Employers, the State, Trade Unions and Politics. Varieties of Institutional Change in the Vocational Education and Training Regimes in Austria, Germany and Switzerland


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Abstract

On the basis of an in-depth comparison between Austria, Germany, and Switzerland, this paper argues that the employers’ constellation and the elites of the public education administration affect patterns of institutional change. If large firms are the dominant actors and collaborate with elites in the public education administration, institutional change follows a transformative pattern. If small and medium-sized firms are in a strong position and have the power to influence public elites according to their interests, self-preserving institutional change results. With reference to causal mechanism of institutional change in training systems, the paper concludes that developments in the international political economy and “Europe” are important intervening factors in patterns of institutional change. The article combines Mill’s method of agreement and difference with process tracing.

1 The paper presents findings of an ongoing research project on the transformation and Europeanization of vocational education and training (VET) in Germany, Austria, Switzerland, and Norway. In the course of our research on Switzerland and Austria we conducted several interviews with experts and actors in the field. At the request of our interview partners, the interviews are quoted in the text only in coded form. Anatol Itten has provided research assistance on reforms in Switzerland. I am indebted to Karl Weber and Marius R. Busemeyer for the insights I gained by discussing with them. I also thank André Mach for helpful comments to understand Swiss self-regulatory mechanism. The usual disclaimer applies, of course.
Introduction

In this article we argue that a comparative in-depth study of the Austrian, German and Swiss VET systems offers fresh and intriguing insights for the analysis of institutional change in collectivist skill systems. In comparative political economy, institutional change in collectivist skill-provision systems has received increasing attention (Thelen 2004, 2007; Culpepper 2007; Culpepper & Thelen 2008; Busemeyer 2007, 2008, 2009; Trampusch 2009a,b). One finding is that collectivist training regimes exhibit a high degree of stability and that radical (transformative) change is probable but less likely (Thelen 2007: 247). Collectivist systems are vocational education and training (VET) regimes which show three peculiarities: employers and their associations are strongly involved in the administration and financing of training; the systems provide portable, certified occupational skills (Thelen & Busemeyer 2008); and, historically, employers’ interest in skills may lead to training regimes which evolve as “dual” schemes. Dual schemes combine school-based learning with company-based training.

The Austrian, German, and Swiss vocational education and training (VET) regimes are to be viewed as collectivist training regimes. With the similarities in mind we would expect similar pathways of institutional change in the three countries and similar politics within which institutional change is embedded. However, our analysis will show that recently they change differently. Whereas in Germany institutional change is characterized by a transformative pattern, in Austria change occurs in a self-preserving manner. Switzerland is located in the middle as change occurs self-preserving but also transformative. The pattern of self-preserving change is characterized by small marginal steps that follow the inherited path of the training system and continuously adapt it to changing socio-economic conditions in the world of work. Self-preserving change does not mean “no change” but change by reproduction. In our context, self-preserving change stabilizes the dual training system. In contrast transformative change is more profound and brings new institutional arrangements into the training system and/or leads to new practices inside existing institutions. Transformative change shifts collectivist training systems to a more-firm based scheme, following Thelen & Busemeyer (2008), to a more segmentalist system which is based on the production of company-specific skills.
Evidence for these different pathways of change is delivered by the issue of modularization, hence, the introduction of modules or units of learning outcomes. Whereas in Germany modularization is at extreme odds with the dual apprenticeship as large firms use this issue as a “combat term” to push forward the deregulation of industrial relations and wage bargaining, in Austria the main intention behind initiatives of modularization which have been implemented within the BAG-Novelle 2006 is to make the dual system more attractive (in competition with school-based training) (Euler & Severing 2006: 118) and to reform apprenticeships generally within the principles of the dual system. Thereby it is important to note that in Germany, while a comprehensive reform of the formal institutional arrangement was not designed by political actors, significant processes of change, mainly driven forward by employers, have been taking place beneath the surface (Busemeyer 2007, 2009; Thelen & Busemeyer 2007, 2008). Switzerland offers evidences of both patterns of change as change occurs differently in different sectors of the economy: Whereas in the commercial sector the so called KV-reform between 1998 and 2003 shifted structures and processes of apprenticeship to a more firm based system by introducing a more modularized scheme and thereby threatening the dual training regime of this sector, the reform of the Vocational training Act (Bundesgesetz über die Berufsbildung, BBG) of 2002 further centralized and expanded the dual system to new sectors.

Studying the patterns of change our analysis shows that self-preserving and transformative change exhibit two countervailing logics of change: If elites of the education administration collaborate with large export-oriented firms and their associations, a pro-liberalizing coalition is formed which advances transformative change. If state actors have to collaborate with the representatives of domestic-oriented small and medium-sized firms—because these are the dominant actors among employers—a self-preserving pattern of change results.

