: Individuals tend to prefer knowledge and technologies that help them to sustain the current situation – people tend to prefer the current status quo against possible alternatives.

Several (more) findings from behavioural economics can contribute to refute and refine the HO model in the context of digitalisation driven training behaviour of workers in Germany². It is the aim of this dissertation project to systematically question the assumptions underlying the HO model and make a contribution towards an acceptance of a more realistic picture of workers' behaviour in this context. Basing on these findings, policy recommendations for the German training sector will be deducible to allow a better fitting of policy activities to the affected workers. Furthermore, labour market research will be amended on the intersections to digitalisation, training and behavioral economics research.

² It is the author's intention for the conference to present the application of several psychological findings on the described problem and discuss it with the audience.