Why vocational training still provides key economic and social benefits

Niccolo Durazzi, Patrick Emmenegger, Matthias Haslberger
13th May 2026

As AI and technological change reshape labour markets, university education is often seen as the safest route to success. But new research suggests that high-quality dual vocational education and training systems can also deliver strong economic prospects while helping to reduce inequality.

How can individuals thrive in labour markets that are increasingly shaped by technological change? Social scientists have long debated this question and have paid renewed attention to it since the 1990s, when the ICT revolution became a mass phenomenon. More recently, it has gained further urgency in debates surrounding the role of AI.

At the turn of the century, the answer typically emphasised the expansion of university education. The argument was that this educational path provides the high-level cognitive skills that complement technological change. Analysts argued that technological change created employment at the tails of the skill distribution, producing – in the memorable terminology of Maarten Goos and Alan Manning – 'lovely' and 'lousy' jobs. This had negative implications for the prospects of academically weaker students seeking stable employment. While rates of university enrolment were rising – often

underscored by ambitious targets set by supranational institutions and national governments alike – the outlook for vocational education and training (VET) was considered bleak. If 'lovely' jobs were increasingly concentrated at the top of the skill distribution, while mid-skilled jobs – often requiring a VET background – were being automated, then contemporary VET appeared unlikely to continue delivering the socio-economic benefits for which it had long been known.

Dual VET between economic efficiency and pre-distributive efforts

In a recent set of academic papers, we re-assess and strongly challenge this pessimistic view. Drawing on cross-country evidence at both the individual and national levels, a markedly different picture emerges. Our studies point to VET systems as continuing to perform important economic and social functions in today's knowledge economies – provided that VET is of high quality. We approximate quality through the 'dual' model of VET, in which training takes place both in schools and in firms. This structure ensures a combination of broad-based theoretical knowledge and practical skills developed in line with firms' evolving needs. Such systems – typically associated with German-speaking countries but also present in Denmark and the Netherlands – stand out as a viable policy option for delivering favourable economic and distributive outcomes. Our studies suggest that this remains the case in today's knowledge economies.

A recent study in the *British Journal of Political Science*, for instance, finds that because dual VET outperforms other educational pathways at the upper secondary level in terms of school-to-work transitions and salaries, particularly in early career stages, VET graduates seem less concerned about technological change and automation. A study published in the *European Political Science Review* echoes this finding. Using national-level data, it shows that the presence of robust dual VET systems is associated with a higher share of non-university-educated young people nevertheless entering non-routine cognitive jobs – that is, 'lovely' jobs. This suggests a degree of functional equivalence between high-quality VET and a university education.

Moreover, dual VET appears not only to retain its economic benefits for the individual but also to combine it with socially inclusive outcomes. A study recently published in the *Journal of European Social Policy* highlights an important pre-distributive role for dual VET. It finds that stronger dual VET systems are associated with lower levels of wage inequality, mainly as a result of dual VET raising wages in the lower half of the wage distribution. This suggests that academically weaker students are among the main beneficiaries. Importantly, the transition to the knowledge economy does not weaken this relationship.

Not such good news for redistribution?

If dual VET remains a powerful source of individual economic benefits and equitable pre-distribution, it may not serve as a strong reservoir of support for redistributive social policies, contrary to previous assumptions in the literature. Traditionally, dual VET has been associated with the acquisition

of ‘specific’ skills. Researchers consider these skills riskier, as they are less transferable across jobs. Policies such as generous unemployment benefits provide protection in the event of job loss, reducing the risks associated with investing in specific skills. They should therefore enjoy strong support among VET graduates. However, our paper in the *British Journal of Political Science* casts doubt on this relationship: dual VET appears to dampen individual support for compensatory social policies. Moreover, this pattern is accentuated in the context of technological change: dual VET weakens the link between exposure to automation risk and demand for social protection that researchers observe among individuals with purely school-based upper secondary education. Part of the explanation for this seemingly puzzling finding lies in the success of dual VET itself. The ability of dual VET graduates to command relatively high salaries may foster anti-redistributive preferences. VET graduates may perceive themselves as more likely to contribute to, rather than benefit from, redistributive policies, and consequently oppose them.

A glimpse of socio-economic hope?

At a time when boosting economic growth while containing inequality is high on the policy agenda, our findings offer a degree of optimism. They suggest that dual VET is a policy option that can advance both objectives simultaneously. It supports strong economic performance in the context of technological change and the transition to the knowledge economy, while also acting as an effective pre-distributive tool by reducing inequality in the lower half of the income distribution. Governments in advanced democracies should therefore take seriously the question of what educational opportunities to offer students in the lower half of the academic ability distribution. A well-developed and robust VET system seems to be particularly well suited to secure skill needs in the knowledge economy while also advancing broadly shared socio-economic objectives.

Note: A version of this article was also published on the LSE European Politics Blog on May 11.

Source:

For more information, see the authors’ accompanying Open Access studies in *British Journal of Political Science*, *European Political Science Review*, and *Journal of European Social Policy*.

Image: Unsplash