The article is divided into seven parts. In the first section, we review the literature on the politics of institutional change in training regimes and argue that, although it has several accomplishments to its credit, we still know very little about the conditions under which skill systems change incrementally (self-preservingly) or transformatively. The second section justifies our case selection and shows that the similar VET systems are characterized by small differences which may be responsible for different dynamics of change. In the third, fourth,
and fifth section, we explore the patterns of transformative and self-preserving change in our three cases by tracing their processes. In the sixth section we study the patterns of change in a comparative perspective. Here, we apply the method of difference and the method of agreement. However, as we have a dynamic conception of social reality and perceive the analysis of institutional change as a heuristic concept to disentangle self-preserving and transformative patterns of change, we use these methods not in a strictly deterministic manner but as a means to identify causal mechanisms of institutional change. According to Jason Seawright and David Collier (2004: 277), a causal mechanism is the “connection” or “link” in a causal process because it suggests “additional” or “intervening variables” that carry knowledge of “how the independent variable actually produces the outcome.” In the seventh section, we discuss the implications of our findings for further research on institutional change in VET systems.

**Skill Systems, Institutional Change and Politics**

Skill systems and VET regimes have gained increasing attention in comparative political economy. The VoC literature studies how skill regimes and VET systems affect the development of advanced political economies (Culpepper 2007: 611). The studies have found mutual and beneficial interaction to exist between VET systems and other “‘complementary’ political-economic institutions” (Culpepper & Thelen 2008: 24) such as welfare regimes, production regimes, and industrial relations. Research is strongly engaged in developing typologies of training regimes (Thelen & Busemeyer 2007; Culpepper & Thelen 2008). Based on the work of Kathleen Thelen, we may distinguish between three distinctive ideal-typical training regimes which are characterized by the governing logic of the production regime (liberal or coordinated) and by the type of skills they provide (firm-specific, occupational, and general skills): the liberal regime, which is associated with general skills, the segmentalist solution associated with firm-specific skills, and the collectivist regime, which is linked to portable, certified occupational skills. Whereas the U.S. and Japan are prototypes of the first two regime types, Switzerland, Austria, and Germany are representatives of the third solution.

As the varieties of capitalism literature has come to the conclusion that the politics of institutional change in skill systems and training regimes decisively influence the
development of advanced capitalism (Culpepper 2007: 611-612), comparative political economy increasingly studies the politics of institutional change in skill-provision systems – with Germany standing under the spotlight of research (Thelen 2004; Culpepper 2007; Thelen & Busemeyer 2007; Culpepper & Thelen 2008; Busemeyer 2009). Within this strand of literature the three main findings can be summarized as follows. Firstly, recent studies point out that employers intend to influence VET policy according to their preferences, but that “skill demands often divide employers among themselves” (Culpepper & Thelen 2008: 41). The literature identifies cleavages in the employers’ camp, depending on the size of their firms. As Pepper Culpepper puts it: “Where employers are the dominant voice in the politics of vocational training, which they usually are, we should expect to see conflict between these two groups [large firms and SMEs, CT], and we should expect the more powerful groups to impose its preferences on the less powerful group.” (Culpepper 2007: 616). Cleavages are not only constituted by divergent attitudes over the costs of training – with small firms being less able than large firms to bear the costs of apprenticeship – but also on the specificity of skills (Culpepper 2007: 614-617) whereby large firms are much more in favor of general skills which are entirely transferable. They want to “secure a general level of education among their employees” (Culpepper 2007: 617) that enables them to be innovative and competitive in international markets. In contrast, small firms prefer specific skills and resist initiatives that expand general skills and tertiary vocational education (Culpepper 2007: 616-617). Although Culpepper’s hypothesis may be challenged and, in general, the theoretical underpinnings of skill specificity is still contended in literature,\(^2\) the notion on cleavages between firms depending on the firm size due to different economic interests and capacities (costs) seems to be generally accepted.

Secondly, based on Kathleen Thelen’s studies of the German training regime, several studies argue that, under the condition of a cleavage among employers, the alliances that employers strike with state actors and trade unions are very influential for the evolution and development of skill systems (Culpepper 2007: 614; Culpepper & Thelen 2008: 41).

\(^2\) Busemeyer (2008) argues that large firms also depend on specific skills that they are able to produce later on in their large internal labor markets, and that small firms have an interest in a broad common skill base as they have to rely on external labor markets.
The third major finding is that collectivist training regimes exhibit a degree of stability, as their stakeholders have a high capacity to adapt regimes to changing socio-economic and technological conditions within the system (Thelen 2004, 2007). Kathleen Thelen has clearly shown that, within the last decade, politicians and social partners have adapted the German system by incremental (self-preserving) change, that is, “through its ongoing, active adaptation to new problems thrown up by shifts in the political economic context” (Thelen 2004, 2007: 248). However, lately, Thelen has also come to the conclusion that recent reforms in Germany may not only be incremental but “possibly transformative”, (Thelen 2004: 247) gradually shifting the system from a collectivist to a segmentalist system (Thelen & Busemeyer 2007, 2008; Busemeyer 2009). Often these findings are discussed with particular reference to Germany.

Recent studies of the politics of institutional change in skill systems have several accomplishments to their credit. Firstly, they have contributed enormously to our understanding of the evolution of different training regimes across countries. Secondly, the studies have also shown that growing market pressures provoked by globalization and the increasing activities of international organizations have changed the power relationship between actors, unleashing processes of institutional change (Busemeyer 2007: 41). Despite these merits, the literature still has some deficiencies. One of these deficiencies is the question of the conditions under which VET systems change incrementally and in a self-preserving manner by continuously adapting the inherited path to changing socio-economic conditions. And the conditions under which the systems change transformatively by bringing up new institutional arrangements also remain virtually unexplored.

The aim of this paper is to address this issue. On the basis of a comparative in-depth study of change in the Austrian, German and Swiss VET system, we argue that the main factors as to whether training regimes change in a self-preserving or a transformative manner are the power relationship among employers, the influence resp. non-influence of international market pressure, and the way in which state actors collaborate with firms.

**Austria, Germany, and Switzerland: Varieties of Collectivist Skill Systems**

As with Germany also the training regimes of Austria and Switzerland are to be viewed as a collectivist system. Linked to the dual training regime is the concept of vocation.
(Berufskonzept) that signifies all three VET systems. First of all, the Berufskonzept means that skilled workers attain a qualification within a recognized occupation (Ertl 2002: 57). The skills workers acquire are set out in occupational profiles (Berufsbilder) for each occupation which are formulated with participation of trade unions and firms. The Berufskonzept not only determines workers status and identity, it also is closely interconnected with the structure of the wage system. Furthermore, in all three cases, responsibility for vocational education and training is divided between the federal level, the Laender (cantonal) level, and the social partners (Archan & Mayr 2006; Trampusch 2008). All three countries are to be viewed corporatist, hence, with involvement of trade unions and employers in public policy. The collectivist governance structure of VET also means that in both countries change in VET is relatively independent from inter-party rivalry.

However, despite the similarities of the three VET systems – under the surface – we also find differences between the three countries. These differences concern, firstly, the role of the state, secondly, the domestic balance of power between and among the social partners.

Concerning the role of the state, the most striking difference between the three countries is that in Austria and Switzerland the federal structure of the VET system is far more centralized than in Germany. Whereas in Austria and Switzerland the major responsibility for vocational education and training is located at the federation level (Gonon 2002: 91; Archan & Mayr 2006), in Germany, there is a division of political decision-making authority between the federal government and the federal states, making rapid legislative change in VET policy very difficult. In addition, in contrast to Germany Austria and Switzerland are mixed systems of dual apprenticeship and school-based training, as full professional qualifications can also be achieved through secondary VET schools and VET colleges. This leads to that with regard to the private–public balance in VET policy, the state is more prominent in Austria and Switzerland than in Germany.

3 Although the cantons run the Berufsschulen, in Switzerland it is the Confederation which directs VET on part of the state actors. Vocational education is governed by national legislation, meaning that VET policy breaks with the traditional principle that education should lie in the hands of cantonal governments (Gonon 2002: 91).

4 In Austria, full professional qualifications can also be achieved in the so called Berufsbildenden Mittleren Schulen (BMS) and Berufsbildenden Höheren Schulen (BHS) (Lassnigg 2004; Archan & Mayr 2006). In Switzerland the dual system of apprenticeship training has been implemented in the German-speaking part of the country but is less dominant in the Italian and French-speaking parts (Gonon 2002: 88).
With reference to the *domestic power balance within the employers’ camp*, Austria, Germany and Switzerland differ as follows: In Austria, both, the Austrian economy and the representatives of employers, are dominated by small and medium-sized enterprises who have high density rates and the organizational capacity of large employers is, from a comparative perspective, low (Culpepper, 2007: 624). Counted on the basis of firms’ employees, in Austria the density rate of the country’s principal (i.e. largest) peak employers’ organization, the Austrian Federal Economic Chamber (*Wirtschaftskammer Österreich*, WKO), is 100 percent. This is because all firms in the Austrian Federal Economic Chamber’s domain are legally obliged to be members (Traxler 2006: 99). The upshot of this is that we have a clear dominance of the small and medium-sized firms within the main employers’ organization responsible for VET policy. This contrasts with Germany, where large firms dominate the employers’ associations and several splits have emerged among employers over the relevance and costs of training and over the issue of wage bargaining (Culpepper & Thelen, 2008: 14-15). In addition, the main peak employers’ organization, the *Bundesvereinigung der Deutschen Arbeitgeberverbände* (BDA), has a density rate of only approx. 70 percent (Traxler 2006: 100). Whereas centralized Austrian corporatism goes hand in hand with power parity between labor and employers, German corporatism shows increasing fragmentation and polarization as conflicts among employers’ associations and trade unions have grown significantly (Streeck & Hassel 2004). Furthermore, on the side of the employers’ associations, the interests of large and small and medium-sized firms have increasingly diverged since the mid-1980s as globalization divides German employers, leading to the effect that SMEs have left employers’ associations (Silvia & Schroeder 2007: 1433).

One of the most remarkable feature of Swiss business organization is the existence of a strong cleavage between the domestic-oriented small and medium sized firms (agriculture, construction and retail trade) and the export-oriented large firms (Switzerland’s four major industries, as well as its financial and insurances sectors). This cleavage is not only „reflected in the structure of organized interests“ it also signifies public policy (Bonoli & Mach 2000: 138). Whereas the interests of the export-oriented chemical, pharmaceutical, and machinery industries and banking are represented by *economiesuisse* and the Union of Swiss Employers’
Associations, the interests of the small and medium-sized firms of the Gewerbe, which are oriented to the domestic markets, are represented by the Schweizerischer Gewerbeverband (SGV; Union of Small Businesses and Trade; Kriesi & Farago 1989: 160, 162; Kriesi 2006: 52-55). The banking firms are organized in Swiss Banking.

Regarding the role of trade unions, in Switzerland the position of trade unions is relatively weak, compared to Germany or Austria. Ackerman (1985: 40) stresses that the Swiss VET-system primarily is governed by the firms, their associations and the federal public administration. This contrasts with Austria and Germany where trade unions have a strong position in VET policy. However, whereas the centralized Austrian corporatism goes hand in hand with power parity between labor and employers in VET policy, German corporatism shows increasing fragmentation and polarization as conflicts among employers’ associations and trade unions have grown significantly (Streeck & Hassel 2003, 2004), also weakening the influence of trade unions in VET. The weak position of trade unions in the Swiss VET system is reinforced by the fact that collective agreements regulate much less the VET issue (e.g. wages of the apprentices) than it is the case in Germany and Austria. This leads to that in Switzerland the VET system and wage policy are less tightly coupled than in Germany and Austria which – by the way – also affects the productivity of the apprentices.

The employers’ role and trade unions’ role in training reflects differences in the corporatist structure of these countries which Peter Katzenstein (1984, 1987) so nicely has identified. In his seminal study of small states and world markets, Katzenstein (1984) has categorized Switzerland as an example of “liberal corporatism,” in which business is internationally oriented and is relatively strong politically compared to the unions. In contrast Austria is framed as an example of “social corporatism” (Katzenstein 1984) and Germany as a “semisovereign state”, bringing to expression that both in countries trade unions are powerful actors but that in Austria both the federal and the corporatist structure is far more centralized than in Germany.

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5 I thank Marius R. Busemeyer for this insight.

6 The study of Dionisius et al. (2008) has shown that the cost-benefits situation of Swiss apprenticeship is much better than those of the German one. The authors conclude that this may be explained by the higher productivity of Swiss apprentices due to a more flexible labor market regulation.
In short: Austria, Germany, and Switzerland have similar VET systems but beneath the level of formal institutions, hence, at the level of actor constellation (role of state, power balance) we observe differences. In the following we will argue that these small differences in the otherwise similar VET systems lead to different modes of institutional change.

**Germany: Transformative Change**

According to the seminal studies of Kathleen Thelen, one of the most striking features of the German VET system is its capacity for “ongoing, active adaptation to new problems thrown up by shifts in the political and economic context” (Thelen 2007: 2). For example, in terms of skills, a lot of training ordinances have been updated since the late 1990s (Thelen 2007: 8). However, Germany’s capacity for endogenous and creative adaptation should not belie the strains and challenges with which the German VET system has been confronted in recent years. Despite the high degree of incremental change, these strains and challenges have resulted in significant fissures and conflicts, which have subsequently caused fundamental shifts in power relations between the actors (Thelen 2004, 2007; Thelen & Busemeyer 2007, 2008).

The German dual system is confronted with several types of challenges. The most important of them are as follows (about which, see Thelen & Busemeyer 2007; Culpepper & Thelen 2008: 29-41): fissures among employers over the relevance and costs of training and over the issue of wage bargaining; a substantial decline in the number of in-company training places, leading to a gap between demand and supply in training provision; technical change and the low attractiveness of the dual system in Eastern Germany, forcing federal and local governments to subsidize training in the east “at a scale unknown in the west” (Culpepper & Thelen 2008: 43). Meanwhile, some activities among politicians and social partners, here mainly the employers, have arisen to counteract these challenges. On the government side, the most important activity has been a reform of the Vocational Education and Training Act, carried out in 2005. However, the measures on which the Federal government and the social partners found common ground have all been only small modifications to the system (Thelen & Busemeyer 2007, 2008).
It is important to note that, while a comprehensive reform of the formal institutional arrangement was not designed by political actors, significant processes of change, mainly driven forward by employers, have been taking place beneath the surface (Busemeyer 2007; Thelen & Busemeyer 2007; Culpepper 2007). According to Thelen and Busemeyer (2007: 12), the most significant processes of this change are that, on the one hand, the state is getting stronger and has increased its role (Busemeyer 2007: 14, 39) while, on the other hand, there are tendencies of segmentalization – hence, the interests of large firms are becoming more and more important as they are engaged in redesigning the skill system alongside company needs, thereby deviating “from the norms of sectoral coordination” (Culpepper & Thelen 2008: 43). The two most important features of the growing segmentalization of Germany’s dual VET system are an indication that the willingness of firms to train above and beyond their own economic needs has declined since the 1980s (Thelen & Busemeyer 2007: 20) and that in recent years the large firms have increasingly experimented with modularization and flexibilization (Busemeyer 2007: 40-41; Thelen & Busemeyer 2007: 24-29). In our context particularly, the tendencies of modularization are important as they have “gained momentum” (Thelen & Busemeyer 2007: 25) from the “Europeanization” of the German VET system (Trampusch 2008). In their recent study, Thelen & Busemeyer (2008) qualify modularization besides the introduction of two-year apprenticeships and the large employers’ demand of firm-level (instead of collective) administration of exams as significant tendencies of a weakening of the collectivist dimension of the traditional system in favor of its segmentalization.

The issue of modularization was initially raised by the vocational training research in the mid-1990s, but was unanimously rejected at the time by the social partners (Ehrke & Nehls 2007: 38-39). Besides some minor modifications enacted by the 2005-reform which introduced the possibility of additional qualifications (Zusatzqualifikationen) for gifted apprentices (Busemeyer 2009: 185-186), in recent years, however, large enterprises such as Siemens and DaimlerChrysler have increasingly practiced modularization. Many large firms, meanwhile, have spun off their training centers as profit centers, selling modules to companies that have insufficient training capacities of their own (Thelen 2007: 15-16). In consequence, employers’ associations, such as Southwest Metal (Südwestmetall), the
Bavarian Employers’ Association, or the Federal Employers’ Association (BDA 2007), are increasingly demanding modularization. Sections of German employers have changed their position on modularization in order to use this “combat term” to push forward the deregulation of industrial relations and wage bargaining, and, most importantly, thereby gain support from the BMBF (Ehrke & Nehls 2007: 38-39). As the current Federal Education Minister, Annette Schavan (CDU), pointed out in a speech in the German Bundestag: “We need the modularization of vocational education and training” (quoted in Thelen & Busemeyer 2007: 27). The ministry also commissioned a paper calling for modularization and proposing measures for more or less radical modularization (Euler & Severing 2006). Most importantly, however, there are tensions among German employers with regard to the modularization issue. Whereas the BDA, which is dominated by the large firms and employers, proposes a new structure and demands radical change (two-year apprenticeships, modules), the associations representing the SMEs, the artisanal sector, and the “industrielle Mittelstand” are more moderate in their express and wish to protect the dual system (Thelen & Busemeyer 2007: 27-28; Busemeyer 2009: 194-195). Trade unions strongly oppose the modularization issue as they perceive it as an attack on the occupational principle and, in the end, on the sectoral collective bargaining regime and their incorporation in the administration of training (IG Metall 2007; BMBF 2008: 36; Busemeyer 2009: 199).

Austria: Self-preserving Change

Since the 1990s, Austrian stakeholders have steadily adapted their VET system to meet its main challenges, which are the lack of qualified personnel (Fachkräftemangel), the undersupply of training places (Lehrstellenkrise), mainly in the traditional pillar of the dual system, the industrial sector (Gruber 2004: 17), and the increasing competition between school-based and dual-based training, which has intensified the problems of the dual system (Gruber 2004: 18). One of our interview partners has stressed that it is mainly the increasing competition between school-based training and the dual system – and, with it, the declining attractiveness of the dual system – that has led the government and the social partners to agree to adapt the dual system to changes in the labor market by introducing measures of flexibilization and modularization (Interview A1).
After first major reforms in 1997 and 2003 which strengthened the position of the dual system in the competition with the school pathway (BMWA 2003; Archan & Mayr 2006: 14-15), a second major reform took place with the amendment to the Vocational Training Act of January 2006 (BAG-Novelle, 2006). This reform aimed at modularizing the Austrian VET system. It brought about modular apprenticeships consisting of three modules: the basic module, the main modules, and special modules (BMWA 2003: 20). The first modularized apprenticeship training started in the spring of 2007 (Westerhuis 2007: 8). The modularization is not mandatory, but it is recommended. Reviewing the main changes in the field of apprenticeship training, Cedefop (2005: 040101) argues that the modularization initiatives are the “most important reform” within the Austrian dual system since the 1970s.

An in-depth study of the modularization efforts delivers some interesting insights. In Austria, the first discussion on modularization began in 2003 (Interview A1) as a result of an initiative taken by the Wirtschaftskammer (Archan 2005: 8). In response to the initiative of the Wirtschaftskammer, modularization became part of the government program of 2003 (Archan 2005: 8). The subsequent reform proposal was formulated in consensus between the economic and education ministry and the social partners (Austria Presse Agentur-OTS, 25 November 2005) and became the main pillar of the VET reform in the context of the BAG-Novelle 2006. Also the ÖGB welcomed the reform (ÖGB 2007, 39). The main intention behind this initiative had been to make the dual system more attractive (in competition with school-based training) (Euler & Severing 2006: 118) and to reform apprenticeships generally within the principles of the dual system. Therefore, the aim of modularization is not to shorten the length of apprenticeship from three to two years (Euler & Severing 2006: 119).

Another major difference in comparison to Germany is that, in Austria, the SMEs have welcomed modularization and that their interests have been very much accounted for in the reform process (Interview A2). There are no conflicts between employers and trade unions on modularization (Euler & Severing 2006: 118). Furthermore, to distinguish the modularization reforms from the Anglo-Saxon modularization type, the Austrian stakeholders prefer not to speak of “Modularisierung” anymore but of “Baukastensystem” (Interview A1). Our interview partners have even stressed that – in contrast to Germany –
social partners have cooperated from the beginning and there have been no severe conflicts (Interview A1; Interview A4).

**Switzerland: Transformative and Self-preserving Change**

As just described, Switzerland has highly segmented business interests: On the one hand, we have the Gewerbe with its domestic-oriented firms in agriculture, construction, and the retail trade; on the other hand, there are the global players in banking, chemicals, pharmaceuticals, and insurance. Below, I will show that recent processes of institutional change in the Swiss VET system are deeply ingrained in this cleavage between export-oriented and domestic-oriented sectors of the Swiss economy.

*The Reform of Commercial VET (1998-2003): Transformative*

In commercial VET, historically, the Swiss Association of Commercial Employees (*KV-Schweiz*) was the dominant actor, by not only running the vocational schools but also by having a very strong voice in matters of reform and adaptation of the system. However – and this is important in our context – behind the back of the *KV-Schweiz*, the global players regularly function as initiators of reform discussions (Rüegg 1987: 26-27). A further peculiarity is that the imparting of professional and specific competencies is the sole responsibility of companies, and not that of the VET schools run by the *KV-Schweiz*, which focus on general skills (Pilz 2007: 79). In sum, the commercial VET system is relatively firm-based dual-system.

The pattern and reasons for the commercial reform between 1998 and 2003 can be summarized as follows (Schucan 2002; Renold et al. 2004; Pilz 2007; Interview CH5). Reform discussions began in the mid-1990s when sectoral associations complained about training being inflexible and too school-based, instead of being oriented to the special needs of firms (*NZZ*, 24 December 2002). Beside the structural and technological change in the economy (Pilz 2007: 70), which required a more flexible training scheme and apprentices to have not only more general skills but also more specific and social skills, the main reason for the reform process was that the banking sector did not offer enough training places and preferred to employ *Maturanden*, that is, pupils with a *Matura* certificate of qualification for
university, instead of pupils arriving with intermediate or lower qualifications at the end of compulsory schooling (Schucan 2002; Interview CH5). The large companies in banking and insurance even threatened to “opt out of the apprenticeship system completely” (Pilz 2007: 81).

The modernization which came into force in the summer of 2003 not only introduced new learning content and a new curriculum structure but also new methods of learning and testing, as the new curriculum was based on vocational, social, and method-related competences, and training was flexibilized (Pilz 2007: 72-73; Schweizer Versicherung, 8 August 2002). In addition, the company-based part of the training was further upgraded, as the marks given by companies now had an increased share (from 30 to 50%) in the overall certification process of the apprenticeships (Pilz 2007: 79). Finally, a degressive school model was implemented, further strengthening the firm-based part of the apprenticeship, as the school hours decreased in the second and third year of the apprenticeship. Pilz concludes that “[i]n the new apprenticeship system the role of companies has become even stronger” (Pilz 2007: 79). The skill needs of the major players in banking and insurance “with a huge amount of financial power and also a great incentive to implement the latest developments in the economy, the newest technique etc. also in the training of apprenticeships” (Pilz 2007: 82) were decisive for the reform process. According to Emil Wettstein (2005: 15), in general, the global players like Ascom, Swisscom, and Aprentas experiment with modularization, “away from the public discussion on education policy” and “in complete silence”. The SGV views modularization as “fascinating” and “necessary” but also as “threatening” (Wettstein 2005: 15).

The result of the reform was a shift in the system toward the needs of companies. How did this come about? One of our interview partners stressed that, in contrast to the large firms, the KV-Schweiz, the trade unions, and the schools and cantons were defensive and explicitly passive during the whole reform process and that, since the 1980s, the influence of the KV-Schweiz has steadily weakened (Interview CH5). The interviewee stressed that “KV-Schweiz totally failed at the reform” and that the Swiss Federation of Trade Unions (Schweizerische Gewerkschaftsbund, SGB) “had slumbered it” (Interview CH5). The large firms, the experts, and the Federal education administration, namely, the Bundesamt für Industrie, Gewerbe
und Arbeit (BIGA, Federal Office for Industry, Gewerbe and Labor) and its successor organization, the Bundesamt für Berufsbildung und Technologie (BBT, the Swiss Federal Office for Professional Education and Technology), decided on the reform, whereas the interests of the other actors were more or less ignored. Resistance to the reform came particularly from the SMEs, who complained that they were not included enough in the consultations and discussions (Interview CH5) and that their needs differed from those of the large firms (Berufsbildung Schweiz, 10 2002). However, it was not business that initiated the reform but the Federal public education authority, the BIGA, by setting up a task force group in the mid-1990s that developed some proposals for change in the commercial VET system (Wirtschaft, 16 February 1999; Schucan 2002; Interview CH5). In 1996, the BIGA published its report that was based on discussions with experts, and also communicated with Swiss Banking (Interview CH5).

In sum, we may conclude that the modernization process strengthened the company contribution to VET and, with it, the role of firms, thereby adapting the commercial apprenticeship to the specific needs of companies and introducing a more segmentalized form of training. Also, the BBT has pointed out that the reform process was strongly affected by “value enhancement for business training companies and the trade sectors” (BBT 2003: 9). The prime mover and director of the reform was the Federal education administration, and occasionally the needs of the large multinational firms were motivational.

The BBG Reform (2002): Self-preserving

Discussions about reforming the dual system had already begun in the 1970s. However, until the mid-1990s nothing exciting happened. The BBG reform of 2002 goes back to a report of the Bundesrat, published in 1996 (Bundesrat 1996). The report triggered a revision of the Federal Constitution (Bundesverfassung) in 1999. Until then, the Confederation had been responsible for the whole VET system, with the result that the Vocational Training Act (BBG) had to be reformed. In 2004, it was implemented. Urs Kiener points out that the main features of the 2002 reform were “continuity”, “modernization,” and “consensus” (Kiener 2004b: 15, 21). That is, in terms of policy and institutional change and in political terms, the reform moved within the traditional logic of the dual system. What is remarkable is that the reform was accompanied by a broad consensus, not only between the social partners but

The main reasons for categorizing this reform as a mode of self-preserving change are as follows (Kiener 2004a: 86). Firstly, the reform has led to further centralization of the system, as the Confederation is now responsible for the whole VET system, hence, for the occupational areas of the care, social and art sectors, and its financial contribution has been increased. Secondly, and with the centralization, the dual system has expanded and is declared to have become a “variable and flexible unitary model for the whole vocational education and training system” (Kiener 2004a: 86). In sum, the reform has strengthened the traditional principle of the Swiss VET system, namely the principle of “vertikale Verflechtung” (vertical interdependence). This means that the Confederation is responsible for VET, and the aim is centralization and unification (Osterwalder & Weber 2004: 11, 19). With the strengthening of the Confederation, the role of the BBT, the Swiss Federal Office for Professional Education and Technology, has also been sustained (Kiener 2004a: 86; Osterwalder & Weber 2004: 20).

The reform of the Vocational Training Act of 2002 (enacted in 2004) introduced several measures and changes which adapted the dual system to structural changes in the labor market, while also strengthening the dual principle: Beside the centralization and universalization of the dual principle, the reform expanded the provision of training routes and changed the financial structure (Greinert & Schur 2004: 13-15).

During the reform discussions, the Gewerbe presented itself as a supporter of the reform. However, the Gewerbe also criticized some amendments, mainly those which threatened its position in the VET system (EVD 2000a: 5-12). It argued against too many competences for the BBT, too autonomous a position of the vocational schools, and the establishment of a strong Vocational Council (Berufsbildungsrat) with its own operative competences, requesting that firm-based aspects of training always be assessed. Its main demand was that the permeability between different education schemes should be improved. Eventually, the SGV published an alternative draft with several modifications to the BBG (SGV 2000a). The SGV’s amendments show that it played its role of protecting the dual system very well. For example, the Gewerbe harshly criticized to be obliged to recognize informal forms of
learning and also resisted allowing *Maturanden* to visit colleges of higher vocational education and training (*Höhere Fachschulen*; SGV 2000b: Art. 9, Art. 30).

If we compare the SGV draft with the official draft of the act and the final act itself, it is remarkable that several articles of the final act were more or less identical to the SGV’s draft (SGV 2000a; Schweizerische Eidgenossenschaft 2000, 2002). The SGV successfully pushed through its position and arrived at the following amendment: The article which would have given vocational schools competences in coordinating VET was removed; the role of the Confederation with regard to the vocational funds as well as that of the Vocational Council were reduced; *Maturanden* were prevented from being allowed to visit the *Höheren Fachschulen*; finally, the BBT was not allowed to unilaterally decide on ordinances.

**Comparing: The Politics of Institutional Change**

The starting point of our analysis was a conundrum provided by the Austrian, German and Swiss collectivist VET systems. The puzzle is that in all three countries institutional change in the VET system is visible. But rather than moving in similar directions, they move in different directions. Whereas the German VET system changes transformatively, in Austria change occurs self-preserving. Switzerland is caught between two stools: It changes self-preservingly as well as transformatively. These different patterns of change are counterintuitive in the sense that we would expect that similar VET systems would change in a similar direction.

Following the literature on institutional change in collectivist VET systems and in line with our in-depth analysis of the three countries, causes that may explain these divergent patterns of change may be located not only in institutional settings of the VET systems but also in the power balance between actors, namely, in the “state-employers-unions-constellation”. However, how coalitions between state actors, employers and trade unions actually produce the specific politics of self-preserving or transformative change remains still unexplored. In the following I argue that comparing the three countries on the basis of the methods of agreement and difference may offer fresh and intriguing insights into the understanding of this black box, hence, into the identification of the causal mechanism of self-preserving and transformative change.
Our comparison proceeds in two steps: In the first step, we compare the cases within the patterns of self-preserving and transformative change, respectively, on the one hand, Switzerland’s incremental BBG reform with the Austrian BAG reform, and, on the other hand, the two examples of transformative change, hence, Switzerland’s radical KV-reform with the German case. For both groups we apply the method of agreement. In the second step of the comparison, we apply the method of difference: Here, we compare the cases on incremental change with those on transformative change. With this proceeding we follow Skocpol (1979: 37) suggestions to combine the two comparative logics Mill (1874) developed in order to construct contrasts. Whereas the method of agreement selects several cases which have one phenomenon in common in order to find a common set of conditions, the method of difference compares cases which differ in the phenomenon as well as in the potential conditions. Figure 1 summarizes the logic of comparison and its result.

Figure 1: Logic of Comparison and Result
Following this logic of comparison, conditions which may explain the patterns of self-preserving and transformative change can be identified.

Using the method of agreement within the cases of incremental, self-preserving change (where the dual system is expanded resp. strengthened), my in-depth studies on the reforms in the two countries identified three conditions in which the countries are similar. These are, firstly, powerful small and medium sized firms (in CH: the Gewerbe, in Austria: the Wirtschaftskammer), and secondly, a protectionist coalition between small firms and state elites because the associations of the small firms captured state elite for incremental adaptation of the dual system. These conditions are common in the Swiss BBG-reform 2002 and the Austrian BAG-reform. On the other hand, trade unions’ position, power and preferences may not explain incrementalism as unions are weak in the Swiss VET system but strong in the Austrian. Following the logic of the method of agreement differences cannot explain similarities. Furthermore, my in-depth case studies have not detected international effects on the domestic reform discussions.

In the cases of transformative change, hence, the German modularization efforts and the KV-reform in Switzerland, three conditions, namely, powerful large firms, a pro-liberalizing coalition between firms and state elites and international sources (market pressure) figure out as conditions for transformative change. Also for this pattern of change the condition of trade unions as actors affecting change can be eliminated as they differ again: Trade unions are weak in the Swiss commercial sector and stronger but opposing actors in Germany.

Using the method of difference within our second step of the comparison we can strengthen our argument that state elites and employers but non trade unions are the main motor for self-preserving or transformative change in VET systems. Using Austria, Germany and Switzerland as contrasts it seems reasonable to argue that the power relationship in the employers’ camp as well as collaborating state actors strongly affect whether VET systems change self-preservingly or transformatively. Furthermore, it seems reasonable to argue that international stimuli are an intervening factor conditioning transformative patterns of change. On the basis of our comparison we can also show that not trade unions but SMEs are brakes for transformative change.
Conclusion

What are the implications of my findings for further research on institutional change in VET systems?

First, my paper has clearly shown that the analysis of change in collectivist VET systems should be conducted on a more fine-grained level of analysis. Although Austria, Germany, and Switzerland should be regarded as similar VET systems, as members of the collectivist skill system, as regards the role of public and private actors we also find some peculiarities which distinguish them from each other.

Second, on the basis of our comparative study it seems reasonable to argue that developments in the international political economy are an intervening factor for incremental versus transformative patterns of change in VET systems: In cases of transformative change global markets may become important stimuli of change, however, as our comparison shows, the effect of these “exogenous” factors strongly depends on the domestic actor constellation, hence, the power relationship in the employers’ camp and the creativity of domestic actors. Transformative change is less probable when SMEs are the dominant actor in the employers’ camp.

Third, our conclusion that patterns of self-preserving and transformative change are influenced by the employers’ constellation and employers’ interaction with elites in the public education administration, of course, raises new questions: Why should large firms, which for a long time also protected the dual system and collectivism, now be interested in transformative change and more segmentalist solutions? What are the motivations of certain parts of the administrative elites to go along with large firms, while others side with the small firms? The answer to these questions may be found, on the one hand, in growing market pressures and global competition, which pressures large firms to be engaged in liberalizing and deregulating coordinated market economies, on the other hand, in Andrew Moravcsik’s (1993) dictum that internationalization also offers executive state actors an opportunity to strengthen their position in domestic politics.
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